



APPG on Housing and Social Mobility

Inquiry into Housing and Employment

A response from Midland Heart

June 2020



Topline

A core function of social housing is to make decent, secure homes available to those on the lowest incomes. Social landlords also have abundant skills and insight to support their customers toward increased earnings.

With Government support to accelerate housing supply and create attractive diverse neighbourhoods, we would be even better equipped to help our customers to achieve their goals.

Key points

- Undersupply of affordable housing can result in allocation primarily to high-priority households, whose circumstances may affect their ability to secure stable employment. Building resilience to sustain tenancies and job roles may require support needs to be addressed first, via suitable temporary accommodation and reliably funded support services.
- The value of encouraging benefit recipients to move into paid employment is limited to the quality of the jobs on offer. Taking up work may achieve little in the longer term if the role is poorly paid, insecure or offers no opportunity to progress. Our supported schemes place greater focus on assisting customers to attain longer-term personal goals, though steep withdrawal of means-tested benefit entitlements can preclude full-time work.
- In addition to offering customers support to access employment and training, social landlords such as Midland Heart commonly signpost customers and communities to opportunities within the housing provider itself. Increased supply of affordable homes close to places of work and study would multiply the opportunities available to residents.

About Midland Heart

We are a leading housing organisation, delivering homes and services across the Midlands that enable people to live independently. We own and manage 33,000 homes and are dedicated to providing decent, affordable homes combined with excellent services to over 70,000 customers in over 50 local authority areas.

We offer a wide variety of supported living accommodation, from extra care retirement schemes to temporary accommodation for people with a history of homelessness. Recognising that need for affordable homes remains high, we also have an ambitious development programme across the region. We plan to deliver 600 new affordable homes per annum over the next five years.

Introduction

Midland Heart views enabling maximum independence as a key part of our role. For working-age customers, this can include providing accommodation with linked support services, to help people to sustain a tenancy and build resilience. Support may commonly include assistance to access training or to gain work experience.

Our efforts to support people into increased earning potential are not limited to our specialist supported schemes. We make general-needs customers aware of job vacancies within our organisation, and operate a degree apprenticeship programme promoted to applicants from the communities we work with.

However, we are aware that more could be done. Measures to expedite affordable housing of all types would enable those in low-cost homes to access opportunities more readily, from the starting point of a stable neighbourhood. In a similar vein, robustly funded support services would ensure that vulnerable households have the best possible chance to overcome difficulties and move forward.

Detailed responses

What is the relationship between social housing and employment?

Social housing functions as a decent housing option for those who may struggle to access market-cost tenures, including those on very low incomes. It can also offer specialist accommodation for those with additional needs that might make it harder to work. In both cases, residents' circumstances and previous experiences might have prevented them from pursuing opportunities to work or study.

Many local planning authorities recognise the importance of making a physical link between affordable housing and places of work or study. Where a strategic housing needs assessment has indicated shortages of affordable housing, Local Development Plans may stipulate that these should be situated close to employment hubs, or at least benefit from efficient transport links enabling residents to reach workplaces and colleges easily. Planned urban extensions commonly include large-scale housing developments alongside new employment hubs and educational institutions.

Some social landlords also operate initiatives reducing deprivation within communities, including access to work/training. This could take the form of support to pursue opportunities to increase earnings or employment potential. Alternatively, some providers offer roles within the organisation itself.

Why are social housing tenants more likely to be in lower paid and unstable employment than people living in other tenures?

Low income is the most common underlying issue affecting customers approaching our in-house Money Advice service. Typically, this is a result of unemployment, ill health, or unreliable work contracts. Of our working-age tenants, 58.9% are reliant on Housing Benefit or Universal Credit to pay all or part of their rent. Of 325 referrals

to our Money Advice Team in April and May 2020, 54 were struggling due to spare room charges and eight were subject to the benefit cap. (In the Midlands, the benefit cap most commonly affects households with larger numbers of dependent children.)

The dwindling availability of social housing can be a contributor to the lower incomes seen in social housing. Shelter's recent investigation into the future of social housing highlighted its scarcity and the rising level of need required to be allocated a social home. Where shortages are particularly acute, this may mean that only the most vulnerable are realistically likely to access social housing. It may also be the only suitable option available to them; those with higher incomes have the option to buy, or can raise deposits to rent privately, without waiting/bidding for limited social stock.

Shelter's report *The Future of Social Housing* attributed this 'residualisation' of social stock to the Right To Buy policy, as those able to access and maintain mortgages elected to purchase their social homes; and to difficulty replacing subsidised housing. Shelter's commissioners concluded that there is an urgent need to build more: ideally, at least three million social homes. This would enable those on higher incomes also to benefit from a secure, decent and affordable home managed by a well-regulated landlord. It would also better allow social housing to enable relocation for work opportunities.

In areas of high demand where social homes are allocated to those in greatest need, many of these households may have been through experiences, or still be facing issues, that make it harder to secure permanent, well-paid work. Examples include those escaping homelessness or fleeing domestic abuse; new arrivals to the UK; people with disabilities or health problems; and those with caring responsibilities. These factors affect a significant minority of our working-age customers.

Barriers to increased earnings commonly disclosed to our Money Advisors also include mental health issues, difficulty obtaining work to accommodate school hours, trouble finding affordable childcare, and lack of convenient transport. Our support staff also find that refugees' and asylum seekers' skills and qualifications are not always recognised in the UK.

How can the social housing sector be the catalyst for closing the social housing employment and earnings gap?

Social housing providers are ideally placed to support their residents and wider communities toward greater earning potential in a variety of ways.

Stability ~ Following the Grenfell tragedy, the Social Housing Green Paper discussed potential ways to destigmatise social housing. Arguably, the sector already took the view that success in life is not achieved 'despite' having lived in social housing, but because of it. Social housing can provide a degree of stability and support that promotes all aspects of customers' abilities and can enable them to flourish. A safe, secure, comfortable and affordable home forms a strong foundation for public health and for attainment in education and work.

Conversely, households forced to spend large proportions of their income on rent or heating may then struggle to afford to take up opportunities via studying, moving for work or roles requiring longer commutes. Lack of security in private assured shortholds has been shown to result in more frequent moves to new homes, uprooting people from schools, jobs, childcare and social networks.

Supply ~ Developing social landlords, including Midland Heart, continually strive to boost supply of affordable homes where they are needed. There is an urgent need for accessible housing options situated close to places of work/study, as people on lower incomes may struggle to cover transport costs. Those with reduced mobility or caring responsibilities may also find their employment options curtailed if their home is not conveniently located. Efficient transport links are all the more essential in light of carbon reduction efforts such as Birmingham's Clean Air Zone, which will see drivers of vehicles with higher emissions ratings charged daily for entering the city centre.

Support ~ Living in a social home can enable people to access more than just housing. It can also give customers the opportunity to gain employment – within the housing provider, elsewhere or via apprenticeships. Like many others in the sector, we connect customers and other local people to work and study opportunities within the organisation. Staff support customers with CV composition; signpost to jobs sites, job placements and volunteering opportunities; and support customers to gain grants to start their own business.

Opportunity ~ Midland Heart runs a five-year degree apprenticeship scheme for recruits from selected local schools in our stock-holding areas, covering study costs and providing the opportunity to learn on the job. Apprentices gain work experience and complete their qualifications with no student debt. The programme leads into a guaranteed permanent job role upon completion of the course. Successful applicants can pursue careers in surveying, accountancy, law or software engineering.

Our Customer Hub and Money Advice Team refer customers interested in apprenticeship opportunities and volunteering to colleagues responsible for these programmes. Where customers have experience of working in the social housing sector (usually call centre, domestic, or support work), they are signposted to our website to explore current vacancies.

What can Government do to support the social housing sector and tenants, and to reduce the social housing employment and earnings gap?

Planning reform ~ The degree of autonomy granted to devolved regions is unequal and may be insufficient to achieve an uptick in housing supply. Several combined authorities have statutory powers to develop strategic spatial plans, whilst the West Midlands Combined Authority cannot – limiting its ability to assemble land or develop housebuilding strategies across local authority borders.

The cost of land, in particular its 'hope value', is a powerful driver of housing costs, and ultimately passed on to residents in most cases. This can often constrain build-out rates, as noted in the recent Letwin report, and impact upon the viability of affordable housing provision. Local and regional authorities should therefore be empowered to act as Master Planners. This would require them to be able to exercise meaningful compulsory purchase powers, and to access public land at 'current use' value for redevelopment. Reducing the cost of development could significantly boost the availability of low-cost housing.

The MHCLG's current housing need formula for local development plans is also flawed, in that it is linked too closely to existing market values. The formula is based on a presumption that high housing prices indicate higher local need for more homes; this may be true, but reliance on this presumption when considering housing need overlooks projected economic growth efforts, predicted population changes and the need for regeneration. We feel that without further amendment, the standardised formula will simply concentrate development in the south-east, at the expense of other regions that would benefit economically from housebuilding and regeneration.

Allocations reform ~ Local authority allocations and nominations to social housing providers currently favour housing the neediest as quickly as possible. Where social homes house the most vulnerable as a matter of urgency, this may leave support needs unaddressed. This can in turn lead to pockets of antisocial behaviour, related 'churn' in neighbouring properties, and failure to sustain tenancies. It can also mean that less urgent levels of housing need remain unmet, despite causing difficulty and hardship to those given lower priority.

Allocations policies that cluster those out of work into already struggling neighbourhoods can also have a wider effect on the neighbourhood, in that services and facilities reliant on local people spending money may close. This in turn leads to fewer employment prospects locally, drawing the immediate area into something of a downward spiral.

We believe that allocations policy requires reform, to enable housing providers to create balanced communities with a mix of needs suited to the area. Neighbourhoods whose inhabitants have a range of income levels and support needs can offer mutual support, promote aspiration and nurture community pride, presenting attractive places to live. This locally tailored mix of priority levels could enable the more vulnerable to enjoy stable and welcoming neighbourhoods, after first spending more time in temporary accommodation with support to gain the skills and resilience necessary to live independently.

Funding ~ Although housing providers have diversified their income streams to maintain low-cost housing output, there is a consensus within the housing sector that longer-term funding certainty for social rent provision remains essential to boost supply. Affordable rents are less accessible for those on the lowest incomes in areas

where market rents outstrip lower income brackets by a wider margin, and some housebuilding for social rent therefore remains essential in every area.

In addition, a robust and reliable network of support services centred around temporary accommodation would better prepare the most vulnerable to move slowly into sustainable independent living. Midland Heart welcomes the recent proposal to introduce oversight by statutory local Homelessness Reduction Boards. In recent years, reduction of local authority budgets has led to services being made available only where the greatest need arises, often beyond crisis point. Broader provision of support from an earlier stage could act as a preventative, averting crises and reducing related pressures on healthcare services, law enforcement and courts.

Welfare reform ~ Residents' efforts to achieve greater prosperity may be hindered by aspects of the welfare safety net. Measures to reduce reliance on benefit can have the opposite effect, or push claimants toward insecure employment.

At our flagship 'place of change' scheme in central Birmingham, the Snowhill, supported residents must be willing to pursue work, study/training or volunteering to gain experience. Many have successfully found employment: most jobs have been part-time roles in the hospitality industry or barbershops. However, the taper rate applied to Housing Benefit can make a move into full-time work harder; a drop in benefit entitlement once earning above £400 per week can cause financial hardship. Some Snowhill customers have started their own businesses using the skills and education they have gained, but increases in earnings can again lead to withdrawal of benefit at a rate that is difficult to afford.

The Universal Credit system proactively promotes work and independence. We are finding that a move onto Universal Credit has a positive effect on rent balances in the longer term among single and childless adults, and among younger age-groups. A majority of our working-age customers can navigate the new system. It encourages claimants to register for the Universal Jobmatch, which puts them in touch with a host of agencies and employers.

However, accessing Jobmatch can only be as helpful to the claimant's longer-term prospects as the job opportunities it offers. Many are zero-hour contracts: these roles do not offer secure long-term commitments, and tend to be low-paid and low-skilled. Many of our customers nevertheless feel forced to take 'any job', to escape the sharper impacts of welfare reform (for example, the benefit cap or sanctions).

Doing 'any job' is a commonplace way to increase hours and/or earnings in order to comply with DWP requirements such as the Claimant Commitment. Our Money Advice Team deals with a high number of customers experiencing mental health issues who, following migration onto Universal Credit, lose their entitlement to ESA and must seek work. They often take very menial roles, if able to find work at all. Some are then unable to sustain their employment due to social anxieties, lack of social skills or difficulty functioning in a working environment. Whilst encouragement and assistance to seek paid employment is beneficial in principle, to offer long-term

value, this function of the benefit system must offer job security to claimants able to sustain their employment.

Experiences where changes of circumstances led to administrative errors on benefit claims can make customers reluctant to move into work. Overpayments, underpayments and disputes may leave rent debt and council tax arrears. As full migration onto Universal Credit proceeds, we would welcome assurance that the DWP will have sufficient staffing and training resources to process claims efficiently and to respond promptly to claimants' queries.

Cross cutting the above four questions, we want to hear about how the voice of residents' lived experience was heard and was engaged with. What lessons can we learn for future employment innovation that will embed tenants and engage with them fully and effectively?

We believe that social housing residents can offer invaluable insight to inform policy and service design, and should be encouraged to share their knowledge and experience. To this end, we invited several customers to join the discussion that we hosted last summer at Portcullis House, so that members of the Commons and the Lords could hear their views firsthand.

Customers' views and experiences feed into our day-to-day work. Engaged customers regularly provide feedback on essential services, and contribute to consultation responses and research such as the CIH's 'Rethinking Social Housing' project. Where possible, we examine the demographics of involved customers to ensure that their perspectives are as diverse as possible. For assurance, in recent months we undertook analysis confirming that the demographics of those whom we engage with reflect our wider customer profile.

We understand that for customers who work, attending meetings to put their views and experiences across can be very difficult. When designing our engagement strategy we ensured that there were a number of different ways for customers to engage with us, to combat this. Surveys are our most popular form of engagement, and something that customers can do in their own time.

In our specialist schemes, each customer's support needs are addressed via a plan that is agreed in discussion with the individual. Employment is discussed regularly with customers in our supported schemes, along with education and training. Four Snowhill customers have recently secured university places following advice and guidance from Midland Heart staff.

Customers are also able to share their perspective on living and working with a disability. Customers have the opportunity to hear how staff have a disability and continue to work. This can build confidence to overcome related fears and understand that there are employers out there who encourage disabled employees. One of our customers who has a disability is now training to be an English teacher, although English is not his first language.

A prevailing view among our supported customers is that all services should be readily accessible 'under one umbrella' – such as onsite substance misuse workers and mental health provision to improve health and wellbeing. Our customers have also called for greater opportunity to gain experience, such as a central register for volunteering and work placements. Reliable long-term funding for this wraparound support would help improve chances of gaining employment and boosting earnings.

Conclusion

The higher prevalence of low-income households in the social sector could be viewed as a self-selecting sample, in that low-cost housing may be their only available option.

However, social landlords' keen understanding of local opportunities, and the barriers facing our customers, enables us to work closely with them to overcome obstacles and improve their circumstances. We believe that building more homes enables us to increase the numbers we work with. Improved availability of social housing could open the sector up to more diverse levels of housing need, and increase housing options situated close to work and training hubs.

However, it is important to recognise that vulnerable individuals may need more support to prepare for work or studies before they can sustain them; and that the long-term benefit of entering work hinges on the quality of available job roles. To benefit fully from increased earnings, customers must enjoy job security in a role that utilises their strengths and enables them to cover essential living costs.

Get in touch

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