

	<b>Cabinet</b> 9 February 2026
	<b>Report from the Corporate Director Resident and Housing Services</b>
	<b>Lead Member -Cabinet Member for Housing, (Councillor Fleur Donnelly- Jackson)</b>
<b>Approval for First Wave Housing to operate supported accommodation</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>List of Annexes:</b>	None
<b>Background Papers:</b>	None
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## 1. Executive Summary

- 1.1. The purpose of this report is to seek Cabinet's approval for First Wave Housing to offer supported exempt accommodation to help care experienced young people, residents in supported living arrangements, and residents at risk of or experiencing homelessness. The scheme aims to increase availability and improve the quality of supported accommodation while reducing costs to the Council.

## 2. Recommendation(s)

Cabinet is asked to:

- 2.1. Approve that First Wave Housing launches and operates a supported housing scheme and to ask that officers vary First Wave Housing's 2026-27 business plan accordingly for Cabinet in March.
- 2.2. Agree to work in partnership with First Wave Housing to provide supported exempt accommodation, including committing Council staff to meet the requirements of the proposal and signing a Memorandum of Understanding to that effect.
- 2.3. Agree to the financial implications of the proposal as outlined in section 7, including staffing and legal costs.

### **3. Cabinet Member Foreword**

- 3.1. For many residents, a home is more than just a house. Having grown up in social housing myself, I know just how vital a stable home and the right support can be in helping people to live well independently. The homelessness emergency we continue to face means that increasing numbers of residents now require additional support to be able to live independently.
- 3.2. In recent years, supported exempt accommodation has expanded rapidly. With much of this growth having taken place outside Council commissioning and regulation practices, it has often led to poor quality provision and poor value for public money. And where providers are not registered, this can cost the Council millions in public money. These challenges sit alongside increasing homelessness pressures and demands for temporary accommodation, support for care leavers, and adult social care supported housing.
- 3.3. This proposal therefore sets out a coherent way of meeting the genuine demand for supported accommodation, ensuring that it offers the good quality support residents expect and deserve so they can move towards independent living, all while being financially sustainable and properly regulated.
- 3.4. The scheme will also support adults with mental health needs, physical or learning disabilities, care-experienced young people, and vulnerable residents at risk of homelessness, including survivors of domestic abuse and former asylum seekers. By providing appropriate, supported alternatives to temporary accommodation, it will also help to relieve pressure on homelessness services.
- 3.5. Establishing a trusted provider that the Council can refer into will ultimately ensure support is tailored to the core needs of residents who require supported accommodation. With clear expectations around quality, consistency and value, the scheme will help to lead the market and develop a model of integrated, person-centred support. In doing so, it will support more residents to move into independent living, reduce reliance on temporary accommodation, ease pressure on homelessness services, and strengthen the Council's financial resilience.

- 3.6 The proposal aligns with the Borough Plan's Healthier Brent and Thriving Communities strategic priorities. Specifically, it improves outcomes for vulnerable residents by improving the quality of care, support and supervision for residents with complex needs to help them progress into independent living. This would be true for residents who are referred into supported exempt accommodation (SEA) in the future but also for some residents currently in temporary accommodation, who do not currently receive any care, support, or supervision. It will also provide particular support for care experienced young people and residents with physical disabilities, mental health challenges, or learning disabilities.
- 3.7 The proposal will help to improve the health and wellbeing of vulnerable residents by improving access to good quality support services to help residents before challenges escalate. The proposal will also reduce health inequalities for vulnerable residents, specifically care experienced young people, households fleeing domestic abuse and homeless residents, by providing them with support services to help them progress to independent living.
- 3.8 The proposal provides a long-term strategic response to the unsustainably high losses in Housing Benefit subsidy, which would in turn free up resources to meet other priorities and deliver other services.
- 3.9 In addition to the Borough Plan priorities, the Supported Housing (Regulatory Oversight) Act 2023 places a responsibility upon Brent Council to develop a strategy for supported housing. The proposal outlined here would play a key role in that strategy.

## **4 Background**

### **4.1 Pathways to support**

- 4.1.1 There are several established pathways depending on residents' needs. First, residents who meet the threshold for care receive a care package – including residents in supported living arrangements. Second, residents who don't meet the threshold for care but who need medium-to-high levels of support to live independently can receive a commissioned package of support through Housing Related Support Services e.g., for substance misuse, mental health challenges, or residents fleeing domestic violence. Third, residents with slightly lower levels of support needs, but who cannot live independently without more than minimal care, support or supervision, are often referred into non-commissioned supported exempt accommodation (see below) before they are able to live independently. Finally, residents are supported into independent living, typically in the private rented sector.
- 4.1.2 The ideal pathway is to support residents down the ladder of support, although for some groups this is not possible. At the same time, many residents may not progress linearly, sometimes requiring more or less

support. This proposal is intended to support residents in first and third rungs of the ladder outlined above.

## 4.2 What is Supported Exempt Accommodation?

4.2.1 The National Audit Office notes that “Supported housing is accommodation that is provided alongside support, supervision or care to help people with specific needs to live as independently as possible in the community. This includes, for example, older people, people with a learning disability, people with a physical disability, people at risk of or who have experienced homelessness, or people recovering from drug or alcohol dependence. Supported housing can be short term or long-term, depending on a person’s needs.”<sup>1</sup>

4.2.2 Supported exempt accommodation is so called because it is exempt from locally set caps on housing benefit. Legally, SEA is:

*Accommodation which is provided by a non-metropolitan county council in England, a Housing Association, a registered charity or voluntary organisation where that body or a person acting on its behalf also provides the claimant with care, support or supervision.*<sup>2</sup>

4.2.3 As it is exempt from locally set caps on housing benefit, providers of exempt accommodation can reclaim higher costs. This has made it attractive to independent providers. A Select Committee inquiry has identified several significant concerns around independent provision of SEA, including:<sup>3</sup>

- Inadequate provision of support, untrained support workers and, in some cases, neglect
- Rapidly increasing costs
- Financially unstable organisations
- Links to organised crime
- Conversion of affordable family homes to exempt accommodation

## 4.3 Payment for SEA

4.3.1 The National Audit Office explains: “Local authorities pay Housing Benefit for specified supported housing, in most cases, directly to the provider. DWP reimburses local authorities for these payments in line with the Housing Benefit subsidy rules which are set out in legislation. In some cases, the rules mean that the amount of subsidy paid to the local authority may be restricted. If the housing provider is registered with the Regulator of Social Housing, DWP reimburses the full amount.” For those cases where the housing

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<sup>1</sup> [Investigation into supported housing - NAO report](#), p.4

<sup>2</sup> [The Housing Benefit and Council Tax Benefit \(Consequential Provisions\) Regulations 2006](#), Schedule 3

<sup>3</sup> [Exempt Accommodation - Levelling Up, Housing and Communities Committee](#). See e.g. p.11 and 41

provider is not registered, an independent rent officer determines how much the local authority can claim as rent, based on similar properties in the area. The local authority can reclaim 100% of the rent officer determination from DWP. Who pays for the amount above the rent officer determination depends on the vulnerability of the resident. The NAO explains: "If the resident is classed as 'vulnerable', the local authority can claim a further 60% of the amount above the rent officer determination. Therefore, local authorities experience a gap in subsidy from DWP of 40% above rent officer determination for particular vulnerable groups, and 100% above this determination, for other residents."<sup>4</sup>

- 4.3.2 If the provider is a Registered Provider, the entire cost falls to the DWP. If the provider is not a Registered Provider, the cost is shared between the council and the DWP, with the DWP covering more if the resident has a vulnerability.

#### 4.4 **SEA in Brent**

- 4.4.1 At the end of 2024/25, there were around 1,400 SEA units in Brent. Following work to address some of the challenges above, there are around 1,100 SEA units at the time of writing. These figures include Housing Related Support Services that are commissioned by Brent as well as non-commissioned services run by independent providers.
- 4.4.2 In 2023/24, subsidy loss to Brent Council associated with SEA amounted to £3.486m. In 2024/25, the figure was £3.967m. The Council is projecting subsidy loss of £2.07m for 2025/26.

### 5 **Details of proposal**

- 5.1 Officers propose that First Wave Housing (FWH) launches a supported accommodation scheme. The new scheme would be used to support four groups:
- Residents already in Brent Supported Living arrangements
  - Care experienced young people
  - Residents who are currently being referred into supported exempt accommodation
  - Residents in temporary accommodation who have more than minimum care, support and supervision needs
- 5.2 As First Wave Housing is a Registered Provider, DWP would cover the full costs of housing and housing management, although not the costs of care, support and supervision – which will instead be funded by reduction in the cost of housing. See more details at section 9.

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<sup>4</sup> [Investigation into supported housing - NAO report](#), p.9

5.3 An explanation of each proposal is included as follows:

5.3.1 **Residents already in Brent Supported Living arrangements:** by restructuring the provision of Brent Supported Living, Brent Council can reclaim higher housing benefit to make existing arrangements more financially sustainable. Staff estimate that once fully transitioned, the Council could reduce costs / increase income by around £750,000 per year (150 units at £100 per week). While this proposal wouldn't have any direct impact on quality, it should be easily implemented and a good test case for rollout of the proposed model for other groups.

5.3.2 **Care experienced young people:** to offer support to young people who are not yet ready for fully independent living, to support them to develop independent living skills, supporting our role as Corporate Parent. This proposal has been produced in collaboration with and endorsed by the Operational Children's Senior Leadership Team.

5.3.3 **Residents who are currently being referred into supported exempt accommodation:** currently these residents are referred into poor quality and expensive independent, non-commissioned providers. Many stay in this accommodation for many years and, unfortunately, some enter deleterious circles and are not supported back into independent living. Some have told the Council they are not actually receiving care, support and supervision. The proposal is to instead refer these residents into First Wave Housing, over which the Council would have much greater oversight, and support should be significantly improved. The goal is to create person-centred support that enables residents to move into independent living within ~2 years.

5.3.4 **Residents in temporary accommodation who have more than minimum care, support and supervision needs:** there are some residents in temporary accommodation with support needs who may struggle to maintain a tenancy without support. General needs temporary accommodation is not suitable to meet their needs. This cohort has grown, as has demand for supported accommodation, while supply of good quality supported accommodation has not kept pace. The goal is to work with First Wave Housing to create a pathway of step-down accommodation to support residents to regain skills for independent living and move them from temporary accommodation into the private rented sector. Overall, supported accommodation should be more beneficial to residents than temporary accommodation that does not include support and may be outside the borough.

5.3.5 Proposed phasing for roll-out, as agreed with First Wave Housing's Board, is as follows:

- **Phase 1 (trial):** care experienced young people (5-6) and supported living arrangements (25-30) – 5 months
  - **Dedicated evaluation:** 1 month

- **Phase 2:** full transfer of care experienced young people (~30) and supported living arrangements (150) – 3-6 months
- **Phase 3:** 30 residents currently in temporary accommodation or at risk of homelessness – 3-6 months
  - **Dedicated evaluation:** 1 month
- **Phase 4:** Around 100 residents per year, either in temporary accommodation or at risk of homelessness – 9 months

## 5.4 Key benefits and opportunities

- 5.4.1 Supported housing provides invaluable housing and support for disabled people, homeless people, people with mental health problems, people who have experienced domestic abuse and many others. For many residents, a home is more than just accommodation. The Council is seeing more residents who don't meet the threshold for formal care but do need support to live by themselves. This kind of accommodation is crucial to support these groups and this proposal is intended to create a scheme to deliver this support and housing in a manner that is financially sustainable to the Council into the future.
- 5.4.2 Some existing provision is poor quality. Given the Council has limited regulatory options to intervene and the significant subsidy loss to the Council, there is a strong case to be made for the Council to form a close partnership with an SEA provider which can enter the market. FWH providing SEA itself could shake up the market by offering an alternative to current provision and catalyse improved standards across existing providers. This will help to improve outcomes for vulnerable residents. In turn, this creates space for FWH and the Council to work closely together on developing a model of supported housing that provides holistic support to the resident on the foundation of secure accommodation, supporting them into more sustainable long-term independent living.
- 5.4.3 In many cases, there are small but meaningful gaps that mean people are not yet ready to live independently. This proposal intends to fill those gaps by bringing together housing, support and access to benefits. It also intends to provide more relational services to residents, recognising that relationships between support workers and residents are often the key to successful outcomes.
- 5.4.4 There are other substantial benefits of FWH providing SEA. It would enable more opportunity to negotiate with existing providers to improve quality/conditions or stop them from unreasonably increasing costs each year. It would also mitigate against various existing risks, such as a major provider of SEA failing financially (as has occurred in Birmingham), failing the forthcoming licensing scheme (some may fail), or shifting some of its stock from a Registered Provider to a non-Registered Provider. In such cases, FWH could step in to continue to provide supported accommodation for residents.

## 5.5 Staffing requirements

5.5.1 This proposal will require dedicated staffing. There are three staff 'groupings' to consider:

- **Intensive housing management**, including property liaison, tenancy management, repairs and maintenance, compliance – eligible service charges under housing benefit.
- **Management**, commissioning, administration, legal & finance – eligible as management costs under housing benefit (within reason, typically 10-15% of total costs).
- **Care, support & supervision** – not funded by housing benefit, but rather by the Council.

5.5.2 The Council would provide staffing resource for the first two groups. As regards care, support and supervision, FWH will be responsible for commissioning the staffing resource, which may sit with an external organisation or with the Council. This will require amendments to the existing SLA between FWH and Brent Council.

5.5.3 Costs related to intensive housing management and administration/management are all eligible to be reclaimed under housing benefit, although administration/management must be reasonable. FWH should be able to access up to £180 per week per resident for such costs.

## 6 Care, support and supervision needs and plans

6.1 It is important that FWH and the Council have the skills and resources to ensure good quality of care, support, and supervision for residents. This section outlines how FWH and the Council have planned to meet this.

6.2 **Needs assessment:** staff in Commissioning and Market Insight have completed a needs assessment of two groups:

- Residents in supported exempt accommodation who were referred by Brent's Housing Needs and Support Department
- Residents in temporary accommodation

In addition, staff have conducted a visit to one of the largest non-commissioned providers in Brent to see their properties, meet their staff, and meet with one of their residents. Staff have separately met with two residents with lived experience of supported exempt accommodation to understand their experiences and what support would be beneficial to them.

6.3 **Demographic groups:** the needs assessment has identified seven key demographic groups, and this proposal intends to focus on three: refugees



with mental health needs, people experiencing homelessness, and young people over 18 (including care leavers). This would be in addition to the existing Brent Supported Living arrangements.

## **6.4 Commissioning plan**

6.4.1 The Commissioning and Market Insight team would complete the commissioning on behalf of FWH, based on their extensive expertise commissioning care, support, and supervision, including for supported living and housing related support services. The Council's Children's directorate would continue to commission support for care experienced young people. Each would be respectively responsible for monitoring quality of provision on an ongoing basis.

6.4.2 Care, support, and supervision for residents who were at risk of homelessness or in temporary accommodation would be commissioned from the market following market research.

One option is for the Council itself to provide this care, support and supervision. The Council has now run an in-house supported accommodation service for rough sleepers for over a year and, learning from this experience, intends to develop a strong proposal to deliver the support itself.

## **7 Costs and cost reduction**

7.1 The Council's proposed contribution to the new scheme, above and beyond what is covered by housing benefit, is as follows:

7.2 Set-up costs:

- Cost for a 12-month coordinator role – est. £75,000
- Cost for external legal counsel to draft scheme documentation – est. £10,000
- External legal support for FWH – est. £5,000
- Contingency costs for additional agency support for Brent Legal Department – est. £10,000

All of which will be funded through cost reduction achieved in 2026-27 by this proposal.

7.3 The Council would dedicate some existing resources to deliver the new scheme, including finance, legal, housing management, commissioning (ASC and Children's) and housing benefit.

7.4 For phases 3 and 4, the Council would cover the cost of care, support and supervision from costs that otherwise would be spent on subsidy loss, as follows:

- For the third phase (redirecting existing demand for SEA to FWH), where money is currently spent on SEA subsidy loss as part of central items, instead use some of that money to commission care, support and supervision, and return the remainder as savings to the Council. In 2024/25 subsidy loss was £3.95m and in 2025/26 it is estimated to be about £2.07m.
- For the fourth phase (supporting residents out of temporary accommodation and into FWH supported accommodation), some of the money that would have been spent on temporary accommodation would be redirected towards the cost of care, support, and supervision for residents.

7.5 It remains open which organisation would provide care, support and supervision in 2027-28 for phases 3 and 4. It is possible that Brent Council could be the organisation and if so, dedicated resource would be brought in to provide and manage that care, support and supervision, funded as outlined in the two paragraphs above.

7.6 First Wave Housing would operate this scheme cost neutrally. Other than start-up costs as outlined above and the cost of care, support and supervision (as above), housing benefit should cover all costs. In addition, FWH have requested that the Council underwrite any losses they are unable to cover via Housing Benefit and operational overheads.

Officers recommend this as a sensible approach as the likely cost reduction is significantly greater than the size of any potential losses. Potential losses may be caused by:

- Management and administration costs that are deemed “unreasonable” by Housing Benefit.
- Bad debt on service charges housing benefit cannot cover, including utility costs.
- Excessive repairs costs if not covered by the service charges claimed from housing benefit.

7.7 Mitigation: to mitigate the risk of the above, officers plan to:

- Use the trial phase as an opportunity to calculate the real costs of housing management, including repairs, per unit, for use in future rent and service charge schedules.
- Include a reasonable overhead in the rent and service charge schedule for repairs and housing management costs.
- Include a sink fund at 10% to cover unanticipated costs such as the above.

- 7.8 Officers have looked at VAT implications and believe that income related to provision of housing will be exempt from VAT. It is likely that most payments related to provision of care, support and supervision will be exempt too, but this depends on the exact commissioning arrangements. There is a likelihood that a small amount of the costs will include VAT, but these should not be prohibitive.

### **Cost reduction**

- 7.9 Long-term the proposal should achieve cost reductions that would contribute to existing savings targets in Adult Social Care and Children's Commissioning as well as helping to reduce overspends on temporary accommodation. It would also enable increased savings towards existing subsidy loss related to SEA from 2027-28.

In total, by 2028-29 the proposal should be reducing costs to the Council totalling around £2.2m pa.

- 7.10 Cost reduction for Adult Social Care relates to increasing housing benefit recoup by around £100 per week for around 150 units. This is because SEA allows recoup of higher levels of housing benefit than at present. Cost reduction for Children's Commissioning involves the reduced cost of supporting care experienced young people out of existing provision and into supported accommodation. This is because the cost of housing and housing management for their interim accommodation can be fully rather than wholly covered by housing benefit, and so the only cost to the Council is the cost of care, support, and supervision. Staff estimate that this will lead to an average unit cost saving of £500 per week.
- 7.11 Cost reduction for Housing Needs relates to the fact that nightly paid accommodation for a single household is on average more expensive than the cost of the Council commissioning support from First Wave Housing. Current cost £13,000 (after housing benefit recoup) for temporary accommodation vs ~£6,000 for a supported accommodation support package. Savings for SEA: at present Brent Council spends ~£2m pa on subsidy loss associated with SEA. FWH is a Registered Provider and so the full cost, except costs of care, support and supervision will be covered by housing benefit. The average unit cost related to subsidy loss is around £8,500 at present vs ~£6,000 for a supported accommodation support package.

- 7.12 Overall estimated cost reduction:

Phase	Cost reduction (£000s)		
	2026-27	2027-28	2028-29
<b>Phases 1 &amp; 2</b>	300 – ASC 450 – Children's <b>750</b>	450 - ASC 350 – Children's <b>800</b>	
<b>Phases 3 &amp; 4</b>	-	190 – TA	300 – TA

		55 – SEA <b>245</b>	120 – SEA <b>420</b>
<b>TOTAL</b>	<b>750</b>	<b>1,045</b>	<b>420</b>

By 2028-29, total cost reduction per year should be around £2.2m.

*N.B. All the above are cost reduction goals contributing to existing budget targets rather than new savings targets, except the SEA savings in 2027-28 onwards.*

## 8 Implications

- 8.1 Approval of this scheme would require several changes to be made:
- 8.2 Provision of supported accommodation relates to, but is an expansion of, FWH's current purpose to provide good quality, affordable, secure, and well-managed homes for residents in line with the Council's housing aspirations. Approving this scheme will mean making a variation to FWH's business plan to pilot the provision of supported exempt accommodation and, where successful, expand.
- 8.3 Such a decision would also require an update to the Service Level Agreement between FWH and the Council and a Memorandum of Understanding between FWH and the Council to ensure that the scheme operates cost neutrally and the Council provides staffing adequate to good quality provision.

## 9 Risks

- 9.1 **Access to SEA properties:** new demand for SEA would require working with landlords that are already providing SEA, moving them away from their current SEA provider. Given that lease agreements will be in place, this may prove challenging.
  - **Proposed mitigation:** FWH would focus on working with landlords where lease agreements are up for renewal, or where landlords have agreements with providers that fail Brent's review/licensing scheme. Further, FWH should be able to make a compelling offer to private landlords given that it would be operating in partnership with the Council.
- 9.2 **Access to new properties:** to support care leavers and some residents in temporary accommodation, new properties will need to be leased. This requires finding, negotiating, and securing new properties at around the current Local Housing Allowance.
  - **Proposed mitigation:** 2024 Local Housing Allowance (LHA) is more generous than 2011 LHA. Given the Council is restricted to the latter for temporary accommodation, officers are aware of various properties not suitable for temporary accommodation but suitable for supported exempt accommodation that FWH could access. This proposal will not

use FWH's or the Council's existing stock nor will it require acquiring new properties.

9.3 **Care, support, and supervision:** Taking on responsibility for care, support, and supervision would be new for FWH—and represents a level of risk. Moreover, it can be challenging to provide care, support, and supervision to this cohort due to a variety of intersecting challenges the current environment poses to residents. In some cases, residents may display anti-social behaviour. It would be very important to ensure that residents are appropriately screened to check that they have low- to medium-support needs, rather than a high level that this scheme would not be suitable for, at least initially.

- **Proposed mitigation:** work closely with the Council's Housing Needs and Support and Commissioning and Market Insight departments respectively, drawing on their expertise with commissioning, overseeing, and providing supported accommodation and housing related support services.

9.4 **Move-on:** The goal of supported exempt accommodation is to see most residents move on into independent living (excluding supported living arrangements for older adults and adults with learning disabilities). However, it can be challenging to support some residents for independent living – and even if residents are ready to move on, the existing housing crisis can make it very challenging to find affordable and suitable accommodation. This risks a bottleneck.

- **Proposed mitigation:** work in tandem with the Council's existing expertise supporting residents to move on once they are able to live independently and are in the appropriate financial position.

9.5 **Employment barriers:** many residents will want to enter employment, which is often important to becoming independent. However, employment can affect access to housing benefit which, in turn, can 'trap' residents in supported accommodation.

- **Proposed mitigation:** Careful, well-planned sequencing so that employment and independent living can come together. Further, the Chancellor announced changes to mitigate this issue in her Budget on 26 November 2025.

9.6 **Access to full housing benefit:** There is a risk that scheme documentation is not correctly drawn up in such a way that the Council can fully reclaim housing benefit from DWP.

- **Proposed mitigation:** To mitigate this risk, Brent Legal Department will continue to instruct external legal counsel with significant expertise in this area to support with drawing up documentation so that the Council can fully reclaim housing benefit from DWP.

## **10 Stakeholder and ward member consultation and engagement**

- 10.1 Staff have undertaken significant work to understand residents, their needs, put in place the right commissioning plans, and create detailed plans to meet supported accommodation needs. That has involved speaking to some residents with lived experience of supported accommodation as well as visiting a provider to ensure that those voices have inputted and continue to input into the development of this proposal.
- 10.2 Staff have engaged extensively internally, including with Housing Benefit; Housing Needs; Housing Management, Adult Social Care (Commissioning), Children's (including Commissioning and Looked after Children team), Finance and Legal.
- 10.3 Staff have also attended the Brent Supported Living Board and Operational Children's Senior Leadership Team, who have both engaged with and endorsed the proposal.
- 10.4 Staff have engaged extensively with FWH and their Board, attending the Board at the end of July and September. FWH are supportive of the scheme and approved moving forward with the scheme on 9 January 2026, subject to approval from the Guarantor.
- 10.5 Next steps:
- Implementation of phase 1, starting 9 February (if approved)
  - Evaluation of phase 1, Autumn 2026

*Officers estimate the scheme will take 2-3 months to go live after the final decision has been made, to hire relevant staff and get systems up and running.*

## **11 Financial Considerations**

- 11.1 Under current arrangements, if the SEA provider is not a registered provider, the Council experiences a gap in housing benefits subsidy received from DWP of 40% above rent officer determination for particular vulnerable groups, and 100% above this determination for other residents. This gap needs to be covered by the Council. Housing Benefit subsidy loss associated with SEA in 2024/25 was £3.95m, linked to 654 placements. In 2024/25, this was funded from Council reserves. In 2025/26, this subsidy loss is estimated to be between £1.8m and £2.1m.
- 11.2 It is estimated that the Council could achieve £2.2m in cost avoidance over three years by diverting clients and sending referrals for Supported Accommodation from Temporary Accommodation, Adult Social Care and Children's Social Care directly to FWH. Whilst this would not represent cashable savings against the existing budgets, it is forecast that the proposals set out in this paper would help to avoid costs in the future that the Council

would have otherwise had to incur to deal with demand, increasing costs and the existing subsidy gap within this area.

## **12 Legal Considerations**

- 12.1 Brent Legal Department advise that there is no need to amend First Wave Housing's Articles of Association.
- 12.2 Independent, external legal advice from Matt Hutchings KC confirms that FWH can act as a provider of SEA and that, in such a case, the Council could fully recover Housing Benefit Subsidy. This is because FWH qualifies as a housing association and is a registered provider of social housing.
- 12.3 A housing company like FWH can be used to acquire and provide temporary accommodation to those to whom Brent owes duties under Part 7 of the Housing Act 1996. Section 206(1)(b) of the Act confirms that Brent may perform its homelessness duties by ensuring that suitable accommodation is obtained from someone else (including a housing company owned by Brent).
- 12.4 To meet SEA requirements, FWH would be contractually obligated to provide a more than minimal level of care, support and supervision (CSS) in its occupational agreement. This includes the possibility of FWH arranging for an external provider to provide the care, support and supervision.
- 12.5 Under section 189A of the Housing Act 1996 Brent must undertake a detailed housing needs assessment to support referrals for SEA and provide evidence of the CSS requirement.
- 12.6 Provided that FWH leases properties from private landlords for SEA and the rents are set at local SEA market rates, the Council should be able to reclaim the full amount as HB. CSS costs are not eligible for subsidy under Housing Benefit and must be covered separately either by the resident or the Council, or a combination of both.
- 12.7 In this project officers understand that FWH will lease properties for SEA for a minimum term of 2 years and a maximum term of 30 years without the use of public funding for acquisition.
- 12.8 There would be no conflict of interest in Brent using FWH as an SEA provider, given that the Council administers Housing Benefit and that, under new regulations, Brent will act as the licensing authority for SEA providers. There would not be a requirement for Brent to procure the opportunity as it would satisfy the requirements of the *Teckal* exemption, in accordance with paragraph 2 of Schedule 2 to the Procurement Act 2023.
- 12.9 Counsel has strongly advised that all documentation for the scheme should undergo comprehensive legal review prior to implementation, to mitigate the risk of non-compliance. Overall, there are no substantial legal barriers that would inhibit the progression of the scheme, but due diligence - particularly

regarding contracts, compliance and governance - is required to ensure long-term viability.

- 12.10 Wherever First Wave Housing has a need for legal advice or legal input where the other party would be the Council, including the signing of leases and contracts with the Council, they would need to seek independent legal advice as the Council's legal team would not be able to advise due to a conflict of interest.
- 12.11 Cabinet will have the requisite authority to approve the Council's entry into any funding agreement, the nomination agreement(s) and management agreement specified at Recommendation 2.4 on the basis of paragraph 1.4 of Part 3 of the Council's Constitution which specifies that the Leader has agreed to delegate all executive functions to the Cabinet. Moreover, section 1(1) of the Localism Act 2011 empowers the Council to do anything an individual can do unless prohibited by law and subject to public law principles. Further, section 111 of the Local Government Act 1972 sets out subsidiary powers of local authorities which allow the Council to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.

### **13 Equity, Diversity & Inclusion (EDI) Considerations**

- 13.1 The Public Sector Equality Duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have "due regard" to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a "protected characteristic" and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 13.2 Having due regard involves the need to inquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.
- 13.3 SEA is used to house residents with a wide range of needs, including:
- housing with care for older people
  - people with a learning disability and/or autistic people
  - people with mental ill health and/or physical disability
  - young people leaving care or who are at risk of homelessness
  - people experiencing or at risk of homelessness
  - people with drug and alcohol dependency needs
  - people with multiple complex needs



- domestic abuse refuges and safe accommodation with support

- 13.4 Supported accommodation is more likely to be accessed by residents who are from Black, Asian, Mixed or Other ethnic backgrounds, who are disabled, and who are asylum-seekers. As supported accommodation is provided by independent providers, Brent council does not collect demographic information about residents in supported accommodation in Brent.
- 13.5 Many of the residents eligible for SEA are protected under the 9 protected characteristics laid out in the Equality Act, and these groups are more likely to experience health inequalities, social exclusion, and complex support needs.
- 13.6 For the first scheme – supported living arrangements – a number of residents will have physical disabilities. As those residents will remain in their existing properties, this scheme will not impact those residents or their physical disabilities. It is not anticipated that the other schemes will be focused on residents with physical disabilities – where that is the case, the Council will work to identify and lease modified properties that meet their needs working with procurement specialists within the Housing Needs and Support Department.
- 13.7 The goal of the proposals above is to improve the quality of care, support, or supervision—and the accommodation—received by these residents and to support them into independent living. The proposals also aim to start offering more suitable accommodation and to start offering care, support, and supervision to some residents currently in temporary accommodation, which should have a strong positive impact on groups protected under the 9 protected characteristics laid out in the Equality Act.

## **14 Climate Change and Environmental Considerations**

- 14.1 The proposal does not impact the Council's environmental objectives and climate emergency strategy.

## **15. Communication Considerations**

- 15.1 Where Brent Council intends to ask residents in supported living arrangements to sign a new tenancy agreement with First Wave Housing, it is important that communication is clear, simple, and sensitive, making clear that there will be no reduction in provision or security of accommodation or care, support and supervision.

### **Report sign off:**

**Thomas Cattermole**

Corporate Director, Residents and Housing Services