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Deal or No Deal? How will Brexit affect the housing with care and supported housing market?

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Introduction

There has been commentary and reports in the national and professional press about the UK's planned exit from the EU on 29 March 2019 and the concerns of the impact on the NHS; for example, workforce issues and stockpiling medicines. However, whatever the Deal or No Deal, very little has been reported on the implications on the housing with care and supported housing sector. For this reason, we surveyed our members to find out what contingency and other plans have been made and to capture their views.

We have used the responses to our survey to build a snapshot of relevant sectors around planning and risk assessments, in particular, regarding staffing issues, housing demand, impacts on customers, costs, finance and investment decisions.

The survey was conducted in December 2018 and January 2019 and received 39 responses.

Findings

Staffing issues:

Of those who worked for **care and support organisations**, only **1/3** said that their organisation had undertaken any Brexit planning and/or risk assessments around **staffing issues** (recruitment and retention). Preparations included assessing the numbers of staff likely to be affected, reviewing building material supplies, reviewing the likely impact on recruitment and retention and planning for short- to medium-term fuel shortages and other key supplies.

Of those who worked for **housing and construction organisations**, only **32%** said that their organisation had undertaken any Brexit planning and/or risk assessments around **staffing issues** (recruitment and retention). Preparations included reviews of retention and recruitment under No Deal. There are concerns about importing building materials that are mostly produced in the EU.

Demand for housing:

Of those working in the area of social housing, only **14%** said that their organisation had undertaken any Brexit planning and/or risk assessments around the **demand for housing with care**/supported housing. There was a general feeling that demand for this housing will continue to rise despite Brexit, although there were some concerns about finance for support.

Of those to whom it was relevant, only **12%** of respondents said that their organisation had undertaken any Brexit planning and/or risk assessments around the **demand for housing with care for sale**. Some have begun advising their clients, who are developing selling these properties, to model price reductions. If building costs rise too much, the viability of some schemes could be called into question. Another respondent commented that in their experience, downsizers are struggling to attract buyers for their homes due to uncertainty and buyers waiting for some kind of house price crash. This then slows cash flow further up the chain.

Build development costs/materials:

Of those working in housing and construction, only **23%** said that their organisation had undertaken any Brexit planning and/or risk assessments around **new build development costs/materials**. As has been touched on already, there was general concern about rising material and labour costs due to Brexit.

Finance and liquidity:

Of those to whom it was relevant, only **15%** of respondents said that their organisation had undertaken any Brexit planning and/or risk assessments around **accessing capital finance to build**. For some respondents, this was the most important issue. Funding was expected to get harder to access (or already has become harder), especially from continental European lenders who may withdraw or tighten their lending criteria. This would make UK Government-backed lending more important. One respondent has already had builds halted or slowed due to funding issues. One local authority has written asset management strategy policy papers.

Of those to whom it was relevant, only **29%** of respondents said that their organisation had undertaken any Brexit planning and/or risk assessments around **finance and liquidity** (accessing capital, borrowing rates etc.). Answers here were similar to the previous question. There is some thought that national and / or local government could play a role in enabling companies to access capital.

Impact on customers:

Of those to whom it was relevant, only **25%** of respondents said that their organisation had undertaken any Brexit planning and/or risk assessments around the impact on **customers**.

There was also concern that staffing issues may lead to instability and force extra care developers to “move into more stable and profitable sectors”. Other concerns raised include delivery of low-level support services, delayed response to tenant issues and availability of medicines.

Other points raised:

Other Brexit plans and/or risk assessments made included assessing the impact of legal confusion around changing planning, employment and environmental regulations, transport problems, and rising household costs; for example, food, gas and electricity for residents.

Conclusion

Overall, many respondents found that the unpredictability of the Brexit process and of a No Deal scenario made it impossible to plan sufficiently for its impacts. There is a view that a lot of money has to be spent which may turn out to have been unnecessary, leading to reluctance to spend this money until the situation becomes clearer. Whatever the final outcome on the 29th of March, the responses to our survey suggest that this uncertainty and unpredictability means that the housing and care sector is woefully unprepared for Brexit.

C.f. Appendix 1. for a process list detailing the transmission channels for a No Deal Brexit, adapted from the Scottish Government’s No Deal impact report¹.

Other useful reading

To help Housing LIN members who do want to better understand the implications of Brexit for their sector(s), the following report from the independent Migration Advisory Committee addresses a number of potential impacts of Brexit. Published in September 2018, it considers social care, healthcare, and social housing, communities, and public services in general. Read at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741926/Final_EEA_report.PDF

And last week, the Cabinet Office published a report, 'Implications for Business and Trade of a No Deal Exit on 29 March 2019'. While not specifically addressing health, housing or social care issues, it delivers findings on wider business activities. It can be found at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/781768/Implications_for_Business_and_Trade_of_a_No_Deal_Exit_on_29_March_2019.pdf

¹ Scottish Government (2019) No Deal Brexit – Economic Implications for Scotland. Office of the Chief Economic Adviser, Scottish Government. Available at: <https://www.housingnet.co.uk/pdf/deal-brexit-economic-implications-scotland.pdf>

About the Housing LIN

The Housing LIN is a sophisticated network bringing together over 25,000 housing, health and social care professionals in England, Wales and Scotland to exemplify innovative housing solutions for an ageing population.

Recognised by government and industry as a leading 'knowledge hub' on specialist housing, our online and regional networked activities:

- connect people, ideas and resources to inform and improve the range of housing choices that enable older and disabled people to live independently
- provide intelligence on latest funding, research, policy and practice developments, and
- raise the profile of specialist housing with developers, commissioners and providers to plan, design and deliver aspirational housing for an ageing population.

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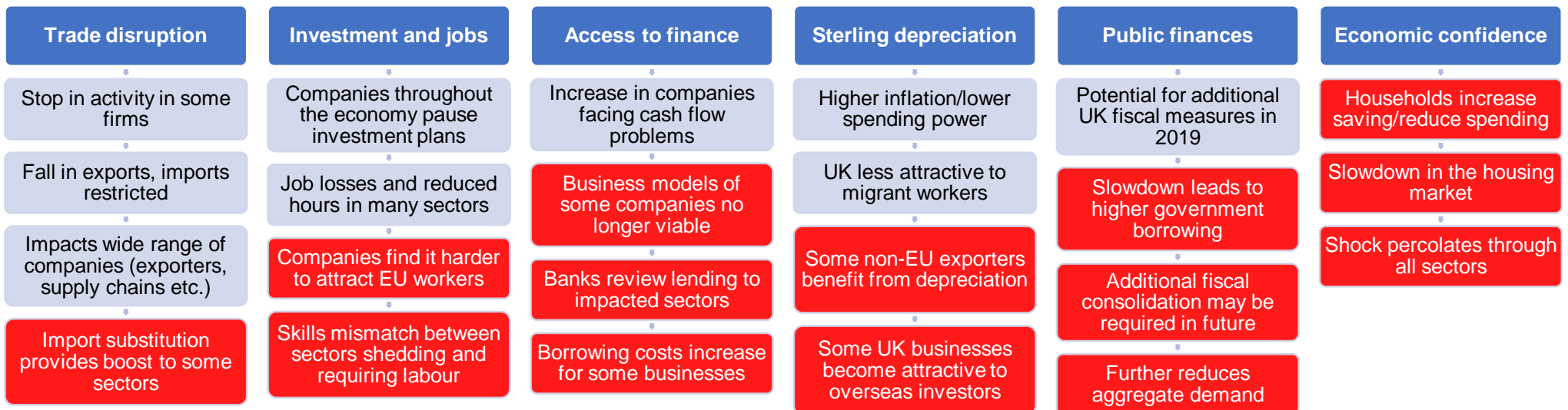
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Appendix 1.

Figure 1. Transmission channels for a No Deal Brexit. Consequences in red are those that would happen if the supply shock of a No Deal Brexit lasted longer (as opposed to just a short, sharp shock). Adapted from the Scottish Government’s No Deal impact report².



² Scottish Government (2019) No Deal Brexit – Economic Implications for Scotland. Office of the Chief Economic Adviser, Scottish Government. Available at: <https://www.housingnet.co.uk/pdf/deal-brexiteconomic-implications-scotland.pdf>