

Comprehensive Spending Review 2020: National Housing Federation submission

**Strengthening the economic and social
recovery from coronavirus**

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1. Introduction

The National Housing Federation is the voice of housing associations in England. Our members own over 99% of housing association homes in England, providing 2.7 million homes to around six million people, as well as investing in a diverse range of neighbourhood projects that help create strong, vibrant communities.

The coronavirus crisis has shown us all once again how important our homes are to us. For some people, home has been a sanctuary. For others, it has been a prison. We believe that everyone deserves a safe, secure, comfortable place to call home. Not just now, in the middle of a crisis, but always.

Investment in social housing can make this possible. But as we seek to recover from the economic and public health impact of coronavirus, investment in social housing and in housing associations can also boost the economy, create jobs and opportunities across the country, support the continuing fight against the virus and improve people's lives at a time when our nation needs it most.

That's why, as a founding member of the national Homes at the Heart coalition, we're calling for a once-in-a-generation investment in social housing. Supported by housing associations, major charities, high street banks and many others, Homes at the Heart believes the Comprehensive Spending Review (CSR) is an opportunity to deliver this investment – and boost the social and economic recovery of the nation.

2. Executive summary

Despite the challenges of the coronavirus pandemic, housing associations remain committed to building homes, supporting people into employment, carrying out critical building safety remediation work and leading the way in retrofitting homes to reduce carbon emissions.

Housing associations were planning to invest £16.9bn in developing more than 50,000 new homes to rent and buy in 2020, and more in 2021. This would make a significant contribution to the 90,000 homes we need to build for social rent every year to keep up with demand¹. The pandemic has put this investment at risk, but

¹ https://www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf

there are steps the government can take to support the sector to continue to deliver their ambitions.

In the short-term, providing flexibility in existing grant funding and urgently reviewing the new Affordable Homes Programme – to remove unnecessary risk that threatens viability – would give the sector confidence to commit to ambitious development programmes now and over the next six years. This would come at no additional cost to the government.

To unleash the full potential of the sector’s contribution to economic growth, we are also calling on the government to commit to a long-term investment plan to tackle the undersupply of homes for social rent, fund building safety remediation work, and support a retrofit revolution.

Housing associations are anchored in their local communities, and with the right support and investment in social housing and, crucially, regeneration, they can be key players in delivering the ambitious levelling up agenda.

Housing associations already spend £70m² per year of their own resources on employment support. The sector’s wide local reach makes them well placed to deliver employment and skills, often in neighbourhoods where low-paid employment persists. If the government can put the Chancellor’s Plan for Jobs into action and boost employment support, housing associations will be able to help more people gain the skills they need to find jobs in the communities hardest hit by the pandemic.

Housing associations provide the majority of the country’s supported housing, including homes and services for vulnerable people helped to live independently. Supported housing been under pressure for a number of years, but the pandemic has highlighted the significant and crucial role it plays in keeping people safe and saving money for wider public services.

By investing £1.6bn per year in housing-related support, and ring-fencing this money for local authorities, the government can ensure that supported housing is put on a firm footing for the future. This will save money in the NHS and on temporary accommodation, as well as in other public services, and support good public health outcomes and help end homelessness.

² Dromey, J, Snelling, C and Baxter, D (2018) Building Communities that Work: The Role of Housing Associations in Supporting Work. IPPR Briefing: London

3. Building a new generation of affordable homes

This section sets out:

- How affordable homebuilding supports the economy and how action to give housing associations confidence, certainty and flexibility will allow affordable homebuilding to continue through the current challenging conditions.
- How a once-in-a-generation investment in affordable housing over the next ten years can meet housing need, create jobs and drive economic growth.
- How action to support building safety work and boost modern methods of construction (MMC) will help keep people safe, stimulate the housing market and support skills and innovation.

The government should:

- **Provide immediate certainty and stability to give housing association boards the confidence to sign off on ambitious plans, maintain delivery and create jobs. This should include:**
 - **Providing greater flexibility in current grant funding so homes for market sale and shared ownership can be converted to rent on completion if needed, unlocking wider developments.**
 - **Providing additional funding to strategic partnerships where needed to shift towards a higher proportion of rented homes (this could be recoverable if homes can be sold on completion).**
 - **Allowing grant to be used to convert shared ownership Section 106 homes to rent if needed in order to de-risk sites and free up capacity.**
 - **Supporting housing associations to bulk-buy homes from developers at a discount to convert to rent, as long as these homes are built to a high quality, the right size and in the right places.**

- **Breaking down the barriers to building specialist housing to support older and vulnerable people³ including ring-fencing national revenue funding for housing-related support.**
 - **Providing additional flexibility on use of Recycled Capital Grant Funds (RCGF) to allow housing associations to respond quickly to changing circumstances. The sector has over £600m of RCGF funding which could be used quickly to respond to the crisis and other crucial work, such as remediating buildings with unsafe cladding more quickly.⁴**
- **Review the terms of the 2021-26 Affordable Homes Programme to rebalance further to rent to maximise the sector’s counter-cyclical model, and urgently revisit the proposals on shared ownership and the right to shared ownership to ensure homes remain viable for housing associations to develop.**
 - **Deliver a fast-acting, broad-based economic and social stimulus by investing an additional £20bn in grant funding for years 2021-31, to create a £32bn ten-year affordable housing fund.**
 - **Make funding available upfront to remediate all unsafe cladding, to ensure residents’ safety and enable leaseholders affected by External Wall Fire Review (EWS1) issues to move home. Costs can be recouped at a later date once liability has been established.**
 - **Support efforts to develop the evidence base for offsite manufactured products to overcome challenges that limit take-up.**

³ Housing LIN research Supported housing for people with long-term care and support needs, August 2020, <https://www.housing.org.uk/globalassets/files/long-term-delivery-of-supported-housing.pdf>. Based on qualitative interviews and roundtables with supported housing providers, local authority commissioners, Housing Benefit teams, and service users.

⁴ Regulator of Social Housing, [Global Accounts 2019](#)

The economic case for homebuilding

Home should be at the heart of our recovery from this crisis. Housing associations' first priority during the coronavirus pandemic has been to support their residents. But as charities rooted in communities and local economies across the country, they stand ready to play a vital role in stimulating local economic growth and social recovery by investing in new and existing homes.

The crisis has highlighted again the need for high quality, beautiful, secure, affordable homes to rent and buy. Not least for many of the people most affected by this crisis – low-paid key workers living in the private rented sector, rough sleepers helped off the streets, homeless families in temporary accommodation, older people in unsuitable and unsupported homes, and families stuck in overcrowded conditions. Housing associations recognise the value of building houses fit to meet the needs of an ageing population and accessible to all. We welcome the recent consultation on Building Regulations⁵ and support the option for mandatory accessibility standards to be applied apart from in exceptional circumstances.

Affordable housebuilding can deliver a fast-acting, broad-based economic and social stimulus, and is the perfect candidate for counter-cyclical investment in an economic downturn. Research⁶ suggests that for every pound spent on construction, the economy benefits by £2.84 due to the work generated in supply chains and increased workers' spending power. Housebuilding can also be “shovel ready” more quickly than other forms of construction and more quickly add to GDP. This is why governments often increase funding on affordable home building as a deliberate stimulus to the economy.

Public investment in affordable housing also delivers high additionality in weak market conditions, and residential construction a high multiplier across the country. Housing associations use public investment to leverage in private investment – last year the sector secured £13.5bn of new private finance and contributes £6 for every £1 of public funding.

⁵ <https://www.gov.uk/government/consultations/raising-accessibility-standards-for-new-homes> Option 2 is to mandate the current M4(2) requirement in Building Regulations as a minimum standard for all new homes, with M4(1) applying by exception only where M4(2) is impractical and unachievable (e.g. a new build flat above a garage). M4(3) would apply where there is a local planning policy in place in which a need has been identified and evidenced.

⁶ https://england.shelter.org.uk/data/assets/pdf/file/0005/1642613/Shelter_UK_-_A_vision_for_social_housing_full_interactive_report.pdf

Housing associations are committed to working with the government and other partners to keep building. They were planning to invest £16.9bn in developing more than 50,000 new homes to rent and buy during 2020, and more in 2021. The coronavirus crisis has put this at risk. But working with the government, much of this can still be delivered, and more with the right support.

The challenges facing the sector

There will be practical challenges to overcome to maintain output, particularly the productivity impact of maintaining social distancing on site, as well as risks to materials and labour availability.

However, housing market uncertainty is the most significant impediment. Housing associations are exposed to uncertainty via the market sale homes they build to cross-subsidise affordable delivery, and via shared ownership homes which support people on to the housing ladder. Despite the current levels of interest, uncertainty over future sales increases risk and reduces capacity to develop. Without the sector's contribution, the government will not meet its target of building 300,000 homes a year. In the 18 months from January, housing associations were planning to complete 34,000 shared ownership homes and 12,000 market sale properties. This year the sector was predicting current asset sales worth £5.4bn.⁷

Competing demands for investment also constrain capacity. Even before the crisis, the need to invest significant sums in safety remediation work and retrofit of existing homes was set to limit capacity to spend on new construction.

And short-term policy uncertainty lowers risk appetite further. Policies like First Homes and reforms to the planning system introduce further uncertainty which dampens short-term confidence. The manifesto commitment to evaluate new pilot areas for Voluntary Right to Buy schemes will also need careful handling so as not to create additional uncertainty and further impact on boards' appetite for risk and ability to plan effectively.

We welcome confirmation that the new 2021-26 Affordable Homes Programme (AHP) includes funding for social and affordable rent. However, there are elements of the programme that have created more confusion and uncertainty in the sector,

⁷ Regulator of Social Housing, [Quarterly Survey for Q3, October to December 2019](#)

including the new shared ownership model. We do not believe the new AHP as currently outlined, with the risks associated with the new model and half of the programme focused on ownership, will provide the type of counter-cyclical investment that will enable housing associations to build to their fullest potential.

What the government can do

Provide immediate confidence and certainty

Housing associations have already revisited their business plans in light of the coronavirus crisis. They are ambitious to play their part in the economic recovery, creating jobs and boosting local economies, but cautious given current uncertainty, and mindful of their first duty to safeguard services for existing residents.

There are actions the government can take to inject confidence into the sector. Not only could this increase the supply of affordable homes but it would also support the wider construction sector. In 2019, the construction sector accounted for 6% (£117bn) of the UK economy's output, and 7% (2.4m) of jobs. Just under 90% of these jobs are held outside London and the South East. Certainty around investment in social housing could improve productivity in the construction industry by as much as 70%, sustaining confidence, activity and employment, and playing a major role in the country's recovery.

- **The government should provide immediate certainty and stability, to give boards the confidence to sign off on ambitious plans, maintain delivery and create jobs.**

To provide this, the government could:

- **Provide greater flexibility over current grant funding so that homes for market sale and shared ownership can be converted to rent on completion if needed, unlocking wider developments.**
- **Provide additional funding to strategic partnerships where needed, to shift towards a higher proportion of rented homes (this could be recoverable if homes can be sold on completion).**
- **Allow grant to be used to convert shared ownership s106 homes to rent if needed in order to derisk s106 sites and free up capacity.**

- **Support housing associations to bulk-buy homes from developers at a discount to convert to rent, as long as these homes are built to a high quality, the right size and in the right places.**
- **Provide additional flexibility around use of Recycled Capital Grant Funds (RCGF) to allow housing associations to respond quickly to changing circumstances. The sector has over £600m of RCGF funding which could be used quickly to respond to the crisis and other crucial work, such as remediating buildings with unsafe cladding more quickly.**

To give additional certainty around the wider business plan, the existing 2020-2025 policy statement on rent setting in social housing must remain unaltered.

Ensure housing associations can develop through any medium-term economic downturn

As well as developing through the immediate coronavirus crisis, housing associations have a significant contribution to make to shoring up the economy through any resulting downturn and potential recession. They are uniquely placed to do this given their ability to be counter-cyclical, but this is dependent on the nature of government investment.

While it is welcome that 2021-26 AHP includes funding for social and affordable rent, this will only make up half of the programme. This means the sector will, to a significant extent, be dependent on an uncertain housing market.

Both the new shared ownership model and the right to shared ownership attached to grant funding for homes for rent represent a significant change for the sector. The impact of these changes on viability, and on the current shared ownership market, are causing significant concerns which are likely to inhibit the sector's appetite for development at a time when their contribution is most needed.

The tenure split – whereby half of the funding is for home ownership products – and the uncertainty created by the new shared ownership proposals means that it is unlikely that the new AHP will deliver new homes at the scale and pace needed to provide any additional stimulus to the economy or to the construction sector. Amending the terms of the AHP will come at no additional cost to the government and will ensure the investment provides the economic boost the country needs right now.

To address this the government should:

- **Review the terms of the 2021-26 Affordable Homes Programme to rebalance further to rent to maximise the sector's counter-cyclical model, and urgently revisit the proposals on shared ownership and the right to shared ownership to ensure homes remain viable for housing associations to develop.**

Deliver a once-in-a-generation investment in affordable homes

These measures will provide confidence to the sector in the immediate term to keep building. But to provide the economic boost the country needs to recover from the impact of coronavirus, the government needs to be more ambitious and deliver a counter-cyclical, once-in-a-generation investment in affordable housing.

- **The government should invest an additional £20bn in grant funding for years 2021 to 2031, to create a £32bn ten year affordable housing fund.**

This could be used both to extend existing strategic partnerships to 2031 to allow for long-term planning and investment, and to establish a 2021-31 Affordable Homes Programme. This programme should include both new strategic partnerships and continuous market engagement for non-strategic partners, and should deliver homes of all tenures, including social rent homes at scale, homes for older people and supported housing.

A ten-year commitment would also stimulate long-term investment in MMC and new skills, transforming productivity across the homebuilding sector. Recent research published by CAST consultancy⁸, for example, shows how ten-year funding for affordable housing would provide the certainty for housing associations, developers and manufacturers to invest in skills and technology like MMC. Complementary research, published by The Bartlett at University College London, shows how current shorter programmes create peaks and troughs in affordable delivery with knock-on consequences for development costs, build quality and the productivity of the housebuilding industry.

England needs to build 145,000 affordable homes per year, including 90,000 for social rent, at a cost of roughly £12.8bn per year in real terms, to truly meet housing

⁸ <https://www.housing.org.uk/resources/long-term-funding-construction-sector/>

need. As well as providing an economic boost, the above proposal would also go some way to meeting this need – although further work with the government would be required to deliver on the nation’s overall housing needs.

Ensure resident safety by providing upfront funding to expedite urgent cladding remedial works

To ensure resident safety as quickly as possible and to enable leaseholders affected by EWS1 issues to move, the government should fund all necessary remedial works for buildings with unsafe cladding. This would help expedite the work and the government could recoup costs once liabilities are established.

Resident safety is housing associations’ top priority. Since the tragic fire at Grenfell Tower, housing associations have been urgently inspecting their buildings for combustible materials and remediating them as a priority. This is a long and complex programme of work that could take many years to complete, but we are committed to working with the government and our partners to ensure resident safety as quickly and effectively as possible.

Housing associations began remediating buildings with category three ACM cladding before the government made funding available, and have now started or completed work on more than 90% of these buildings. Since then, the scale of potential building safety concerns has become more apparent, with an unconfirmed number of high-rise buildings with non-ACM combustible cladding that will need remediating. We have welcomed the government’s £1bn Building Safety Fund to support building owners to remediate these buildings. Housing associations successful in their bids for eligible costs will now not have to pass on these costs to their leaseholders.

We believe that leaseholders should not have to pay unaffordable sums for safety work that they cannot have expected when they bought their properties in good faith. However, we also believe that housing associations should similarly not have to use charitable funds for such work, at the expense of their goals to build more much-needed affordable housing. Currently, without further access to government funding or other funding solutions, housing associations will have to divert budgets from their development programmes or their investment plans for existing homes.

This issue is compounded by the uncertainty around the safety of multi-occupied buildings and the impact on lender confidence. Mortgage providers are requesting additional information via an External Wall System (EWS1) form, to confirm the

materials used in an external wall system of a multi-occupied building as a condition of a mortgage. Without this information, which cannot be obtained without an intrusive building survey conducted by one of a very small number of suitably competent professionals, surveyors are providing a nil valuation.

There are tens of thousands of buildings that this form will be applicable to, with just a few hundred professionals to provide the information it needs. The consequence of this is already being realised, with leaseholders across the country unable to sell or remortgage their home or, in the case of shared owners, buy additional shares of their property.

- **To ensure residents' safety and enable leaseholders affected by EWS1 issues to move home, we are calling for the government to make funding available for all remedial works upfront, then recoup the costs later once liability is established.**

Importantly, the government will also need to support the sectors that building owners work with on remediation to increase their capacity, and play a national coordinating role in ensuring limited resources are directed first to the buildings that need them most.

Support innovation

The government should use the Comprehensive Spending Review as an opportunity to support innovation in the sector, create new jobs and promote MMC.

There is broad consensus on the benefits of using MMC to boost housing supply. For example, using MMC improves building quality and whole life performance, helps overcome skills shortages, and reduces the impact of construction on the environment. In terms of providing an economic boost, MMC is more productive than traditional forms of construction, as offsite construction has the potential to deliver faster build times through more efficient manufacturing processes. And, during this pandemic, MMC can more easily adapt to coronavirus-compliant forms of working, as social distancing measures are easier to put in place in controlled factory settings. MMC also has the potential to deliver cost savings through economies of scale in the manufacturing process.

MMC supports the government's green ambitions, and can help the sector meet the target of net zero carbon emissions by 2050. Using MMC reduces waste through more efficient factory-based manufacturing techniques.

The amount of energy consumed is significantly reduced due to the controlled factory environment compared with a traditional building site⁹. Offsite construction also delivers better energy efficiency overall as there is higher and more consistent build quality. For example, products are better sealed and therefore better insulated against heat loss. Some studies have shown this to be up to 25%¹⁰.

MMC is particularly important for housing associations because of the improved quality of product. As long-term asset holders, they have a particular interest in quality and whole-life performance of homes. However, there are still cultural, financial and logistical challenges to overcome before we can truly reap the economic and wider benefits of MMC. We welcome the recent announcement in the new AHP that strategic partners will in future need to deliver 25% of their programme using MMC. But we would also like to see action to support demand aggregation and to build the evidence base for MMC products on the market.

- **The government should support efforts to bring housing associations and local authorities together to aggregate demand for offsite products.**

This would allow groups of housing associations to procure collectively, delivering economies of scale and maintain surety of demand across small and medium-sized sites. Examples of this are underway across the country, and include the Building Better project¹¹ which has brought together 25 organisations to collaborate on delivery. As the housing associations will use designs which are digital by default, they will have much greater access to the performance of their homes, enabling significant savings on maintenance costs. Government backing via Homes England would help these initiatives achieve the scale necessary to unlock MMC delivery.

- **The government should support efforts to develop the evidence base for offsite manufactured products to encourage take up.**

This could be through revenue support, or support for data management and collection systems that allow an evidence base to be developed.

⁹ <https://www.offsitehub.co.uk/industry-news/news/the-green-impact-of-modular-construction/>

¹⁰ https://www.buildoffsite.com/content/uploads/2015/03/BoS_offsiteconstruction_1307091.pdf

¹¹ <https://www.housing.org.uk/our-work/building-new-homes/building-better/>

4. Providing skills and job opportunities to get people into work

This section sets out how housing associations support employment and help people into work in communities around England, and how the government can boost these efforts.

The government should:

- **Bring together national departments and local housing partners to design and mobilise a response to the Chancellor's Plan for Jobs.**
- **Ensure that employment support meets needs across communities and enables social housing to deliver in partnership for recovery.**
- **Use the UK Shared Prosperity Fund to leverage and sustain long-term employment support for vulnerable and disadvantaged households, in partnership with the social housing sector. This includes bringing partnerships, funding, and strategy together to solve persistent employability support issues now and for the long term, including workplace literacy, numeracy, and digital skills.**

The role of housing associations in supporting employment

Before the coronavirus outbreak, more people than ever before were in work. But still too many people remained locked out of employment or trapped in low-paid work. Residents of social housing are far less likely to be in work than people living in other tenures mainly due to ill health, caring responsibilities or disability. We also know that social housing residents and communities are most likely to be adversely affected by the immediate impact on jobs in lockdown, and the longer-term economic impact created through the recession.¹²

As we enter the national recovery, this challenge will be even greater. In the four weeks after 16 March 2020, there were 1.4 million new applications for Universal Credit. It is estimated that 30% of single parents will lose their jobs, along with 30%

¹² <https://www.resolutionfoundation.org/app/uploads/2019/10/Risky-business.pdf>

of people under 35 years old, 28% of BAME workers and 24% of women. 14% of housing association households are lone parents with dependent children.¹³

We share the government's ambition on levelling up and recognise the scale of the challenge. Housing associations spend £70m¹⁴ per year of their own resources on employment support and are significant employers both directly and through their supply chain. Social landlords are often de facto community anchors in low income neighbourhoods¹⁵. Their long-term commitment and wide local reach often make them well placed to work with statutory and other partners to deliver local employment and skills programmes.

However, national 'top down' employment policies have not worked with the housing association sector as effectively as they could, and opportunities to develop more focused, place-based employment programmes and initiatives have been missed. This spending review is a chance to take a bold new approach.

Creating jobs and training opportunities

At the start of this crisis we joined with housing, employment and youth organisations to call for the government to provide an #OpportunityGuarantee. This call was backed by [more than 250 leaders](#) from the public, charitable and private sectors and by mayors and parliamentarians.

The Opportunity Guarantee called for a focus on three key areas to ensure that everyone who is unemployed will have the help they need to get into work:

- Promote job creation by reducing the costs and barriers to employers hiring as well as investing in the jobs that we need for the future.
- Support people into work by doubling the capacity of services that help people access, and progress into, sustainable jobs, with the greatest support being provided to those facing the greatest disadvantage.

¹³ <https://www.ceci.org.uk/employment-and-covid-19-briefing/>

¹⁴ Dromey, J, Snelling, C and Baxter, D (2018) Building Communities that Work: The Role of Housing Associations in Supporting Work. IPPR Briefing: London.

¹⁵ Wilson, T, Bivand, P, Rahman, A and Hoya, C (2015) Worklessness, Welfare and Social Housing – Report to the National Housing Federation. Centre for Economic and Social Inclusion: London.

- Secure high-quality opportunities for young people by ensuring that all have the choice of a place in education, an apprenticeship or traineeship, work experience or a job.

The Chancellor's Plan for Jobs is a major support package and we now need to work together to deliver the opportunities and support to local communities. Housing associations have already shown their commitment to tackling youth unemployment by embracing the Kickstart scheme and establishing the Kickstart in Housing network to collaborate on opportunities.

To boost this work and create more jobs, the government should:

- **Bring together national departments and local housing partners to design and mobilise a response to the Chancellor's Plan for Jobs.**
- **Ensure that employment support meets needs across communities and enables social housing to deliver in partnership for recovery.** This includes:
 - Contracting and commissioning that encourages joint housing and employment service partnerships.
 - Accelerating the tender process and considering grant support to deliver urgent support, fast.
 - Supporting an expansion of existing employment support services, enabling Job Centre Plus and housing to work together locally.
- **Use the UK Shared Prosperity Fund to leverage and sustain long-term employment support for vulnerable and disadvantaged households, in partnership with the social housing sector.** Bring partnerships, funding, and strategy together to solve persistent employability support issues now and for the long term including workplace literacy, numeracy and digital skills.

Jobs Plus pilots

Jobs Plus is a new, community-based approach to addressing these issues with social landlords taking the lead. Most residents of social housing do not receive back-to-work or in-work support through government programmes. Jobs Plus is an approach that can increase employment, improve earnings and raise household incomes out of poverty. However, there is a clear case for also testing interventions

at a much more local, community level – using locally-led and ‘bottom-up’ models of engagement and support.

Jobs Plus is:

- Intensive, co-ordinated and neighbourhood-based support to prepare for and find work – delivered through an integrated local hub that brings together housing, employment and other local partners. It is open to all in the targeted community rather than specific groups of residents, so removing barriers and stigma in taking part.
- Community support for work – with residents providing peer support, outreach, and championing the service, as well as engaging in local design and oversight.
- Rent incentives to make work pay – so ensuring that it always pays to work, and that transitional costs including transport, childcare or suits and boots can be covered¹⁶.

¹⁶ <https://learningandwork.org.uk/resources/research-and-reports/developing-a-jobs-plus-model-for-the-uk/>

5. Kick-starting a retrofit revolution

This section sets out how the CSR provides an opportunity to kick-start a retrofit revolution, led by the social housing sector, which would create jobs and opportunities in every part of the country.

The government should:

- **Kick-start a retrofit revolution to stimulate the economy and create jobs in all regions and nations of the UK, including in sectors hardest hit by the recession.**
- **Support housing associations and local authorities to lead this retrofit revolution in the short-term, to help build supply chains and make a longer-term nationwide roll-out across all tenures more achievable.**
- **Deliver on its manifesto commitment to set up a £3.8bn Social Housing Decarbonisation Fund, allowing housing associations to bid for funds directly and over multiple years.**
- **Provide a policy road-map to 2050, setting out the standards and requirements that housing associations will need to work towards to achieve the net zero ambition.**
- **Commit to work more closely with housing associations, residents, suppliers, lenders and investors to find solutions to the challenges that lie ahead on the road to net zero.**

The economic case for retrofit

Residential housing is currently responsible for around one fifth of all UK carbon emissions, and social housing accounts for around 10%¹⁷ of this. If the government is to achieve its ambition that the UK is net zero in terms of greenhouse gas

¹⁷ <https://www.sustainableenergyassociation.com/wp-content/uploads/2019/09/SEA-social-housing-digital-compressed-1.pdf>

emissions by 2050, then decarbonising homes – including social homes – must be a priority.

But tackling climate change is not just good for the environment; it is also good for the economy. Decarbonising housing and retrofitting homes to make them greener and more energy efficient will provide a real economic boost and create many new jobs, including in sectors hardest hit by the recession¹⁸.

Research¹⁹ from the Energy Efficiency Group suggests that investing in energy efficiency measures alone could create 34,000 full-time jobs within the next two years. Longer-term, Cambridge Economics estimates that raising the energy performance of every home in the UK to EPC Band C would sustain around 100,000 new jobs annually over the next 10 years²⁰. The IPPR²¹ claims that, by 2035, over 325,000 jobs could be created across the UK in the low-carbon heating sector.

An ambitious retrofit programme would also support the government's levelling-up agenda, as these new jobs would be created across every region in England²².

The economic benefits extend beyond creating jobs and stimulating local economies. An ambitious national retrofit programme would also deliver significant savings to the NHS. The UK has some of the least energy-efficient housing stock in Western Europe, which means high heating costs for many low-income households. As a result, many people fall ill from conditions attributable to cold homes and, over the past five years, around 58,000 people across the UK are estimated to have died from cold homes²³.

The cost to the NHS – for example, from treating cardiovascular and respiratory diseases associated with cold homes – has been estimated at between £1.4bn-£2bn per year in England²⁴. Tackling fuel poverty and improving the energy efficiency of homes would therefore save the NHS money, as well as save lives. Indeed, it has

¹⁸ https://neweconomics.org/uploads/files/Green-stimulus-for-housing_NEF.pdf

¹⁹ https://www.theseeg.co.uk/media/1096/eeig_report_rebuilding_for_resilience_pages_01.pdf

²⁰ <https://www.e3g.org/docs/Building-the-Future-The-Economic-and-Fiscal-impacts-of-making-homes-energy-efficient.pdf>

²¹ <https://www.ippr.org/files/2020-07/all-hands-to-the-pump-july20.pdf>

²² <https://www.ippr.org/files/2020-07/all-hands-to-the-pump-july20.pdf>

²³ <https://www.e3g.org/news/17000-people-in-the-uk-died-last-winter-due-to-cold-housing/>

²⁴ <https://www.bre.co.uk/news/New-BRE-Trust-report-shows-poor-quality-homes-in-England-cost-the-NHS-14bn-per-year-and-wider-society-186bn-1161.html>

been estimated that for every £1 spent on retrofitting fuel-poor homes, £0.42 is saved in NHS spending²⁵.

- **The government should kick-start a retrofit revolution to stimulate the economy and create jobs in all regions and nations of the UK, including in sectors hardest hit by the recession.**

Social housing leading the way

Delivering a retrofit programme across all tenures will take time, and existing supply chains and installation services will need to be significantly expanded before retrofitting can be achieved at scale and pace. Given this, it makes sense to start the retrofit revolution in the social housing sector.

The sector has both the experience and the governance arrangements needed to support retrofit at scale. Social housing has a good track record in delivering energy efficient homes and has more homes that meet high energy efficiency standards. A higher percentage of social housing is rated at EPC Band C or above than private rented or privately owned homes²⁶.

The way the sector is regulated, and the social purpose that underpins it, means that social landlords take a longer term view of housing quality and performance than other tenures and have residents' interests and wellbeing as a priority.

The size of the sector also means that it is a sufficiently large market to develop and deploy scalable retrofit solutions which can later spread to the rest of the stock. There is also greater professionalism and collective organisation when compared to other tenures²⁷.

In short, social housing is the most appropriate starting point for a large-scale programme of deep retrofit.

- **The government should support the social housing sector and encourage housing associations and local authorities to lead this**

²⁵ https://neweconomics.org/uploads/files/Green-stimulus-for-housing_NEF.pdf

²⁶ <https://www.ippr.org/files/2020-07/all-hands-to-the-pump-july20.pdf>

²⁷ <https://www.ippr.org/files/2020-07/all-hands-to-the-pump-july20.pdf>

retrofit revolution. This will help build supply chains and make the nationwide roll-out of a retrofit programme across all tenures in the medium term more achievable.

The challenges facing the sector

The social housing sector has already started to decarbonise. Housing associations are investing heavily and driving innovation in both new homes by way of different materials and MMC and in existing homes by retrofitting new heating systems and insulation.

However, there remain significant challenges to overcome if the social housing sector is to lead the way for the rest of the housing sector and become net zero by 2050.

A study from the Institute of Engineering and Technology²⁸ highlighted a number of barriers to retrofitting homes: a lack of finance, a lack of clear and consistent government policy, a lack of capacity and capability in the supply chain, and a lack of consumer demand. The government's own research²⁹ drew a similar conclusion and reported that a lack of funding, skills shortages and a lack of support from residents were all obstacles to retrofit in social housing. This is mirrored in our own research.

Over August 2020, we surveyed our members to explore the barriers and obstacles that housing associations face when seeking to retrofit homes. Nearly three quarters of respondents told us that concerns around funding were a key barrier to retrofitting at scale and pace. Over half said that the lack of policy clarity made it difficult to plan effectively or with any degree of confidence.

The full list of challenges highlighted in our survey are set out below.

²⁸ <https://www.theiet.org/impact-society/sectors/built-environment/built-environment-news/scaling-up-retrofit-2050-why-the-uk-needs-a-national-housing-upgrade-programme/>

²⁹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/787361/Barrier_to_Retrofit_in_Social_Housing.pdf

What are the principal obstacles to retrofitting?	% total responses
A lack of finance	74%
A lack of policy certainty and direction	56%
Concerns about unproven technology or approaches	47%
Other organisational priorities (such as supporting residents affected by coronavirus or building remediation)	40%
A lack of capacity and capability in supply chains	34%
A lack of technical knowledge in the business	32%
A lack of a retrofit strategy or plan	22%
Unproven business case	21%
Resident resistance	14%
Planning issues	12%
Difficulties in procurement	10%
Other	16%

What the government can do

Commit flexible, long-term funding

The Committee on Climate Change³⁰ estimates that £15bn will be required each year to reduce all emissions from all buildings by 2050 (including domestic and non-domestic). Estimates for just the social housing sector vary widely although one housing association³¹ has estimated that it will cost in excess of £100m to retrofit around 6,000 homes to meet the government’s 2050 net zero target .

In recent months we have seen a number of new funding schemes set up by government to support retrofitting, across all tenures. These include the Green Homes Grant scheme and funding to support pilot decarbonisation projects in the social housing sector. We welcome these and are encouraging our members to bid for funding from these to support their retrofit programmes. However, our early experience of these schemes has highlighted a number of concerns.

³⁰ <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-global-warming.pdf>

³¹ <https://www.housing.org.uk/news-and-blogs/blogs/jo-hills/launching-ambitious-decarbonisation-plan/>

The inability of housing associations to bid directly for some of this funding will invariably limit uptake and may mean that some associations and some parts of the country miss out on much needed investment, and the green jobs that such investment will create. The channelling of some funding through regional energy hubs also risks creating another layer of bureaucracy and complexity to navigate when seeking to access funding. In addition, the fact that both of these schemes are for 2020/21 only does not provide the long-term confidence that the sector needs to plan effectively, or to invest in skills and innovation.

We welcome the manifesto commitment to set up a £3.8bn 10-year Social Housing Decarbonisation Fund from 2021, delivering on the recommendation of the National Infrastructure Commission. The government now needs to confirm this funding in full and move quickly to open the Fund for applications.

- **The government should deliver on its manifesto commitment to set up a £3.8bn Social Housing Decarbonisation Fund, allowing housing associations to bid for funds directly and over multiple years.**

Housing associations should be able to bid for funds directly and not only as part of local authority-led consortia. They should be able to bid for multiple years of funding to be able to plan effectively, align retrofit work with scheduled improvement work and have the confidence to invest in skills and innovation.

Provide policy clarity and coherence

Housing associations plan for the long term but, as our research shows, the sector would welcome greater policy clarity and direction from the government to be able to plan effectively for a net zero future. The absence of this is cited as a major barrier to rolling out large-scale retrofit programmes.

The government has legislated for the UK to be net zero in terms of greenhouse gas emissions by 2050 but we do not know specifically what this means for the sector in terms of building standards and regulations. The government's current aspiration is for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable. However, this will not be sufficient to deliver a net zero social housing sector (and, in any case, the appropriateness of using EPC as a measure of determining progress to net zero has long been called into question). The current aspiration also fails to address difficult questions like how the sector should treat heritage or other hard-to-treat properties.

We know the government is considering bringing the EPC Band C target forward to 2030, and the sector has long called for more ambitious green targets. But what the sector really needs is a policy road-map to 2050 which set out exactly what is expected of housing associations and the standards and requirements that social landlords will need to meet to deliver the net zero ambition. The Committee on Climate Change have made a similar call³².

- **To enable the sector to plan with confidence, the government needs to provide a policy “road-map” to 2050, setting out the standards and requirements that housing associations will need to work towards to achieve the net zero ambition.**

The government should work with the sector in developing this.

Promote cooperation and collaboration

We do not underestimate the challenges involved in decarbonising homes and becoming net zero by 2050. We believe that we will have more success in finding solutions to these difficult and often complex challenges if we all work together: government, housing associations, local partners, residents, suppliers, lenders and investors.

Collectively, we may have more success in:

- Developing new green forms of finance to mitigate some of the financial challenges.
- Agreeing standards around new technology.
- Exploring the best ways to engage and enthuse residents and consumers on the retrofit agenda.
- Sharing learning and good practice.
- Building supply chains to address concerns around skills shortages.

The government is well placed to drive this collaboration, and the sector would welcome great engagement from ministers and civil servants on the decarbonisation agenda. A Social Housing Decarbonisation Task Force might be a good first step.

³² <https://www.theccc.org.uk/wp-content/uploads/2019/05/Net-Zero-The-UKs-contribution-to-stopping-global-warming.pdf>

- **Going forward, the government should commit to work more closely with the sector – and with residents, suppliers, lenders and investors – to find solutions to the challenges that lie ahead and support housing associations and other social landlords on the journey to net zero.**

6. Levelling up economic opportunity across the country

This section sets out the role that housing associations play as anchor organisations in their communities, and calls for investment and action to support regeneration, including housing-led regeneration, as part of the government’s levelling up agenda.

The government should:

- **Demonstrate long-term commitment to regeneration by investing at least £1bn of new funding each year over this decade, in addition to current UK and EU funding levels.**
- **Develop a compelling national strategy for regeneration which targets the people and places in most need.**
- **Empower local areas to deliver joined-up regeneration suited to their own circumstances while contributing to national objectives.**
- **Review the continued effectiveness of the Social Value Act, and the extent of social value commissioning across public expenditure.**

The role of housing associations in supporting communities

Slow and uneven recovery since the 2008 financial crisis, coupled with wider economic and social change, has exacerbated divisions among people and places. Some have prospered while others felt increasingly overlooked. Aggrieved at their weak economic prospects, the failing fortunes of the places they lived, and by a perception that investment and opportunity were being diverted, many have made their feelings known in the voting booth.

This government recognises the issues, employing the positive language of ‘levelling up’ to express its ambitions. The overwhelming priority of responding to the pandemic has understandably diverted attention – but the economic effects of the virus have exacerbated the need for solutions to support those people and places who may be left even further behind.

As [anchor organisations](#), housing associations are valuable partners in levelling up. They exist to serve people and places above profit. They often operate at a scale which makes them a significant part of a local economy, and they are tied to it. The NHF’s [Great Places programme](#) explored the sector’s anchor role, sought out good practice and made recommendations on how housing associations could do better still. Public investment is a critical part in enabling that.

The case for investment in regeneration

The UK Shared Prosperity Fund offers an opportunity to shape and support local programmes to help close skills and earnings gaps, and to invest in the physical fabric of our communities.

The Fund should be used to leverage and sustain long-term employment support for vulnerable and disadvantaged households, in partnership with the social housing sector. This includes bringing partnerships, funding, and strategy together to solve persistent employability support issues now and for the long term, including workplace literacy, numeracy, and digital skills.

With the loss of dedicated funding for housing-led regeneration in the past decade, and the exclusion of regeneration from the new Affordable Homes Programme, there is a missing element in joined-up regeneration. This is particularly the case given the increasing recognition of housing’s role in regenerating towns and their centres. In many areas most in need of regeneration, development viability is marginal at best. Support for mixed tenure housing led by local anchor organisations can bring the investment, ambition and confidence needed to drive the reinvigoration of places that have fallen on hard times.

We agree with the [UK2070 Commission’s recommendation](#) that the government must “think big, plan big and act at scale”. The pandemic has shown that the government can step up when faced with an immediate crisis. As we move into a ‘new normal’, it must now show it has the capacity – as with governments in times of previous national crises – to think beyond the immediate to create a vision of a different, brighter future.

What the government can do

The government should:

- **Demonstrate long-term commitment to regeneration by investing at least £1bn of new funding each year over this decade, in addition to current UK and EU funding levels.**

This funding should be available for economic, social and physical investment, including housing renewal. Research has shown that housing-led regeneration can deliver benefits worth almost four times those made by public investment³³.

- **Develop a compelling national strategy for regeneration which targets the people and places in most need.**

This should ensure that mainstream funding – always many times greater than bespoke regeneration funding – considers national levelling up priorities. Delivering the promised revision of HM Treasury appraisal techniques, and ensuring their implementation, would be a useful step.

The government should also review its reliance on affordability criteria in guiding housing investment (such as the Housing Infrastructure Fund 80:20 rule). While important, affordability criteria overlook the potential for affordable homes to regenerate lower value areas through investment in better homes and places.

The government also needs to find a solution to calculating housing need which does not undermine efforts to boost weaker economies through housebuilding³⁴. In rural areas, the government must avoid measures which undermine the provision of affordable homes through the planning system – rural poverty may often be less explicit but affordability pressures are often greater than in urban areas.

- **Empower local areas to deliver joined-up regeneration suited to their own circumstances while contributing to national objectives.**

³³ <https://www4.shu.ac.uk/research/cresr/sites/shu.ac.uk/files/regeneration-revival.pdf>

³⁴ The current 'standard method' for assessing need has been [unhelpful to regeneration ambitions](#) in northern England, and the proposed revisions seem set to tilt the balance still further southwards. With the Homes for the North partnership, we argue for a more ambitious approach there is an important role for new homes in regeneration and re-purposing local economies and places.

The promised devolution white paper provides an opportunity to create the institutional capacity to manage comprehensive regeneration investment at appropriate geographic scales, with democratic accountability.

More generally, local authorities need to be adequately resourced to lead on their own local priorities. Austerity seems to have been focused on local government, and particularly on those areas most in need of strong local leadership and delivery capacity³⁵.

- **Review the continued effectiveness of the Social Value Act, and the extent of social value commissioning across public expenditure.**

Since the Public Services (Social Value) Act came into force in 2012, there have been improvements in the application of social value practices, helped by occasional government reviews. In light of the need to support existing and newly disadvantaged people and places, we think there is a case for a further review, seeking improvements to the extent and effectiveness of social value practices.

³⁵ See, for example, <https://housingevidence.ac.uk/time-to-level-up-on-housing-and-planning-capacity-in-the-north-of-england/>, www.ippr.org/files/2020-06/10-years-of-austerity.pdf

7. Improving outcomes in public services

A safe, decent and affordable home is fundamental in allowing all of us to live full and healthy lives. Some vulnerable people also benefit from support services related to their housing, which enable them to live independently.

This section explains how housing associations provide the majority of the country's supported housing, and sets out how additional investment in supported housing, floating support and homelessness prevention services will:

- Save public money by reducing spending on other public services, especially the NHS, and on temporary accommodation.
- Preserve independence and lead to better outcomes for vulnerable people.
- Facilitate infection control and reduce coronavirus transmission, by supporting staff and residents to safely social distance.

The government can support people's independence, support good public health outcomes and save public services money by:

- **Ring-fencing housing-related support and allocating £1.6bn³⁶ per year to local authorities in England.**
- **Investing in employment and skills programmes to give people the financial resilience they need to avoid homelessness.**
- **Investing in homes for social rent to ensure that rough sleepers and people at risk of homelessness are supported into sustainable and affordable housing beyond the Next Steps Accommodation Programme.**

The role of supported housing

Housing associations deliver over 70% of the country's supported housing including sheltered and extra care housing, homeless hostels, mental health step-down units

³⁶ This was the level of funding allocated at a national level in 2010/11. This reduced from £1.64bn to £1.59bn in 2014/15 as at a time of fiscal constraint DCLG sought to protect funding for vulnerable groups. However, as there has been no ring fence around this allocation to local authorities since 2009, local decisions determined the actual level of funding <https://www.gov.uk/government/publications/supporting-people-programme-funding-equality-impact-assessment>

and domestic abuse refuges.³⁷ Housing-related support helps save public money, avoiding lengthy and costly hospital stays.³⁸ It helps avoid rent arrears and tenancy breakdown, promotes employment and allows vulnerable people to live healthier, more independent lives.

In 2018 the government showed strong commitment to supported housing by securing the money that pays for housing costs.³⁹ But this is only one side. The other vital component of funding – the support costs – are facing a substantial gap. As a result, supply of supported housing is reducing at a time when demographic trends show demand increasing. Research in 2015 calculated that by 2024/25, we will be facing a national shortfall of 46,771 supported, sheltered and extra care housing places.⁴⁰

A recent report by the NHF and Housing LIN found that long-term uncertainty over capital investment, revenue funding for support, and funding for housing costs through the Housing Benefit system have all been barriers to housing associations developing new supported housing schemes.⁴¹ With funding for housing costs now secured and with a positive announcement in the AHP on funding for new building, the government can further promote the development of new schemes for people with long-term care and support needs by investing in revenue funding for support.

Investing in decent housing for older people with appropriate care and support can be an extremely cost-effective way of reducing the burden that chronic health conditions place on the NHS. It is widely accepted that poor quality housing exacerbates chronic conditions and widens health inequalities. Research from the Centre for Ageing Better, analysing the results of the 2017 English Housing Survey,

³⁷ DWP and DCLG, Supported accommodation review: The scale, scope and cost of the supported housing sector, November 2016, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/572454/rr927-supported-accommodation-review.pdf.

³⁸ Frontier Economics, Financial benefits of investment in specialist housing for vulnerable and older people, September 2010, https://www.housinglin.org.uk/assets/Resources/Housing/Support_materials/Other_reports_and_guidance/Financial_benefits_of_investment_in_specialist_housing_FINAL.pdf.

³⁹ <https://www.gov.uk/government/news/all-supported-housing-funding-to-be-retained-in-welfaresystem>.

⁴⁰ Sitra, Estimating the Need for Supported Housing, October 2015, http://s3-eu-west1.amazonaws.com/pub.housing.org.uk/Sitra_Supported_Housing_Needs_Assessment_Report.pdf.

⁴¹ National Housing Federation and Housing LIN, report, Supported housing for people with long-term care and support needs, August 2020, <https://www.housing.org.uk/globalassets/files/long-term-delivery-of-supported-housing.pdf>. Based on qualitative interviews and roundtables with supported housing providers, local authority commissioners, housing benefit teams, and service users.

calculated that the NHS spends £513m annually on first year treatment costs for over-55s living in the poorest quality housing.⁴² Meanwhile, Anchor Hanover recently modelled the value of a supported housing tenancy in one their schemes for older people, and found that every Extra Care housing place can generate up to £6,700 in savings to the local authority.⁴³

How housing-related support has worked during a pandemic

Throughout the coronavirus crisis, housing associations have continued to help residents keep safe, manage day to day, and access support to alleviate financial hardship. They have carried on supporting people to access employment and training through job coaching and skills development to boost their income.⁴⁴ The aim of this support is not only to resolve the immediate issues but to improve people's quality of life, raise aspirations, and increase their resilience towards future crises. This keeps the pressure off public services that would have to intervene if an older person was no longer able to manage or if someone with addiction issues failed to maintain a stable home.

Housing associations are also supporting people with their mental health, which has been significantly affected by the crisis,⁴⁵ including support to cope with the impact of lockdown and the withdrawal of NHS services. This includes counselling and wellbeing checks. An increase in mental health needs can be linked to subsequent rent arrears, so as well as taking pressure off community and acute mental health services, mental health support keeps people in their homes.

⁴² Centre for Ageing Better, Home and Dry: the need for decent homes in later life, March 2020, <https://www.ageing-better.org.uk/sites/default/files/2020-03/Home-and-dry-report.pdf>.

⁴³ Anchor Hanover, Understanding the social value of an Anchor Hanover tenancy, June 2020, <https://anchorv3dev.s3.eu-west-2.amazonaws.com/documents-pdfs/Sonnet%20Social%20Impact%20Report%20June%202020%20Final%20.pdf>.

⁴⁴ National Housing Federation, How housing associations are supporting tenancy sustainment and income collection through the coronavirus crisis, August 2020 <https://www.housing.org.uk/resources/housing-associations-tenancy-sustainment-coronavirus/>

⁴⁵ National Housing Federation, Poor housing causing health problems for nearly a third of brits during lockdown, July 2020 <https://www.housing.org.uk/news-and-blogs/news/poor-housing-causing-health-problems-for-nearly-a-third-of-brits-during-lockdown/>

How supported housing can preserve independence

Supported housing provides vital support for some of the most vulnerable people in society. The combination of secure housing and high quality support can transform lives – they can help people settle into a new home, maintain tenancies and improve life chances. Supported housing can be a lifeline for older people and people with long-term care and support needs, including learning disabilities, Autism Spectrum Disorder and enduring mental health conditions.

For many people in these groups, the only viable alternative to housing with support would be residential care, hospital or another secure institution. This is a poor use of limited hospital resources and can have a profoundly negative effect on people who could live independently with the right support. The recent NHF and Housing LIN report highlighted a number of case studies of recently developed long-term supported schemes. In every case, the developing housing association noted that the alternative for residents would be hospital or residential care.⁴⁶

The impact of coronavirus on supported housing

Supported housing providers have been extremely successful in managing the impact of the pandemic, keeping vital services running and infection rates in schemes down. Providers have worked with local authorities, the care sector and the NHS to allow people to be discharged from hospital safely or moved on from temporary hotel accommodation. They have also linked residents in with local volunteer networks, charities and community organisations to support them through the crisis.

Our members have reported taking a range of exceptional measures to best support and safeguard residents and service users through the crisis. To help keep infection rates down, they have delivered support outdoors or in locations where it is easier to social distance, trained staff in the proper use of PPE and prepared meals for residents to enable them to safely self-isolate. Many members have also increased the frequency of virtual welfare checks to address growing mental health concerns and provided residents with mobile phones and other IT equipment to reduce loneliness and isolation. Anecdotally, members have reported that infection rates in

⁴⁶ National Housing Federation and Housing LIN report, Supported housing for people with long-term care and support needs, August 2020, <https://www.housing.org.uk/globalassets/files/long-term-delivery-of-supported-housing.pdf>.

their supported and Extra Care schemes have generally been lower than the level in the wider community.

However, many providers have faced significant challenges during the pandemic, including substantial extra costs. In August 2020, the NHF conducted a survey of its housing association members about the financial impact of the coronavirus crisis on supported housing.⁴⁷ We received 31 valid responses, covering every region in England. A mixture of large and small housing associations responded, with 55% managing more than 1,000 homes and 45% being smaller providers.

Key findings from the survey were that:

- The coronavirus outbreak has led to increased staffing costs for more than half of providers surveyed, as well as increases in cleaning, PPE and other costs for many.
- Lost income from vacant properties increased for almost all providers surveyed, including all of the respondents who provide housing for older people.
- Demand for some support services has increased, with an especially sharp rise in demand for short-term support services.

What the government can do for supported housing

The recent crisis has demonstrated the critical need for housing-related support services, particularly services aimed at supporting groups such as domestic abuse survivors, rough sleepers and people experiencing acute mental health crises. Of the providers of short-term services who responded to the survey, 57% reported an increased demand for their services, highlighting their crucial importance in supporting vulnerable groups in a period of crisis.

However, the survey results also show that supported housing providers are facing greater financial pressures due to extra costs and void losses associated with coronavirus. Long-term investment in housing-related support services would ensure that these services can continue to support as many people as possible and contribute fully to the social and economic recovery from the pandemic.

⁴⁷ National Housing Federation, Briefing on the financial impact of the coronavirus crisis on supported housing providers, August 2020, <https://www.housing.org.uk/resources/briefing-on-the-financial-impact-of-the-coronavirus-crisis-on-supported-housing-providers/>.

- **The government should ring-fence housing-related support and allocate £1.6bn⁴⁸ per year to local authorities in England.**

The impact of coronavirus on homelessness

The crisis has put more people at risk of homelessness and rough sleeping, many for the first time. Statistics for April to June 2020 show 33% more rough sleeping in London than last year, with 77% more new rough sleepers.⁴⁹ Youth homelessness charity Centrepont reported 36% more young people seeking support since lockdown.⁵⁰ The pandemic has also driven a surge in domestic abuse,⁵¹ the third main cause of homelessness in government statistics.⁵²

On top of this, the blow to the economy means a further spike in homelessness is a real risk. It is clear that the Job Retention Scheme and Self Employment Income Support Scheme have protected millions of people from the full economic impact of the crisis, and the Kickstart Scheme will help young people. However, groups already vulnerable to homelessness, such as single parents and disabled people⁵³, are likely to see their finances hit hardest⁵⁴ and are facing redundancy at higher levels than other groups.⁵⁵ They may risk homelessness unless safeguards are put in place and their income is secured.

⁴⁸ Department for Communities and Local Government, Spending Review 2010: Equality Impact Assessment – Funding for the Supporting People Programme, December 2010, pp5 and 7

⁴⁹ Rough sleeping in London (CHAIN reports), Greater London Authority (GLA), August 2020
<https://data.london.gov.uk/dataset/chain-reports>

⁵⁰ Centrepont, Locked Out: Youth Homelessness During and Beyond the Covid-19 Pandemic, July 2020
<https://centrepont.org.uk/about-us/blog/locked-out-youth-homelessness-during-and-beyond-the-covid-19-pandemic/>

⁵¹ SCIE, Domestic violence and abuse: Safeguarding during the COVID-19 crisis, June 2020
<https://www.scie.org.uk/care-providers/coronavirus-covid-19/safeguarding/domestic-violence-abuse>

⁵² MHCLG, Statutory Homelessness, January to March (Q1) 2020: England, August 2020
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/910409/Statutory_homelessness_release_Jan-Mar_2020.pdf

⁵³ MHCLG, Statutory Homelessness, January to March (Q1) 2020: England, August 2020
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/910409/Statutory_homelessness_release_Jan-Mar_2020.pdf

⁵⁴ Child Poverty Action Group/Church of England, Poverty in the Pandemic: The impact of coronavirus on low-income families and children, August 2020 <https://cpag.org.uk/sites/default/files/files/policypost/Poverty-in-the-pandemic.pdf>

⁵⁵ Citizens' Advice, An unequal crisis: Why workers need better enforcement of their rights, August 2020
[https://www.citizensadvice.org.uk/Global/CitizensAdvice/Work%20Publications/An%20unequal%20crisis%20-%20final%20\(1\).pdf](https://www.citizensadvice.org.uk/Global/CitizensAdvice/Work%20Publications/An%20unequal%20crisis%20-%20final%20(1).pdf)

Other causes of homelessness are also prevalent, including relationship breakdown, family and friends no longer able to accommodate, and leaving institutions without housing.⁵⁶ To prevent these situations from leading to homelessness, the government should invest in support services like tenancy sustainment, floating support, legal and benefits advice, opportunities to access or retain employment, family mediation and prison and hospital resettlement work. These will be critical to preventing homelessness in the wake of the pandemic.

The impact of homelessness

New research for the NHF shows that around 3.8 million households – including more than 200,000 homeless households – have some form of housing need which would be best addressed by social rented housing.⁵⁷ As well as the impact homelessness has on individuals and families, it generates a financial, social and economic burden for society and puts pressure on public services. Significantly higher rates of service use – medical, mental health or criminal justice – are associated with long-term and repeat homelessness.⁵⁸

The majority of spending on homelessness is on temporary accommodation, which represents a high and increasing cost to the public purse. An MHCLG report showed that English councils spent £1.58bn on homelessness in 2018/19, almost £1.1bn of which was on temporary accommodation.⁵⁹ Reducing temporary accommodation use reduces pressure on the taxpayer⁶⁰, but costs are increasing because temporary accommodation numbers are increasing. There were 93,000 households in temporary accommodation in England at the end of March 2020, the highest figure since December 2006. This included 129,380 children.⁶¹ Length of stay is also

⁵⁶ Nacro, A Justice System Fit for the Future: Lessons from the Coronavirus Pandemic to Build a Fairer and Effective Path to Resettlement, August 2020 <https://3bx16p38bchl32s0e12di03h-wpengine.netdna-ssl.com/wp-content/uploads/2020/08/Briefing-JusticePostCovid-FINAL.pdf>

⁵⁷ <https://www.housing.org.uk/resources/people-in-housing-need/>

⁵⁸ Crisis, Everybody In: How to end homelessness in Great Britain, 2018

https://www.crisis.org.uk/media/239951/everybody_in_how_to_end_homelessness_in_great_britain_2018.pdf

⁵⁹ MHCLG, Local authority revenue expenditure and financing England: 2018 to 2019 individual local authority data - outturn, August 2019 <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-england-2018-to-2019-individual-local-authority-data-outturn>

⁶⁰ Crisis, The plan to end homelessness, 2018 <https://crisis.org.uk/ending-homelessness/the-plan-to-end-homelessness-full-version/solutions/chapter-11-housing-solutions/>

⁶¹ MHCLG, Live tables on homelessness <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>.

increasing.⁶² These realities point to a need for homelessness prevention and for more move-on options for people in temporary accommodation.

What the government can do to prevent homelessness

Investment in housing-related, homelessness prevention support achieves positive outcomes for individuals and families and contributes to stronger communities. It also delivers savings for the public purse, including reduced use of temporary accommodation and public services such as hospitals, and increased tax from people entering employment.⁶³ Other research concluded that public spending would fall by £370m if 40,000 people were prevented from experiencing one year of homelessness.⁶⁴

The Everyone In scheme has shown what can be achieved with resources, coordination and commitment. This same energy must now be brought to preventing homelessness in the longer term. It is positive that the Next Steps Accommodation Programme includes more revenue funding over a longer period than previous funds. The government has acknowledged the need for appropriate support to help people move into a home and sustain their tenancy. This commitment should continue over the long term to ensure people can stay in their homes, help improve their health and life chances, and reduce their reliance on acute services.

By investing in homes for social rent and housing-related support, the government can also extend its commitment to support anyone sleeping rough or at risk into sustainable and affordable housing beyond the Next Steps Accommodation Programme.

⁶² Trust for London, Temporary accommodation types in London (2002-2019), April 2020 <https://www.trustforlondon.org.uk/data/temporary-accommodation-over-time/>; Williams, W. and C. Barton, Households in temporary accommodation (England), House of Commons Library Briefing Paper Number 02110, May 2020 <https://researchbriefings.files.parliament.uk/documents/SN02110/SN02110.pdf>

⁶³ Crisis, The plan to end homelessness, 2018 <https://www.crisis.org.uk/ending-homelessness/the-plan-to-end-homelessness-full-version/targets-costs/chapter-15-cost-of-ending-homelessness/>; St Mungo's, Ending rough sleeping: the role of supported housing, September 2017 https://www.housinglin.org.uk/_assets/Resources/Housing/OtherOrganisation/Ending_Rough_Sleeping_SH_Report_0917.pdf

⁶⁴ Pleace, N. and Culhane, D. P. (2016) Better than cure? Testing the case for Enhancing Prevention of Single Homelessness in England. London: Crisis.

In the longer term, we need to see investment to build the social housing the country needs, alongside properly funded support services for homelessness prevention and tenancy sustainment.

The government should:

- **Invest in employment and skills programmes to give people the financial resilience they need to avoid homelessness.**
- **Invest in homes for social rent to ensure that rough sleepers and people at risk of homelessness are supported into sustainable and affordable housing beyond the Next Steps Accommodation Programme.**