

QUESTION 6

**MR ROGER EVANS** will ask the following question:

A petition is available at <http://www.ipetitions.com/petition/ludlowfoyer> which requests that Shropshire Council continue to finance services for young people provided by Ludlow Foyer at the current level during 2017/18 and subsequent financial years. Can the cabinet member, due its importance in helping those vulnerable young people in need of the support listed in the attachment, confirm that this is possible and will be funded as requested please.”

**MR MALCOLM PRICE**, Portfolio Holder for Planning, Housing, Regulatory Services and Environment will reply;

**Background:**

Ludlow Foyer is a purpose built housing project in the centre of Ludlow town which currently provides 15 units of accommodation for young people aged 16-25 who are in housing need. All young people residing at the Foyer have to be in education, training or employment to be able to reside there. The young people are provided with support to learn independent living skills with the aim of moving them into independent accommodation. The maximum stay at Ludlow Foyer is 2 years.

It is important to note that Ludlow Foyer is not the only young person’s housing project in the County. Up until April 2016 there were 5 projects spread across the county, in most of the major market towns. In April 2016, Stonham Housing took the decision to withdraw its services from Shropshire (projects in Whitchurch and Shrewsbury) meaning a loss of 22 bedspaces for young people. This has meant an increased pressure on the remaining projects – Ludlow Foyer (15 bedspaces), New Century Court in Oswestry (13 bedspaces) and New Street in Shrewsbury (4 bedspaces).

The Housing Options Team have made a commitment, in line with DCLG guidance, not to place any 16/17 year olds in Bed and Breakfast accommodation. To achieve this, beds have been designated at all the young person housing projects as ‘crisis beds’. The aim is to place 16/17 year olds in these ‘beds’ for a maximum of 2 weeks whilst investigations by Housing and Children’s Services take place as well as providing support to the young person and their family. Following the withdrawal of Stonham Housing from Shropshire, there was a loss of 2 crisis beds. This has placed an increased pressure on the remaining young people’s accommodation projects and the remaining 3 crisis beds.

Shropshire Council has never indicated that they wish to see the closure of Ludlow Foyer. In fact it is considered a valuable resource within the County and therefore significant work is currently under way to look at the support and ongoing funding of the project.

## **Funding:**

Up until 2009 Supporting People funding was used to fund Ludlow Foyer and numerous other projects delivering housing support. However, in 2009 this funding stream was no longer ring fenced, meaning Local Authorities could make local decisions on the allocation of this resource. Shropshire Council continued to fund housing support services, including Ludlow Foyer and similar projects.

Currently the annual contract value for housing support delivered by the Ludlow Foyer is £102,000. Although there was a general requirement to achieve revenue savings for housing support in 2016/17 of 30%, Shropshire Council made a specific commitment to Ludlow Foyer to ensure we retained the same level of housing support funding as 2015/16.

Shropshire Council's financial strategy published in January 2016 identified funding for housing support (of which Ludlow Foyer's funding is part) as being in the 'red risk' category. This meant that Shropshire Council recognised that due to its financial constraints it may have to make cuts to this budget but understood this would have a significant effect on service delivery. The discussion regarding the 'red risk' funding is still ongoing and no conclusion has been agreed as to whether any or how much of this funding will be available for 2017/18. However, the Financial Strategy Task & Finish Group recommended to Cabinet in July 2016 that funding for housing support be retained at current levels for 2017/18.

However, it is important to note that direct funding for housing support from Shropshire Council is not the only element of funding that is of concern to supported housing projects. In November 2015, the Government outlined their plans to extend Local Housing Allowance (LHA) to social landlords. This, in effect, would mean that those living in supported housing would have their housing benefit 'capped' at the same level as those in private sector tenancies, leading to a significant shortfall in rental income for providers. At present, social housing providers are excluded from LHA, which is intended to cover any costs associated with renting a property for vulnerable people with accommodation needs beyond those able to be provided in general needs housing, such as core rent and eligible service charges. Initially, the new rules were set to apply to those who sign their tenancy from April 2016 onwards (although the LHA rate of Housing Benefit entitlement would not have applied until 2018) however due to increased concern within the housing and support sector this is still being looked at by government and no final decision has been made. The potential impact of this change could lead to accommodation-based projects having to close due to the extent of the shortfall between the costs of running the accommodation and services, and the amount eligible under LHA. Ludlow Foyer, as a supported housing provider, is a scheme that would be affected by this. With uncertainty about the government's decision, Ludlow Foyer, along with other supported housing providers, are in limbo with an unknown future ahead of them.

Further to the proposed extension of the LHA 'cap' for supported housing, there is also a 1% rent level decrease imposed on all social housing providers, by government, since April 2016 for the next 4 years. As Ludlow Foyer is owned by South Shropshire Housing Association this rent level decrease will impact on them and the level of rent they will be able to charge over the next 4 years. This is another risk to the supported

housing sector, and feeds into the ongoing uncertainty regarding the funding of projects such as Ludlow Foyer.

**Current work streams:**

Given the uncertainty of both the changes to the LHA rates and the rent decrease levels, Shropshire Council has been working with Ludlow Foyer, and other affected support providers to plan for the future and ensure we are meeting accommodation and support needs in the county within the limited resources we have.

Shropshire Council have facilitated several meetings and discussions with members of Shropshire Housing Group (the umbrella organisation of South Shropshire Housing Association) as to how we, as a local authority, can best support them as an organisation. Discussions are in place regarding the use of discretionary housing payment (DHP) to help cover the shortfall brought about by the impact of the introduction of LHA levels. However, guarantees cannot be made as to how much DHP will be available as the level of funding for DHP next year has not been announced.

There is also work ongoing regarding support for Shropshire Housing Group to develop the site of Ludlow Foyer to provide an increased number of units. Shropshire Housing Group want to utilise the current site to develop a further 11 units to provide supported housing for clients who are able to live independently but need to have access to support staff when required. Research by both Housing Services and Adult Social Care is ongoing to ensure the demand for this type of housing can be met.

As stated previously, the impact of the 'red risk' funding cuts to support will not just affect Ludlow Foyer. There is work ongoing to look at the impact of these cuts across all the supported housing projects in the County as well as the floating support element of the contracts. Initial conclusions show that the loss of these services will have a significant cost implication to Housing, Adult Social Care, Children's Service and Health. This is without the societal impact on both clients and the community if these services are lost.

As part of the overall impact assessment, there is also work being undertaken to look at the service provided to young people in the County and whether there is a need to re design the current accommodation and support provision. The re design work will take the form of an 'end to end' piece looking at the causes of young people presenting as being homeless or in need of accommodation as well as a consideration of ways to mitigate this demand and identification of the most effective accommodation provision going forward.

This work aims to be completed by late November in time for 2017/18 budget setting. The final report will inform decision making, reduce risk and help shape future service provision for young people in Shropshire. The working group linked to this is looking at what is needed by both Housing and Children's Services and whether the services we have at present meet this need. It is important to take stock of our current supply and look to see whether it meets the demands of clients in the most effective and efficient way.

## **Conclusion**

In conclusion, the concerns regarding the ongoing funding of Ludlow Foyer are recognised by Shropshire Council. However, it is important to note that the housing support revenue funding provided by Shropshire Council is only one aspect affecting the ongoing future of the Foyer. Decisions due to be made by government regarding LHA rates have a significantly higher effect on the financial stability of the project. Shropshire Council is committed to working alongside the Foyer and have never indicated that they want the project to be closed. There is ongoing work regarding the whole of the accommodation provision within Shropshire and the support provided for young people in the county and it is important to note that the Foyer is considered a valuable resource in this.