

Written evidence submitted by YMCA England & Wales [EXA 029]

Executive Summary

- 1) YMCA is the largest voluntary sector provider of safe, supported accommodation for young people in England and Wales, offering more than 8,800 beds a night and covering services ranging from emergency accommodation to longer-term social housing for young people. YMCA provides both commissioned services, and non-commissioned services across our accommodation models. Our Non-Commissioned Services qualify for the additional subsidy as “Exempt Accommodation”, due to the additional support that they provide to residents. YMCAs that provide Commissioned services are registered as a provider with the regulator.
- 2) There is currently no requirement for providers of exempt accommodation to demonstrate that they are meeting these necessary standards, either organisationally, or in the availability of support, as most Local Authorities will provide the additional subsidy on declaration that a property is exempt accommodation, without inspecting or requiring proof that the correct service is being provided.
- 3) It is utterly imperative that exempt accommodation is properly regulated by a robust system that can properly evidence that work is being done by providers in order to meet the quality standards required of exempt accommodation.
- 4) YMCA considers the associated costs of statutory interventions, such as referral to crisis services, police interventions, potential custodial sentences, to be of substantially greater cost than referral into YMCAs accommodation. YMCA has conducted impact assessments that have assessed the cost of our provision against the costs of statutory obligations and interventions that a young person may require if not referred to a preventative service such as ours, and would be happy to share these with the Committee if they were of interest.
- 5) While Housing First may have some application for entrenched homeless individuals with multiple high needs, YMCA is of the opinion that Housing First is not suitable for young people as it could place them in tenancies that they are not ready for. YMCA’s supported accommodation provides 24 hour security and services, and the capacity for intensive interventions to provide the necessary support for residents that could not be achieved through a Housing First Model that provides floating support. Our concerns with a purely Housing First approach are detailed in Paragraph(s) 3.5-3.7.
- 6) YMCA considers registration to be beneficial to ensuring that standards delivered are to suitably high standard, or that at the very least, exempt providers that do not also provide registered or commissioned services are willing to self inspect and submit to inspection from the Local Authority in order to claim the additional subsidy. Our further consideration on how Local Authorities can ensure a high standard of provision is detailed in Paragraph(s) 5.0-6.5.
- 7) YMCA would broadly welcome an approach to total occupancy charges for private providers that reflects the framework already used with Broad Rental Market Area (BRMA) LHA caps for non-exempt private rented accommodation, to ensure that private providers do not make disproportionate charges on local authorities without mitigating circumstances (for example in situations where an adjustment to the cap would mean that any provider would be unable to cover core costs).
- 8) The subsidy that YMCA receives in our exempt accommodation is utterly crucial to us as a provider in order to maintain our housing stock. The additional subsidy is

used to cover the costs of repairs, remedial work, and maintenance of housing stock. If this subsidy were to be decreased or removed, our provision would struggle to maintain our properties to the high standard for which we are known and celebrated for. Further details regarding our costs are detailed in Paragraph 7.2.

- 9) YMCA recommends that completion of self assessment should be a prerequisite to eligibility to apply for commissioned services, to ensure that providers that are bidding for Local Authority contracts are already meeting the necessary quality criteria for the service and ensuring that contracts are not undercut by new to market for profit providers that have not demonstrated that their provision is suitable before taking on the contract. Our full recommendation of the standards that we recommend are accessed are detailed in Paragraph 8.3.
- 10) YMCA recommends that failure by a provider to demonstrate that it meets the necessary criteria, either due to issues identified at inspection, or failure to submit a prerequisite self assessment should cause the provider to immediately lose access to enhanced rental payments from the Local Authority. Further consideration to enforcement is detailed in paragraph(s) 9.0-9.2.
- 11) YMCA recommends that providers be required to demonstrate transparency and publish up to date financial records with a particular focus on disbursements and dividends paid to senior staff and shareholders outside of core costs, and make this information publicly available. YMCA believes that making this information publicly available, similarly to the legislative intent detailed by the Government in the Social Housing White Paper, will ensure that Local Authorities and residents can see with confidence that their payments are being used to provide the service, and not being extracted as profit for shareholders. Our further consideration to the benefits of increased publicity and information regarding exempt accommodation are detailed in Paragraphs 10 onwards.

1.0 About YMCA

1.1 YMCA welcomes the opportunity to submit evidence to the Select Committee's Inquiry into exempt accommodation. YMCA is the largest voluntary sector provider of safe, supported accommodation for young people in England and Wales, offering more than 8,800 beds a night and covering services ranging from emergency accommodation to longer-term social housing for young people. YMCA provides accommodation predominantly for young people aged between 16 and 25, providing them with access to a wide range of services, including youth workers, case workers, councillors, and support services. YMCA England & Wales represents a federation of 101 YMCAs, many of whom provide commissioned services at Local Authority level.

1.2 YMCA provides both commissioned services, and non-commissioned services across our accommodation models. Our Non-Commissioned Services qualify for the additional subsidy as "Exempt Accommodation", due to the additional support that they provide to residents. YMCAs that provide Commissioned services are registered as a provider with the regulator.

2.0 The Current state of exempt accommodation in England

2.1 YMCA maintains all of its provision to the standard that is required to be under contract as a commissioned service, allowing us to accept referrals from Local Authorities into our Exempt Accommodation in situations where there are not enough beds in commissioned settings to meet demand. In this situation, Local Authorities discharge their duty to YMCA to house young people within our exempt accommodation, often paying the commissioned rate for this service. As contracts come up for renewal, YMCA Exempt Accommodation services often become commissioned services- in rare situations where YMCA services lose the commissioned contract, this is often due to the on-paper competitiveness of other private providers- however, in our experience, these providers often make efficiency savings that deliver a sub par standard of accommodation as a result that does not meet the needs of residents.

2.2 In order to be a high quality service, YMCA strongly believes that exempt services must meet the same standards and similar criteria to commissioned services, including staffing experience, leadership and management standards, maintenance of housing stock, monitoring of residents, confidential data handling, and internal procedures such as for safeguarding. In addition to this, YMCA services provide support that is not covered in Local Authority Housing Benefit allocations, as required of supported accommodation, qualifying our provision for exempt status and increased payments from the Local Authority.

2.3 At present, YMCA is aware that there is currently no requirement for providers of exempt accommodation to demonstrate that they are meeting these necessary standards, either organisationally, or in the availability of support, as most Local Authorities will provide the additional subsidy on declaration that a property is exempt accommodation, without inspecting or requiring proof that the correct service is being provided. As such, for small scale, for profit providers that do not operate commissioned service contracts, there is no formal mechanism to ensure that exempt accommodation is providing the necessary levels of support and meeting the standards necessary.

2.4 As a result of this, YMCA believes that currently the standard of much exempt accommodation, is poor, particularly in settings that are run for profit, and will not refer residents from our services to other providers unless we can be certain that the required standards will be met by the other provider, and the level of support meets the correct requirements. YMCA is regularly approached by private landlord providers for referrals for residents leaving our services, and many of our services have reached a point where we now must insist upon conducting our own inspection(s) of the other landlords' provision and will not refer a resident to another provider unless we are completely satisfied that the provision meets the necessary high standards- particularly the safeguarding needs of young people.

2.5 YMCA believes that it is utterly imperative that exempt accommodation is properly regulated by a robust system that can properly evidence that work is being done by providers in order to meet the quality standards required of exempt accommodation.

3.0 The Financial Viability and sustainability of Exempt Accommodation

3.1 YMCA believes that our services are cost effective to ensure it covers our necessary fiduciary costs of providing the service and necessary overheads. Our services are exempt

due to the levels of support, network building, and preventative work that is provided through YMCA's provision in addition to As such, YMCA does not generate any substantial excess surplus from our income. It is imperative to maintain supported accommodation models to a high standard even outside of a commissioned service. YMCA believes strongly that our provision delivers excellent value for money with regard to the costs of supporting vulnerable young people.

3.2 While it is necessary for providers to maintain a small surplus to provision in order to cover core costs and conduct remedial work, for profit placements have no requirement not to make increased profit margins by cutting costs to the actual provision. This delivers a sub-par level of provision for vulnerable people and demonstrates bad value for money to the Local Authority. As such, YMCA believes that social housing providers should be required to demonstrate value for money through a requirement to publish surplus and profit figures alongside core costs and the cost of running the provision in order to drive transparency on remuneration, dividends, and demonstrate to Local Authorities and the taxpayer how money for supported accommodation is being spent outside of the costs of running the service and maintaining the building etc (such mortgage payments, remedial work, retrofitting, etc).

3.3 YMCA considers the associated costs of statutory interventions, such as referral to crisis services, police interventions, potential custodial sentences, to be of substantially greater cost than referral into YMCAs accommodation. YMCA has conducted impact assessments that have assessed the cost of our provision against the costs of statutory obligations and interventions that a young person may require if not referred to a preventative service such as ours, and would be happy to share these with the Committee if they were of interest. Maintaining our standards therefore ensure that young people are provided the correct levels of support necessary, YMCA is able to support the Local Authority with discharged duties when commissioned services do not have capacity, and, when necessary, our exempt services being able to readily come under commissioned contract when required by the Local Authority.

3.4 In addition to this, the availability of exempt accommodation is vital to ensuring financially viable housing can be provided by the Local Authority. Presently, in situations where there is no commissioned service capacity for a referral, and exempt accommodation is also not available (due either to it not being present, or itself being full), young people are placed by the Local Authority into bed and breakfast accommodation. The costs of this accommodation imposes significant financial penalties on the Local Authority compared to commissioned or exempt services. It follows, therefore, that the maintenance of high quality commissioned services and exempt accommodation

3.5 For young people in particular, YMCA believes our supported accommodation model to be the most effective, sustainable, and efficient model of provision. While Housing First may have some application for entrenched homeless individuals with multiple high needs, YMCA is of the opinion that Housing First is not suitable for young people as it could place them in tenancies that they are not ready for. YMCA's supported accommodation provides 24 hour security and services, and the capacity for intensive interventions to provide the necessary support for residents that could not be achieved through a Housing First Model that provides floating support. For example, young people referred to our services often require extensive

work to resolve trauma, but this is not immediately visible if a young person were to be placed into the Housing First model.

3.6 In addition to this, YMCA has concerns regarding the financial viability and sustainability of Housing First as the effectiveness of the service is contingent on the external environment. Off campus sites like Housing First require visits from two external inspectors to inspect a home, and the current climate presents challenges to recruit enough workers to provide this level of services.

3.7 It is vital that officers are able to inspect exempt accommodation in order to ensure that the provider is meeting the requirements for supported accommodation as they are claiming to have made. Under the current model, where there is no inspection undertaken to ensure that the provider is meeting the necessary standards required for exempt accommodation, there has been a dramatic upsurge in provision in some areas this, however is not sustainable as increased availability of provision begets increased placements and diasporas into a local area for placement in services. This in turn creates spiralling costs on the local authority.

4.0 Geographical Variation of Exempt Accommodation

4.1 Exempt Accommodation can be anecdotally poor irrespective of geographic location. YMCA is presently aware of a self assessment program, followed by inspection by Local Authority programme introduced for Exempt Accommodation in the City of Birmingham. Despite being a registered provider and provider of commissioned services, YMCA has volunteered to also participate in self assessment as a sign of good faith to the principles of introducing some form of oversight to the sector by Local Authorities. Introduction of a similar programme more widely would allow for geographical disparities, as well as local disparities between provision to be better identified by Local Authorities

5.0 Registered Providers VS Unregistered Providers

5.1 YMCA recommends that all providers register with the regulator if they wish to provide exempt accommodation. However, YMCA recognises that private unregistered providers can provide a good service and this requirement to register could provide a disincentive for them establishing provision.

5.2 As registered providers are required to meet a certain set standards, in particular the Decent Homes Standard in order to negate intervention from the regulator, this could mean that compared to other unregistered providers, the accommodation is maintained to a higher standard. Because of this, YMCA considers registration to be beneficial to ensuring that standards delivered are to suitably high standard, or that at the very least, exempt providers that do not also provide registered or commissioned services are willing to self inspect and submit to inspection from the Local Authority in order to claim the additional subsidy.

5.3 However, in circumstances where a provider, such as ourselves, operates both commissioned and noncommissioned services, and as such are registered as a provider, YMCA would advocate that providers that meet with the standards for commissioned services already should be able to use this to exempt themselves from self assessment. This

approach would have the two fold benefit of ensuring that small scale providers of exempt accommodation are aware of their requirements as a provider, and ensuring that Local Authorities have clarity on the services and quality of each provider, without increasing the administrative burden on already regulated and reputable providers of commissioned services.

6.0 Quality differentials between commissioned and non commissioned services

6.1 There is no differential in quality between commissioned and non commissioned services operated by YMCA. Regarding other providers, YMCA notes that it is difficult to measure actual quality differentials without the introduction of an inspectorate system to measure the quality and standards of exempt accommodation. Smaller providers therefore have no requirement, or reporting mechanism to demonstrate that the necessary internal policies are in place or that their accommodation meets the quality standards.

6.2 As it is not possible for Local Authority to immediately ascertain if a small provider meets the necessary standards when making a placement, and rely simply on the good faith statement of the provider that they do meet this standard, or indeed the provider believes that they do not meet this standard and have not been given guidance on where their provision does not meet this standard in order for them to improve the provision. Due to this, YMCA services regularly pick up referrals that have gone to exempt providers and then due to the accommodation being demonstrated unsuitable by the placement, are referred back to our provision. In situations like this, the newly relocated residents will often share with YMCA anecdotally how they have been treated in the other service. Often this includes being packed into housing and unsuitable accommodation and services with no monitoring of the service by the provider.

6.3 YMCA believes that registration of providers with the regulator for social housing would go a long way to address quality differentials between services provided in order to ensure that, at the very least, the correct quality standards of the accommodation are being met. As such, YMCA strongly recommends that all providers, regardless of size, voluntarily register with the regulator.

6.4 However, YMCA notes that the quality of the accommodation provided is not necessarily the only, or best indicator regarding the quality of the service provided by the accommodation. For example, newly built, modern buildings that would meet or exceed all the standards required by the regulator may not provide the necessary support services that would be expected from exempt accommodation, even while being high cost, and older properties that while they may still meet the necessary standards for social housing, but are less attractive, may provide high quality intensive support. As such, the regulator alone is not able to ensure that the correct support services are being provided to residents, but rather to ensure that the provider meets certain required standards of reporting, governance, and maintenance of the property.

6.5 As a registered charity provider, YMCA's told us that there is presently a cap of £155.73 per week to the rent that can be charged by us for providing the service. We are not aware if a similar cap is placed for private registered providers by Local Authorities. YMCA would broadly welcome an approach to total occupancy charges for private providers that reflects

the framework already used with Broad Rental Market Area (BRMA) LHA caps for non-exempt private rented accommodation, to ensure that private providers do not make disproportionate charges on local authorities without mitigating circumstances (for example in situations where an adjustment to the cap would mean that any provider would be unable to cover core costs).

7.0 Provision and Cost of Services

7.1 YMCA determines its costs charged to the Local Authority based on ensuring that we provide the best possible service and meeting all necessary core costs and provide 24 hour staffing. As YMCA does not run its services for profit, we do not generate a large surplus through any of our provisions save for what is required to cover remedial works.

7.2 YMCA calculates the costs for providing this service based on how our units are structured for the level of need of future residents. As such, YMCA does not believe it is possible to set a baseline for any one particular service as there are a number of mitigating factors that will affect the costs of each unit, including the residents and the geographical location. For example, the costs associated with High need residents are higher than the costs associated with low need residents. When presenting our costs to the Local Authority, YMCA will stipulate the suitability of the service depending on the mix of needs of the residents that the service is designed for. For example, this could support 5 low needs, 4 medium needs, and 2 high need residents, and our costs in relation to these 11 placements would be priced in relation to this capacity. It is important that supported accommodation retains a mix of needs within its units, as it would not be possible to provide a service entirely for high needs residents.

7.3 The subsidy that YMCA receives in our exempt accommodation is utterly crucial to us as a provider in order to maintain our housing stock. The additional subsidy is used to cover the costs of repairs, remedial work, and maintenance of housing stock. If this subsidy were to be decreased or removed, our provision would struggle to maintain our properties to the high standard for which we are known and celebrated for.

8.0 Regulatory Oversight

8.1 YMCA recommends that exempt providers should be encouraged to complete a self assessment for the Local Authority, which is then made available to the public in order to qualify for additional subsidy. We would recommend that this self assessment is provided free by the Local Authority in order to encourage providers to take part in the process.

8.2 In situations where a self assessment had been completed but the inspection found it to be lacking, providers should not be able to apply for the subsidy until the issues identified by the inspectorate had been resolved or there was a clear improvement plan in place that would ensure that the accommodation meets the necessary standards in a timeframe suitable to the council.

8.3 Regarding the nature of the assessment, YMCA would recommend that it includes:

- a) That the resident is in receipt of the correct level and quality of support that they have been identified as needing.

- b) That the provider meets the necessary standards of leadership and management as is required by the Regulator For Social Housing, as specified and strengthened by the upcoming Social Housing White Paper.
- c) That the provider has ensured that all staff are in receipt of and have passed a prerequisite basic DBS check.
- d) That the quality of the accommodation the provider holds is in line with the Decent Homes Standard.
- e) That the Provider has ensured that the necessary risk assessments are in place for the provision.
- f) That the provider published and will continue to publish up to date accounts and demonstrates transparency regarding how funds are being spent in the provision outside of core costs, specifically relating to disbursements to staff, senior management, shareholders, and any dividends paid.

8.4 YMCA recommends that completion of self assessment should be a prerequisite to eligibility to apply for commissioned services, to ensure that providers that are bidding for Local Authority contracts are already meeting the necessary quality criteria for the service and ensuring that contracts are not undercut by new to market for profit providers that have not demonstrated that their provision is suitable before taking on the contract.

8.5 YMCA recommends that registration with the regulator for social housing should be actively encouraged in all circumstances. Registration could be incentivised as registered providers could be exempted from participating in self assessment, being already placed under a more robust inspectorate regime than self assessment would provide. Alternatively, it could be made a requirement that only registered providers should be eligible to apply for exempt accommodation. YMCA is aware that this may disincentivize smaller providers from entering the housing market, but is confident that larger providers with a record for providing high quality, registered services, would be able to quickly adjust to meet any capacity issues caused by low level market consolidation.

8.6 It is the considered opinion of YMCA, that providers of exempt accommodation should not, as a matter of principle, be run for profit. YMCA would welcome the opportunity to work with the Government and the Select Committee to develop a robust set of quality standards and inspectorate regime that is pertinent and relevant to supported housing provision. We would be delighted to arrange for members of the committee to visit some of our exempt accommodation sites to see first hand the work that supported accommodation providers do and see best practice examples.

9.0 Enforcement

9.1 Regarding enforcement of a robust regulatory framework on providers of exempt accommodation, YMCA recommends that failure by a provider to demonstrate that it meets the necessary criteria, either due to issues identified at inspection, or failure to submit a prerequisite self assessment should cause the provider to immediately lose access to enhanced rental payments from the Local Authority. In situations where the provider is found during inspection to have egregiously failed to provide the necessary levels of support for residents, residents should be relocated to a suitable, trusted provider at the nearest possible opportunity.

9.2 As registered providers and commissioned services are already regulated and inspected to ensure that provision meets the necessary standards, YMCA recommends that they are exempt from any additional oversight from the regulator with regard to their exempt accommodation.

10.0 Publicly Available Information

10.1 YMCA does not believe that at present, there is enough publicly available information regarding exempt accommodation. YMCA would welcome the introduction of campaigns and mini workshops to increase awareness of exempt accommodation and what it provides. YMCA would welcome the opportunity to work with the Government and Local Authorities to support an initiative such as this.

10.2 Birmingham Local Authority has recently introduced a self assessment process for its exempt accommodation, that YMCA has been pleased to participate in to demonstrate good faith and our shared commitment to ensuring a high standard of provision in exempt accommodation. This self assessment has however not been picked up by other Local Authorities to any notable level. YMCA would welcome Local Authorities to be encouraged to pick up similar self assessment models and would encourage providers that are not already providing commissioned services or who are registered with the regulator to participate in self assessment. YMCA believes that making this information publicly available would empower both Local Authorities and providers such as ourselves to discharge residents from our services to other providers with confidence that the provision is meeting the necessary standards that we currently require in order to refer a resident.

10.3 As referenced in our commentary in paragraph 8.3, YMCA recommends that providers be required to demonstrate transparency and publish up to date financial records with a particular focus on disbursements and dividends paid to senior staff and shareholders outside of core costs, and make this information publicly available. YMCA believes that making this information publicly available, similarly to the legislative intent detailed by the Government in the Social Housing White Paper, will ensure that Local Authorities and residents can see with confidence that their payments are being used to provide the service, and not being extracted as profit for shareholders.

10.4 Making the requirements of exempt accommodation publicly available and more aware to prospective providers will also ensure that providers only enter the market with confidence that they are able to provide the necessary quality of services. This would be a disincentive for prospective providers to enter the market as they see it as a profit generator, and ensure that providers are motivated foremostly by ensuring that they are supporting residents. Presently, exempt accommodation guidance is an opaque and complex document sat within the archives of the Department for Work and Pensions, that professionals that work closely with the sector already may well struggle to understand completely. YMCA believes that refreshing, simplifying, and making clearer the requirements of exempt accommodation would be of great service to both providers and local authorities, so that both can act with confidence.

January 2022