West Midlands Regional Homelessness Strategy Implementation Group

Regional Homelessness
Strategy Action Plan
Implementation Group

Investigation into the potential homelessness and housing impacts of the recession on vulnerable groups.

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Introduction

This report has been commissioned by the West Midlands Regional Homelessness Strategy Implementation Group to investigate the potential impact of the recession on the most vulnerable groups in the West Midlands. The resources for the research have come from the Regional Housing Executive Research Programme.

The research has focused on the groups **most vulnerable to homelessness before the recession took affect** and it has focused in this way to ensure that we have some analysis of the effect of the recession on those groups that are at risk of being affected beyond any economic recovery.

We want to ensure that the needs of groups that might be the most vulnerable and marginal are taken account of, this is not to diminish the impact on other groups but acknowledges that the most vulnerable and marginal may experience the affect of the recession way beyond the start of any recovery which is less true for other groups being affected now.

The research has not set out to analyse the wider implications of the recession as there are other studies that are doing this in relationship to the implications for the housing market and these studies have touched on the impact on groups of people not traditionally in contact with homelessness or support services and the wider community.

The question we are attempting to answer:

What housing and life chance impacts is the current down turn and predicted economic cycle having, and likely to have, on the groups of people most vulnerable to homelessness, young people, ex-offenders, people experiencing mental health distress, people fleeing domestic violence and those with chaotic lifestyles as a result of substance misuse etc.

*What capital and other types of investments could be made to **help reduce** these negative impacts and promote sustainable futures for these vulnerable groups, leading to a reduction in homelessness now and in the future?*

The study has used a mixture of primary research with supported housing, housing and homelessness professionals, review of current and emerging data and a review of literature relating to past recessions.

There is still significant uncertainty about the timing and strength of the predicted economic recovery and the report should be seen in that light.

To carry out the study we looked at the literature on the impact of previous recessions on vulnerable groups and **focused on two areas, worklessness[1] and housing**. This provides us with some indications of the potential medium to long term impacts of recession but it is only a guide.

The groups of individuals we have focused on

In order to keep the study focused we have looked specifically at the groups of individuals perceived to be at greatest risk of experiencing significant and long lasting impacts on their life chances, these are:

- Vulnerable young people e.g. care leavers,
- Adults with mental health distress
- Ex-offenders
- Drug and alcohol users
- Other vulnerable adults e.g. single people with multiple needs

These groups were identified as being potentially the most vulnerable in the literature and in discussions with housing and support professionals.

The evidence suggests that the groups noted above are often furthest from the labour market and have the most limited choices in terms of sustainable housing options.

These are by no means the only groups to be affected but our assumption was that they would be the most vulnerable.

Why look at capital and revenue options?

The study has considered both capital and revenue investment possibilities in order to take account of the stakeholders who have an interest in this study, in particular those charged with capital investment in housing at a regional level and those charged with tackling homelessness at a regional and local level.

Findings

In this section we try to highlight the potential impact on the most vulnerable groups in the context of a broader perspective.

[1] In the studies of previous recessions the term unemployment is used rather than worklessness, where this is the case we use that terminology.

Current and predicted economic situation

The evidence on the current recession suggests that we are experiencing a significant economic downturn, some commentators regard it as the worst economic situation since the end of the Second World War.

GDP decreased by a further 0.4% in Q3 2009 on top of falls in GDP of 0.6% in Q2 and 2.5% in Q1 of 2009. This means that the UK economy is still in recession. Predictions for Q4 2009 vary with some commentators predicting negative growth and the most optimistic predicting a small rise in GDP. [Ref A]

It remains the case that the UK economy is one of the few major economies in recession as the bulk of the Euro zone and the other major economies experience growth in production and demand.

There has been a considerable amount of discussion about the shape of any recession and recovery; would it be U shaped, W shaped or L shaped. Commentators and experts have been reluctant to predict what may happen at this point. Whatever shape the recession and recovery take it is apparent that it will take a significant period of time for the recovery to be secured.

Unemployment and worklessness; unemployment is a measure of those claiming out of work benefits and worklessness is a broader definition that takes account of those people who are available for work but not claiming out of work benefits as well as those claiming these benefits.

Both are key impacts of the recession and although there has been a slight slowing in the rate of those claiming Job Seekers allowance there has been a significant impact already.

Unemployment in December 2009 stands at 7.8% nationally[2] with immense variation across the UK, the West Midlands has been particularly hard hit with a rate of 10% of people unemployed; young people appear to be most vulnerable in the labour market.[Ref B]

Growth in unemployment has been significant with the West Midlands experiencing the highest rate of increase (using the ILO figures see definition below) in the English Regions.

The West Midlands has the third lowest employment rate (70%) of all the English regions behind the North East and London. [Ref C]

[Ref A] www.statistics.gov.uk/cci/nugget.asp?id=192

[2] September 09 figures using the ILO measure is the International Labour Organisation measure based on the definition 'those looking for and available for work'

[Ref B] www.statistics.gov.uk/pdfdir/lmsuk1109.pdf

[Ref C] www.statistics.gov.uk, www.wmro.org

Currently the ILO unemployment figure for the West Midlands is at 10%, this does represent a slight decline in unemployment rates but it still means that the West Midlands has the highest rate of unemployment (ILO) in the English Regions. (Sept 09)

Across the region the following local authority areas have seen the most dramatic rises in unemployment:

- Wolverhampton
- Birmingham
- Sandwell
- Walsall
- Dudley
- Stoke on Trent
- Coventry

The impact of the recession has fallen disproportionately, in terms of unemployment and worklessness, on the young (18 to 24). The West Midlands has the highest rate of unemployment for this age group with 10.9% of young people claiming JSA. In Sandwell and Wolverhampton the rate is over 16%.

Rates of Jobseeker's Allowance claimants have increased for all ethnic groups and remain highest among black/ black British ethnic groups. Numbers of white British people claiming JSA have doubled, from 63,000 to 124,000 in the West Midlands.

Non-disabled people have experienced bigger decreases in employment and bigger increases in unemployment than people who have a disability. However, people with a disability remain in a weaker position in the labour market overall, with much lower rates of employment (48.9% compared to 75.1% for non-disabled people) and higher rates of unemployment than non-disabled people (12.4% compared with 8.8%).

The employment and unemployment rates of people with no qualifications have seen the second largest deterioration of all the demographic groups after young people. Only 42% of people without a qualification are now in employment, compared with 48% a year ago. Their unemployment rate increased by 5.8 percentage points to 17.5%, nearly double the increase for people with a qualification (2.9 percentage points). [Ref C]

In short the West Midlands economy has been badly affected by the recession and has experienced the highest rise in unemployment of all the English Regions.

[Ref C] www.statistics.gov.uk, www.wmro.org

The young, those with the lowest skills and people from BME communities are likely to be hardest hit.

There is some evidence that those individuals who were on the edges of the labour market e.g. in supporting training placements, involved in part time work etc have been affected as new or expanded work options diminished.

Those furthest from the labour market, in particular the groups of people most often affected by homelessness have yet to feel the full impact of the recession, this is likely to come later as they become more job ready but there are fewer jobs for them to apply for.

There is some evidence of an increase in **business activity** in the West Midlands with figures for the period to September 2009 showing signs of growing confidence and orders but still at a slower rate than the bulk of the UK economy. [Ref D]

Some commentators are suggesting that areas such as the West Midlands might experience a 'jobless recovery' so orders and outputs will increase but businesses will not be taking on new staff but restructuring existing work and increasing the hours of existing staff.

There is some contextual evidence that employers and employees opted for shorter working time, loss of overtime etc rather than redundancy, which suggests that any recovery will be slow to have an impact on those already out of work.

The contextual evidence from service providers and the evidence on those with low or no formal skills noted above suggests that **those furthest from the labour market**, in particular the vulnerable groups we noted at the start of the study, are at risk of being doubly disadvantaged in the recovery.

Firstly the LSC is predicting a reduction in the numbers of low skill and entry level jobs by as much as 30% in the next decade and secondly if it is a 'jobless', or low job, increase recovery those with the least skills and experience will be hardest hit in the medium to long term.

Housing market

The **impact on the housing market** has been mixed in the region. The predicted significant rise in mortgage and landlord repossessions has not come to fruition with the numbers of repossessions whilst higher than before the recession not reaching the figures of previous recessions.

The West Midlands does not appear to be experiencing any disproportionate affect in these areas.

[Ref D] www.wmro.org - Recession Monitoring Report

There are early signs of a recovery in the home ownership market with reports of slight price increases and increase in lending to potential buyers.

The figures for new build and development in the West Midlands highlight that the region has one of the highest increases in the rate of new housing starts in England with 2,400 housing starts in Q3 2009 up by 53% on the same quarter in 2008. [Ref E]

In the period April to the end of September 2009 there were 1,006 affordable housing starts and 1,672 completions, over half the completions being in the social rented sector. [Ref E]

The figures suggest that the balance of affordable housing starts is shifting towards social rented stock and away from low cost home ownership starts.

Rents in the private sector are still dropping in the West Midlands although the picture is bound to be variable across the region the overall data suggests that rent levels are down by 5% over the last year. [Ref F]

Commentators suggest that the market is still volatile and there is some evidence that there are a small but potentially significant number of 'unplanned landlords'[3] who may move out of the rental market once house sales begin to pick up in the recovery.

In some areas these 'unplanned landlords' and other more established landlords have been making stock available to Housing Options Teams and they have been used as options to prevent homelessness.

The recent figures on prevention and relief of homelessness released by CLG as experimental data suggest that 50% of households (roughly 38,000 households in England during 2008/09) helped to find new accommodation to prevent homelessness were helped to move into the private rented sector. [Ref G]

As we note these figures and the data collection on prevention are still in the experimental phase so there are some gaps in information at a local level so they need to be used carefully.

At a regional level the data suggests that for those households helped to make a planned move into sustainable accommodation as a way of avoiding

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[Ref E] www.communites.gov.uk/publications/corporate/statistics/housebuildingg32009

[Ref F] www.findaproperty.com/rental-index.aspx

[3] This group will include people who were buy to let and were trying to move out of that market as property prices dropped and mortgage rates changed, those that were trying to sell property but could not etc.

[Ref G] www.communities.gov.uk - Data and report on 'Prevention & Relief of Homelessness – Experimental Data Set' Dec 2009 homelessness roughly 60% are helped to move into the private rented sector.

Given the medium term trend and short term increase in the use of the private sector as an option for those at risk of homelessness this presents a potential future risk to vulnerable people.

The numbers of evictions in the social rented sector across the West Midlands has dropped by a small amount which reflects a more proactive style of managing arrears and the linkages housing providers are making to prevention options e.g. many HA's now have access to debt councillors. [Ref H]

Lets to statutory homeless in both LA and HA accommodation have dropped slightly. This is partly a reflection of the increased usage of private sector lets and the reduction in turnover in social rented stock.

The picture across the region suggests a tight housing market with reduced movement in terms of house purchases, reduced lettings in social housing stock and a challenge in terms of the volume of new build affordable accommodation.

The increased use of the private rented sector for vulnerable people, via housing options and prevention, is positive but does create a potential medium term risk.

Homelessness

There have been rises in the number of **people being accepted as homeless and in priority need** in some areas in the region but the picture is variable and the overall direction of travel does not suggest a significant region wide rise in acceptances. [Ref I]

The most recent figures on homelessness for the region suggest that the main drivers of homelessness remain constant with the three most common reasons for homelessness being:

- Family and friends no longer willing to accommodate
- Relationship breakdown (inc those fleeing domestic violence)
- The ending of assured shorthold tenancies

As we note earlier there has not been a significant rise in the numbers becoming accepted as homeless following mortgage repossession.

The West Midlands continues to have a higher rate of acceptances under homelessness legislation than most other regions in England, this is a medium term trend which predates the current economic situation and

[Ref H] www.tenantservicesauthority.org - Core data set 2009
[Ref I] www.communities.gov.uk - Report on P1E data return Dec 2009

there does not appear to be a consistent direct link between the current level of acceptances and the recession.

The contextual evidence from housing professionals and homelessness teams suggest that there has been a rise in the numbers of people approaching them for advice and guidance, in particular a rise in the number of people with multiple debt issues.

This evidence also suggests that in some parts of the region there appears to have been an increase in the numbers of people approaching for help who might be regarded as non-traditional client groups.

This includes people who in normal circumstances would have been considering buying property and households in work where a reduction in working hours or overtime has led them to experience financial hardship, e.g. loans and other debts were manageable until income dropped.

Home options teams are reporting that a number of these non-traditional client groups are seeking advice and access to debt advice but then not returning for further help with their housing, which suggests people may be using the resource in their family and other networks to resolve housing issues.

There is a potential risk that some of these non-traditional clients are moving into housing options, e.g. the private rented sector, which might have the affect of reducing options for the more vulnerable in the medium term.

The data on numbers of people claiming **Housing Benefit** suggest that although there has been an increase across England in the last 12 to 18 months that the rise in the West Midlands is not disproportionately higher than other regions. In fact the rise in the West Midlands of 8% is lower than other regions, for example the East Midlands has seen a rise of 10% in claimants. [Ref J]

This goes some way to support our analysis that the impact of the recession is not fully hitting those most vulnerable groups, yet.

There does not appear to be any evidence that the more vulnerable groups noted above are experiencing a significantly greater risk of homelessness or housing crisis at this point in the recession. For example services are not reporting a rise in the number of young people being asked to leave home as a result of the recession.

Our analysis suggests that the risk for these groups is more likely to manifest itself in the medium term.

[Ref J] www.dwp.gov.uk - Statistics on claimants of HB 2009

This is likely to be the result of a number of factors:

- The most vulnerable groups are less likely to be in work and more likely to be relying on benefits
- The most vulnerable are more likely to be regarded as being in priority need e.g. people with acute mental health distress, women with children fleeing domestic violence
- The increased use of prevention options many of which are designed to meet the needs of these vulnerable groups

The medium term risk is possible as a result of:

- A continued reduction in movement and lets in the stock in the social rented sector as people who might have moved on to home ownership change their plans
- A reduction in size or instability in the private rented sector as unplanned landlords move out of the market
- The gap between the need for affordable housing and supply widening as new build projects in particular mixed developments are slow to recover

Variations across the region

As we have noted earlier the region has experienced variations in the impact of the recession in terms of jobs and housing.

The evidence suggests that the urban areas of the West Midlands that had reliance on manufacturing in particular Birmingham, Wolverhampton, Sandwell, Walsall, Dudley, Stoke on Trent and Coventry have been hardest hit economically. In some cases this comes on top of already weakened economic performance and failing housing markets.

The figures for homelessness acceptances suggest that the following local authority areas are experiencing high levels of acceptances the bulk of them experiencing some rise in acceptances over the first two quarters of 2009. [Ref I]

- Sandwell (rising)
- Wolverhampton (rising)
- Worcester (rising)
- Herefordshire (rising)
- Coventry (dropping in Q2)
- Birmingham (high but static)

What is apparent is that although there is some linkage between the areas hardest hit by the recession and those with rising or high levels of acceptances there is not a direct link in all cases. For example Dudley has seen high levels of unemployment but a reduction in acceptances.

[Ref I] www.communities.gov.uk - Report on P1E data return Dec 2009

It also suggests that there maybe specific rural problems that are partly a function of recession but also a function of longer term structural issues about the nature of the affordable housing market in rural areas.

Our analysis is that the rise in acceptances is likely to be partly a function of the recession but is also going to reflect longer term trends and other underlying issues such as the state of the local housing market which maybe indirectly exacerbated by the recession but not directly attributable to it.

Previous recessions

The literature on previous recessions and the impact on vulnerable groups tells a rather depressing story. The consensus is that the most vulnerable groups continue to feel the effects of the recession in terms of work and other opportunities long after the economy has moved into recovery.

A recession is defined as two or more quarters of falling Gross Domestic Product (GDP). The evidence for recessions in recent history is as follows: [Ref K]

The early 1970s recession broadly a W-shaped recession with GDP falling between the end of 1973 and early 1974, with rising GDP during mid-1974 and negative growth, again, during mid-1975.

The early 1980s recession was a V-shaped recession with negative growth rates for 1980 and the first quarter of 1981.

The most recent recession in the early 1990s was an L-shaped recession with a fall in GDP towards the end of 1990 before a modest growth rate from the end of 1991.

The early 1970s recession – rate of unemployment increased from 1.6 per cent in December 1973 to 4.3 per cent between September and December 1977, and then briefly declined before the next recession. A trough to end of peak unemployment duration of 49 months;

The early 1980s recession – rate of unemployment rose from 3.7 per cent in January 1980 to 10.6 per cent in March 1986, when it remained steady until August 1986 and then fell. A trough to end of peak unemployment duration of 80 months;

The early 1990s recession – rate of unemployment increased from 5.2 per cent in May 1990 to 9.9 per cent between December 1992 and April 1993 and then declined. A trough to end of peak unemployment duration of 36 months.

[Ref K] Monitoring the Impact of the Recession Various Demographic Groups (Equality & Human Rights Commission 2009)
Review of Evidence on the Impact of the Economic Downturn on Disadvantaged Groups (DWP 2009 Professor Bruce Stafford and Dierdre Duffy)

The extended impact of economic recessions on unemployment is further highlighted by considering the time taken before the rate of unemployment returns to the rate prevailing at the beginning of each recession:

1970s recession – unemployment has never returned to 1.6 per cent;
1980s recession – unemployment returned to 3.7 per cent after 20 years and two months (in March 2000);
1990s recession – unemployment returned to 5.2 per cent after seven years and one month (in June 1997).

The groups most affected as highlighted in studies of previous recessions are: [Ref K]

- Young people
- Vulnerable adults inc ex-offenders, those with a disability and mental health distress
- BME communities
- Those with low or no formal work skills

The literature also notes that the **geographic areas of deprivation** e.g. those in receipt of Working Neighbourhood Funding are likely to be hardest hit and take the longest to recover from the recession.

The key impacts are reduced access to work and training opportunities and as the evidence above suggests that it can take a matter of years rather than months for disadvantaged groups to close the gap in terms of earnings, work etc.

There are also impacts in terms of sustainability with some research suggesting that the most vulnerable may experience increased instability being manifest in regular movement in and out of work; the issue being less about getting a job and more about holding on to it.

This has particular relevance in terms of housing and other benefits where disruption and uncertainty about income can contribute to housing crisis.

Some commentators suggest that this gap in opportunities and outcomes continues to grow rather than narrow well into the recovery phase of a recession. [Ref K]

In the medium term the most disadvantaged are likely to be hit hardest and longest by recession. Coupled with the predicted reduction in low skill or entry-level jobs in the West Midlands economy this could mean that a

[Ref K] Monitoring the impact of the recession various demographic groups (Equality & Human Rights Commission 2009)
Review of Evidence on the Impact of the Economic Downturn on Disadvantaged Groups (DWP 2009 Professor Bruce Stafford and Dierdre Duffy)

significant number of vulnerable people are going to be affected by this recession for the foreseeable future.

Impact of current recession on vulnerable groups

As we note above the most vulnerable individuals are likely to be experiencing a marginal impact at this point in the recession it is the medium term impact that is of greater concern as their options for access to work and housing are at risk of becoming restricted.

There is a group of vulnerable people who maybe being affected now if at the start of the recession they were close to moving into the jobs market through supported programmes such as the Open Door Project (LSC). They may experience the setback as a substantial disincentive to get involved in future programmes.

Lastly communities and individuals that had begun to make up ground during the early part of the century e.g. BME communities, those with a disability and some of the most disadvantaged geographical areas, are at risk now and this risk of negative impacts will continue into the recovery.

For many the key risk will be a reduction in income for a protracted period of time or fluctuations and uncertainty of income as they move in and out of work.

Reduced income affects the range of housing options open to people and fluctuations make sustaining housing a significant challenge.

Alongside this the predicted reduction in entry level or low skilled jobs, often the starting point for the most vulnerable, in the coming decade is an added complication.

From a purely housing options perspective the increased use of the private sector whilst opening up choice and options for people maybe leaving them vulnerable to fluctuations in the housing market and subsequent reactions by smaller landlords which are completely beyond their control.

It is worth noting that recent survey work carried out by Homelesslink with organisations in the third sector highlights the increasing pressure these important organisations are coming under in terms of both an increase in the numbers approaching for help and in reduction in the organisations income from both contracts and donations. [Ref L]

The evidence from service providers and from groups such as Shelter suggest that the most vulnerable often rely heavily on these 3rd sector organisations as a gateway to support.

[Ref L] www.homeless.org.uk - Impact of the 'Credit Crunch' Dec 2009

Potential future impact based on earlier recessions and emerging trends

As we note in the earlier section on previous recessions it is likely that the most vulnerable will struggle to make up ground in terms of income and choices in the short term. If the current recession becomes W shaped this could mean that disadvantaged groups do not make up ground for a considerable period of time.

It is worth noting that this is happening at a time of substantial change in the work place with a major reduction in entry level and low skilled jobs, as noted previously, having a disproportionate impact on the most vulnerable. Reduction in public sector spending on support services, employment options, housing etc is going to exacerbate any affect noted above and has the potential to further disadvantage the most vulnerable.

There are a number of likely scenarios but the most compelling is that the most vulnerable find themselves further from the labour market or only able to access short term work. This leads to fluctuating income or low income and a reliance on benefits.

The impact on the housing options for these groups will be affected by their income and could be further restricted by increased difficulty in accessing social rented housing, if the private sector market becomes unstable this could further restrict their options.

Set against an overall tightening of the housing market that was already under pressure before the recession this creates some significant challenges.

One last issue to consider is the likely impact of the reduction in public spending on services e.g. Supporting People budgets, homelessness prevention budgets etc, and potential further pressure on 3rd sector organisations (see note above). The evidence from previous recessions and down turns in public spending is that the most vulnerable are often the hardest hit by a reduction in funding.

In the context of homelessness this must present a concern to those developing strategy at both a local and regional level in the medium term.

What things make a difference?

We have focused on housing and housing support rather than on work or training related interventions to reflect the interest and potential areas of action most relevant to the WMRHSIG and the Regional Housing Executive.

This does not mean that employment and training opportunities are not relevant but rather they are, on the whole, the domain of other strategic bodies.

What is important is the linkage between types of intervention so that housing and support interventions have to be linked to employability and economic interventions and visa versa. There are some good examples of approaches in these areas and a number of schemes are on the blocks and waiting to go. For example the work of Business Action on Homelessness (Business in the Community), Steps to Work (Walsall) Ltd (Walsall Council), Open Door (Adult Advancement & Careers Service) and other innovative approaches across the West Midlands.

The evidence from the literature and from other work we have carried out suggests that the following interventions are likely to have the biggest impact.

Capital interventions

The 'Places of Change' programme is beginning to demonstrate improved outcomes for vulnerable adults who are at risk of multiple exclusion from housing and work.

At the heart of the approach is a desire to make hostels, and other services used by the most vulnerable, transformative experiences so that many of the barriers people face to making a sustainable life are tackled. The transformation is brought about by changing the physical environment that in turn helps to generate new relationships and working practices. It is the combination of new physical space and interactions that generates a systemic change.

Although there has not been a formal evaluation of the programme yet the early indication is that those hostels and services that have been through the places of change transformation are reducing the numbers of unplanned moves from supported accommodation and increasing the qualification and skill levels of people using the services.

Both these outcomes are important factors in helping people to make the move into sustainable lifestyles in the medium to long term.

This approach is very relevant to some of the most vulnerable groups we have noted above, in particular for young people and vulnerable adults.

The early evidence suggests that capital investment in creating transformative places is likely to generate a good social return on investment.

There have been some issues raised by some participants in the programme and those that were unsuccessful in gaining resources about the scale of physical change required by the programme and suggestions that smaller scale programmes, if well designed, might be as effective.

There is scope, we believe, to use this transformative approach on a smaller scale which may not require projects to go through massive refurbishment if they are well focused on the principle of changing spaces and relationships.

Starter homes/affordable accommodation, to maximise the potential gains made by capital programmes such as Places of Change and other initiatives people need to have sustainable accommodation to move into once they complete the initial stages of their journey.

Investment in a range of starter home options, as suggested by the report in 2008 for St Basils carried out by HQN Limited, could provide a credible next step for some groups of people. This needs to be part of the wider planned approach to affordable housing options.

Revenue interventions

Support to sustain housing has been at the heart of the Supporting People programme and there are numerous good examples of approaches that deliver effective support. Rather than list a series of 'exemplar projects' we have described the key characteristics of the approaches that appear to get the best results.

The evidence suggest that key features of successful support services are:

- Structured learning and training programmes which link social and other skills in a supportive environment
- Support that is flexible and can be focused on times of transition and change e.g. a move into work
- Pre-tenancy support and training that helps first time tenants in particular to prepare for their own accommodation both practically with material goods and in terms of skills for daily living
- Financial inclusion products and financial education
- Support to reconnect with positive social and family networks that can act as resource at times of uncertainty or crisis
- Support to access mental health and other specialist services
- Support that promotes resilience and self-confidence
- Shared planning arrangements, both strategic and operational, for housing and support

The current uncertainty about the next stage of development of the Supporting People programme as its budgets become part of a wider resource pool is a potential risk. The evidence from recent CLG studies (undertaken by Capgemini) suggests that continued investment in SP type services is likely to deliver a very good social and financial return on investment.

There is potential for the investment in SP funds for homelessness services to come under pressure, we suggest that the WMRHSIG keep a watching brief on the impact of this in partnership with the Supporting People Regional Improvement Group.

What is apparent from the literature and from the experience of providers and commissioners is that to maximise the positive impact on the most vulnerable individuals **planning for affordable housing etc needs to be closely linked to effective support provision.** There is a case to be made for developing more shared housing and support strategies for vulnerable groups.

It is important to retain and develop close strategic and practical links between supporting people services and housing development. This need is highlighted at times of financial restraint.

Sustaining the private sector, as we note earlier there has been a rise in the use of the private sector as a housing option for some of the most vulnerable individuals and households.

The development of landlord accreditation schemes has proved to be successful in helping to sustain and improve the quality of accommodation and housing management in the private sector.

The development of long term leasing and other management arrangements have contributed to sustainability and a reduction in evictions for the most vulnerable.

If the private sector is to continue to be a key part of the housing market for vulnerable groups these approaches need to be broadened and maintained.

There is a need for some more detailed study work into the sustainability of the private rented sector and in particular a better understanding of how landlords, and ‘unplanned landlords’, will respond to the recovery in the housing market.

Further investment in landlord relationships and long-term partnerships will benefit those most at risk during the recovery.

The work being done on **Enhanced Housing Options** across the region will begin to provide useful information and examples of practice that link housing and worklessness support and advice.

It is too early to come to any firm conclusions from this programme but it is very likely to provide some transferrable learning across the region.

It is worth noting that there is an important strategic link to the **PSA 16** [4] agenda which may go some way to provide both examples of good practice and the platform for systemic change that will support some of the most vulnerable people as the recovery begins.

There is an opportunity to link the work that may flow from this report to the broader PSA 16 work in the region.

Conclusions

This research has not focused on the wider implications of the recession but on the needs of the most vulnerable and marginal, this is not to underestimate the impact on the wider population of the West Midlands, we acknowledge that this has been dramatic and extensive.

Our focus has been on those vulnerable and marginal groups that are likely to be affected in the medium to long term by the recession.

The evidence suggests that the most vulnerable are yet to feel the full impact of the recession, although some individuals who were closer to the labour market may be experiencing immediate challenges.

We conclude the bigger impact is likely to be felt in the medium to longer term as the recovery begins and the most vulnerable find themselves less able to take advantage of any upturn in terms of jobs and there is a risk that their housing options maybe reduced as the housing market recovers.

Any effects are likely to be compounded by structural changes in the employment market as the number of lower skill or entry-level jobs reduces.

The individuals and groups most likely to be affected in this way are those with low skills and limited or no experience in the work place.

It is also our assertion that the most vulnerable groups are likely to be at greatest risk of experiencing the impact of financial restraint and reduction in investment in public services and that this combination of factors makes for a rather bleak picture in the medium term.

In this study we have focused on those individuals at risk such as young people rather than whole communities but there is also likely to be an impact on communities that are structurally disadvantaged such as BME communities or geographical areas such as those identified in the Working Neighbourhoods Initiative.

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[4] PSA 16: the Public Sector Agreement target that focuses on helping four vulnerable groups into sustainable housing and employment. The groups are; care leavers, people with a learning disability, people with mental health distress and ex-offenders.

The evidence suggests that capital investment in schemes such as the 'Places of Change' programme and in affordable housing options are likely to reap the biggest benefits for these groups and individuals. We believe there is scope for smaller scale transformation in services as well as major refurbishment.

The drive to increase the numbers of new affordable housing brought into the market is going to prove helpful but needs to take account of the links between housing and support through shared planning and strategy if the impact on vulnerable groups is to be maximised.

The evidence suggests that revenue investment in support services has to be linked to housing options at a strategic and operational level and needs to focus on a range of domains e.g. social, financial, emotional and learning.

The increased use of the private rented sector whilst providing a broader range of options for people may have some risks that we do not yet fully understand in terms of sustainability into a recovery in the housing market.

There are already some good examples of shared approaches to work, support and housing that could provide working models to compliment the 'Places of Change' approach.

We conclude that a combination of investment and shared planning will at least ameliorate the medium term impact of the recession and at best give some groups a head start during the recovery.   This approach can also be used to track any impact on these groups brought about by reductions in public sector investment in services and contracting with the 3rd sector.

A final point worth noting, but not directly related to the clients the study has focused on, are the reports of increased debt and financial exclusion concerns raised by many of the organisations and people we spoke to.

The evidence suggests that this is affecting groups that are not currently regarded as the most vulnerable but in the medium term this group e.g. those in work but on low incomes could become increasingly vulnerable to 'income shock' and this contains the potential for their housing to become less sustainable.

There maybe a role for the WMRHSIG to keep a watching brief through its local and sub-regional networks on this issue and to report back into the emerging regional strategic groupings and systems.

Recommendations

1. That the Homes and Communities Agency considers potential for future 'Places of Change' investment and specifically to focus on an approach that encourages the use of smaller scale projects to help generate change. This should be done in the context of the emerging HCA strategy on Homelessness.

2. The Regional Housing Executive, the Homes and Communities Agency and the West Midlands Regional Homelessness Strategy Implementation Group to jointly support and promote initiatives that link housing, support and work opportunities, in particular those that help people to develop new skills and gain work experience.

3. The Regional Housing Executive and the West Midlands Regional Homelessness Strategy Implementation Group to jointly investigate the potential for further study into the sustainability and risks of the use of the private rented sector as an option for the most vulnerable as the recovery begins.

4. The West Midlands Regional Homelessness Strategy Implementation Group and the Supporting People Regional Improvement Group to jointly monitor and report on the short to medium term impact of changes in SP funding and reduction in investment on the vulnerable groups noted in the report. This should include use of the Capgemini Benefits Realisation tool.

5. The West Midlands Regional Homelessness Strategy Implementation Group to keep a watching brief on debt and income shock and their impact on homelessness. To report trends etc to the relevant regional groupings.

6. The West Midlands Regional Homelessness Strategy Implementation Group to share the findings of this report with the Vulnerable Persons Theme Group of the emerging Single Regional Strategy process.

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Appendix One: Methodology

This research work was carried out using a mixture of data sources and approaches.

- We reviewed a significant number of reports about the impact of previous recessions and reviewed pieces of meta analysis of similar reports
- We interviewed or had direct contact with 30 organisations and teams within authorities working on homelessness and supporting people
- We interviewed or had direct contact with 5 regional or national bodies supporting work on homelessness
- We reviewed significant amounts of data from statutory and other returns e.g. P1E homelessness return, JCP data, Housing benefit data etc
- We reviewed data and predictions on the possible shape and longevity of the current recession

Sources used for the report

Communities and Local Government Quarterly P1(E) Returns

Communities and Local Government Homelessness Prevention Data (experimental)

Department for Work & Pensions Housing Benefit Recipients

Job Centre Plus Data Returns

Learning & Skills Council Data Returns

Homes & Communities Agency Monthly Housing Market Bulletin

Sample of reports reviewed:

The Impact of the Recession on Young People (Youth Access 2009)

Closer to Crisis? How Low Earners are Coping in the Recession (Resolution Foundation 2009)

Communities in Recession: The Impact on Deprived Neighbourhoods (JRF 2009)

Monitoring the Impact of the Recession on Various Demographic Groups (Equality and Human Rights Commission 2009)

Review of Evidence on the Impact of Economic Downturn on Disadvantaged Groups. (DWP 2009 Professor Bruce Stafford and Dierdre Duffy).