

Supported Living

Service Level Agreements

November 2025

- ▶ Marc Brodie, Commercial Director, Eden Futures
- ▶ Dan Braithwaite, Principal Associate, Mills & Reeve



MILLS & REEVE
Achieve more. Together.

Moving towards community-based support

In the 1950's and 60's thinking started to move away from traditional institutional settings and towards more community-based provision. By the 1980's the first steps towards implementing that reality were being taken.

Throughout the 90's community integration continued to take shape and the concept of supported living was proposed as an alternative to residential care for adults with learning disabilities, aiming to give more choice on where someone lived, who they lived with and more rights under their own tenancy.

In the 2000s progress continued with the introduction of the Health & Social Care Act (2001), the Mental Capacity Act (2005) and the Care Act (2014).

21st Century: Integration and Personalisation

2001

Health and Social Care Act

This Act enabled better joint working between health and social care and extended direct payments for social service users, promoting a more personalised approach to care.

2005

Mental Capacity Act

This Act established a framework to protect those who lack the mental capacity to make their own decisions.

2014

Care Act

This Act was a landmark moment that modernised adult social care law. It set out new duties for local authorities, introduced the principle of personalisation and person-centred care, and aimed to make the system more integrated and preventative.

Supported Living Now

The Supported Living market has increased in the UK by 6% in the past 5 years and is predicted to increase by the same percentage in the next 3. It is estimated that there will be the need for a further 37,500 units of supported accommodation by 2037.

This demand has led to much more in depth and innovative thinking around the environments themselves. Well finished and modern environments are commonplace, catering to the bespoke needs of individuals and creating a truly personalised home.

There are many types of supported living environments currently operated across the UK, predominantly falling into either the shared or single occupancy categories.

Environments continue to progress with the introduction of more robust materials, anti-ligature fittings, the building meeting sensory needs, as well as technology making everyday life easier to name a few. The environments are becoming smarter, more inclusive, whilst maintaining their high standard home first approach.

These environments continue to be transformative to people lives and good developers and housing providers understand their responsibility in this.



Current Trends of Developing

- The lack of REIT funding availability has created changes in the development market with more self-funding developers entering the space. This is positive as it is bringing with it new ideas and a more long-term view but also creating unknowns for providers whilst relationships are built.
- Smaller sites are being developed to stay away from the campus feel.
- Longer-term commitment needed by all parties for RIO to be realised. Not back to the 25-year SLAs of the past but there is a trend of 10-15 years SLAs being commonplace.
- The need for higher spec environments is rapidly increasing as are the costs that go with them.
- Standards are being raised by groups such as the Supported Living Improvement coalition bringing positive perspective and the views of multiple parties, including people supported to the table.
- The rising cost of development – development cost have increased by 26% since 2020.
- More involvement from people supported around their own home design in the planning stages.
- The environments being produced as part of wider residential projects so they are closer to the community with multiple community needs met on one site.
- The cost of general maintenance of these properties has raised between 30-50% since 2020.

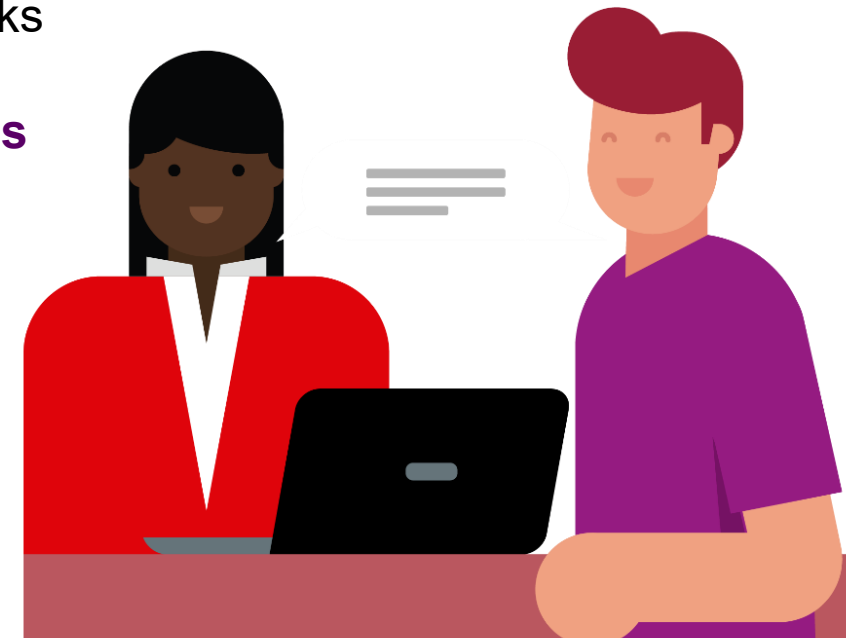


Some common models of supported living

1. Care provider owns the property, lets rooms / units directly to the people they support, and then also provide the care and support to them.
2. Care provider owns the property but has granted a lease of it to a Registered Social Landlord (RSL). RSL manages the property and lets the rooms / units to the individuals supported. Care provider provides care and support.
3. Care provider does not have any interest in the property, but instead works with a developer / 3rd party landlord who grants a long term lease to an RSL. Care provider enters into a **service level agreement / nominations agreement / voids agreement** with the RSL to govern the use of that property.

Which is best?

What are the pros and cons of each?



Trends in the SLA



- **Whilst SLAs are not going back to the days of constrictive 25-year agreements, there has been an increase in the length of terms expected of both housing providers and care providers.**
- **Almost all SLAs will carry void liability to providers.**
- **There is little wiggle room available in agreements.**
- **Higher levels of cost passed on from housing partners to care providers around specialist maintenance.**
- **Rental increases can be at a higher rate than CPI.**
- **Working with multiple authorities.**

Risks to Providers



The changes in the market is creating more risks within an SLA than ever before. Longer-term commitments, higher void costs, no guaranteed long-term commitment from the local authority around the continued use of the property are all contributing to higher risks to providers.

Key risk areas are:

- **Lack of an exit**
- **High onerous void terms**
- **A lack of uniformity from housing providers**
- **Lack of uniformity from local authorities**
- **A lack of guarantees around continued use of the service**
- **Commissioner support being pulled as projects near completion**

The important legal and commercial points when negotiating SLAs

Make sure someone reads these documents otherwise they have the capacity to hurt your business and / or make it difficult to sell.

1. Term / break dates / termination
2. Exclusivity of nominations
3. Void underwrite – the important specifics
 - When does liability start / stop
 - Grace periods
 - How much is it
4. Rent control
5. Property maintenance
6. Other key points
7. New developments



Questions ?