



Crisis response to the DCLG/DWP consultation on housing costs for short-term supported accommodation *January 2018*

Crisis, the national charity for homeless people, welcomes the opportunity to respond to the DCLG/DWP consultation on its [proposed new model](#) for funding supported accommodation.

Crisis is dedicated to ending homelessness by delivering life-changing services and campaigning for change. Our innovative education, employment, housing and well-being services address individual needs and help people to transform their lives. Our eleven Skylight Centres across the UK offer holistic support across a whole range of issues, including support to secure access to adequate and affordable housing. Our dedicated coaches work to an integrated model of delivery that also helps people prepare for, find, sustain and progress in work.

Ensuring that homeless people can get access to affordable, decent, secure housing is central to our work. While we do not provide supported accommodation directly, we work in close partnership with providers that do. Short term housing currently plays a critical role in meeting the needs of those at risk of or experiencing homelessness, and more than two fifths of our clients live in short term supported housing while accessing our services. In developing our response, we draw on the learning from the experience of supporting clients living in hostels and other short term supported housing services, as well as evidence from partner agencies involved in the provision of this essential part of the homelessness safety net. Our response is also informed by our commitment to develop and learn from the evidence-base on what works in tackling homelessness, and to ensure that this evidence base drives change in the sector.¹

We note that the proposals are said to relate only to England, though comments are welcome from respondees across Great Britain. In fact, as the Government proposes to end demand-led funding through the welfare system for supported housing costs in schemes defined as “short term” across all three nations, the proposals have significant implications for provision in Scotland and Wales as well as England, and our submission therefore addresses the implications for all three nations.²

We set out below our response to those consultation questions relevant to our expertise.

Summary of key points

Crisis welcomes the Government’s decision not to apply Local Housing Allowance (LHA) rates to the social housing sector or to proceed with the proposal to create a ring-fenced

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http://www.cloresocialleadership.org.uk/userfiles/documents/Research%20reports/2016/Fellows/Ligia%20Teixeria/160119CHI_Final_double_page.pdf

² Paragraph 59 of the Policy Statement says that Wales and Scotland will be provided with an equivalent amount of funding and it will be for the devolved administrations to decide how to fund it. As the funding formula may not be linked to actual spend on Housing Benefit/UC equivalent after the year 1 settlement, this risks leaving the devolved administrations with a shortfall in funding should they choose to continue to operate a welfare system based, demand led funding model.

fund based on the difference between LHA rates and HB eligible costs. Some aspects of the revised proposals are welcome, including the proposal to establish a National Statement of Expectations for supported housing funding and requirements regarding local strategic planning and needs assessment. We also support the Government's aspiration to create a system that is people focussed, provides funding certainty, gives councils an enhanced role in commissioning services to meet local needs and provides value for money. However, we also have significant concerns with aspects of the proposal as follows:

- The proposals are narrowly focussed on arrangements for funding supported housing services, without directly addressing the potential role of other types of housing-led intervention, such as Housing First. Evidence has shown that Housing First is an effective intervention for homeless people with complex needs,³ and the Government is supporting three city region Housing First pilots to scale up provision.⁴ It is essential that any new funding framework considers the implications of the city region Housing First pilots (and in due course draws on the learning from these), and considers the implications of any new funding regime for commissioners' ability to re-design local services where appropriate;
- While Government research suggests that around a third of the costs of supported housing are met from sources other than Housing Benefit,⁵ the focus of the proposals is on housing costs alone, rather than on the full range of funding streams that enable delivery of supported housing provision, including funding for support costs. We urge government to take this opportunity to address the total cost of provision at national level. Not doing so risks undermining the effectiveness of the new regime, for example, if the reform drives further cuts by local authorities in locally set housing related support or care budgets, or encourages housing providers to switch more cost into rent prior to implementation of the new arrangements. Funding for commissioned housing related support services has been reduced in the last decade as a consequence of pressures on public sector spending and the removal of the former Supporting People ring fence.⁶ This has created the conditions in which more costs have been shifted from support budgets into Housing Benefit eligible service charges.⁷ To minimise the risk of unintended consequences arising from the new funding regime, it is essential that any new national framework addresses the totality of costs in providing housing and support for homeless people, and considers value for money of funding across all aspects of provision, not just for accommodation based services.
- The Government has devised the proposed local grant model grant model for reforming short term supported housing funding costs without public appraisal of the alternative funding distribution models considered, or the risks/potential unintended consequences of proceeding to remove services defined as short-term (of up to two

³ https://www.crisis.org.uk/media/238368/ending_rough_sleeping_what_works_2017.pdf

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/661430/Building_the_homes_the_country_needs.pdf

⁵ <https://www.gov.uk/government/publications/supported-accommodation-review>

⁶ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2017) *The homelessness monitor: England 2017*. London: Crisis/JRF. The Homelessness Monitor documents significant reductions in the availability of funding for "Supporting People" services, which include the provision of accommodation based services for single homeless people, pre-tenancy assistance to help homeless people gain access to housing and in-tenancy floating support for resettled households. While spending on homelessness interventions has increased by 13% since 2010, this increase needs to be understood against a backdrop of a cut backs in overall council spending on non-landlord housing services of 46%. Spending on housing-related support (through the former "Supporting People" programme) has decreased by 67% in real terms since 2010.

⁷ While the scale of this shift is hard to evidence, the practice adopted by some providers and commissioners is described here:

http://www.supportsolutions.co.uk/briefing/issue_12/exempt_specified_accom.html

years' duration) from the welfare system. Length of stay in supported housing may not be the best way of distinguishing between short and longer term accommodation and we urge Government to consider alternative options for framing any definition, assuming a local grant fund approach is retained. Further, while the proposals would bring "short term" provision that meets the definition within the scope of a commissioned approach, which is welcome - it is unclear what commissioning influence local authorities/other public sector commissioners would have over services falling outside the definition, some of which may be of a very poor standard.⁸

- Another key omission from the proposal is the absence of any formula for indexing the budget in future years to allow for either growth in the need for services or inflation-driven increases in providers' costs. Government should share the evidence upon which these assumptions are based, as projections of future levels of homelessness commissioned by Crisis suggests that the scale of need will continue to rise in the longer term, albeit at different rates across the UK, without changes in public policy affected the drivers of homelessness.⁹ Without safeguards that growth in providers' costs over time will be met by a commensurate budget in local grant budgets, the proposals for short-term supported housing risk jeopardising the viability of current accommodation based services, as well as providers' ability to deliver new schemes. If this essential part of the current homelessness safety net is undermined, it risks undermining the implementation of the Homelessness Reduction Act and further exacerbating increases in homelessness.
- The proposal to take hostel residents out of the benefit system for up to two years has potential advantages for those seeking or in work while they remain in supported housing, but risks making it even more difficult than it is at present for tenants to move on from supported housing.¹⁰ "Fears over how to pay high rents from a low income"¹¹ are equally relevant to people moving into privately rented housing in high value housing markets, particularly in London. Privately rented housing is sometimes the only accommodation option available to people leaving hostel accommodation.¹² Cushioning people from the effects of paying rent for up to two years may be counter-productive in helping them to develop financial independence and plan for the transition to privately rented housing at market rent levels. We would like to see this aspect of the proposal subject to further impact assessment before any decision to proceed with implementation.

To remedy these concerns, we urge Government to:

- Ensure any new framework is grounded in an evidence based analysis of what works to prevent and resolve homelessness, with a vision that includes delivering the changes in practice and provision needed to ensure homelessness is rare, brief and non-recurrent.
- Establish a national framework for monitoring outcomes, and identify how local authorities will be supported to deliver improvements in outcomes where these do not meet required standards, or where commissioning/funding arrangements are not fit for purpose. Government should consider establishing a team of expert advisers for housing-related support services, working alongside the newly created team of Homelessness Advisers, or expanding the remit of the latter to cover short-term supporting people services, to ensure that every area of the country moves forward with the effective implementation of any new regime.

⁸ Communities and Local Government and Work and Pensions Committees (2017) *Future of supported housing*. House of Commons

⁹ <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/types-of-homelessness/homelessness-projections-core-homelessness-in-great-britain-2017/>

¹⁰ The Homeless Link annual survey of homelessness projects provides evidence of the barriers to move-on experienced by hostel residents: <https://www.homeless.org.uk/sites/default/files/site-attachments/Full%20report%20-%20Support%20for%20single%20people%202016.pdf>

¹¹ DCLG/DWP Funding Supported Housing: Policy Statement and Consultation, Paragraph 60

¹² https://www.crisis.org.uk/media/237833/moving_on_2017.pdf

- Before proceeding with implementation, conduct and publish an assessment of the impact of the proposed approach and, ideally an evaluation of of alternative options/modifications for reforming funding, addressing the impact for tenants, providers, commissioners and the tax payer – and shape a way forward on the basis of this evidence. This should include consideration of a shorter timeframe for grant funded-services that reflect the maximum time needed to get benefit claims into payment;
- If the proposals for a local grant fund are implemented, it is essential that the wording of the definition for short term services is revised to remove the words “whichever occurs first”. Hostel residents should not be made homeless if they have been unable to move on within two years (or whatever other timeframe is adopted), and commissioners should be able to continue to fund individuals who have been unable to move on.
- In order to enable Government to ensure effective implementation of any new regime, and allow time for further evaluation and testing of the impact of any move from a welfare based system to a commissioned local fund, and consultation with residents and their representative groups, we recommend that the Government considers a later start date for full implementation. A more realistic timetable might involve testing or piloting approaches from 2020-2021, with roll out over the following two years.

Crisis response to consultation questions:

Q1. Do you agree with the definition [of short term supported housing]?

We do not agree with the definition for the following reasons:

- a) There is a lack of clarity about what will happen where residents do not move on within the two-year period stipulated by the proposed definition. If the proposals for a local grant fund are implemented, it is essential that the wording of the definition is revised to remove the words “whichever occurs first”. Hostel residents should not be made homeless if they have been unable to move on within two years (or whichever timeframe is adopted), and commissioners should be enabled to continue to fund individuals who have been unable or are not ready to move on.
- b) It will not always be straightforward to determine which schemes should be included in the short-term definition and which should be treated as long term schemes, but the decision will have a potentially significant impact both on providers and on tenants. The two-year framework seems somewhat arbitrary, when the Government could equally have proposed a two, three or six-month option – which would provide time for residents to be supported to submit a UC or HB claim and begin the process of shaping a personal plan to improve health and wellbeing and seek work. Were the Government to implement a shorter timeframe, this would reduce the volume of funding captured in the local grant fund and reduce the “commissioned” component of services. It is disappointing that the Government has not made available any analysis of the range of funding options it considered, and impact and risk assessment for each – and has not consulted publicly on the range of options that might be adopted to meet its objectives. As noted above, we recommend that before proceeding with reforms, Government conduct an evaluation of alternative options for reforming funding, including the present proposal and modifications of this (eg a shorter timeframe for the definition of short term housing), addressing the impact for tenants, providers, commissioners and the tax payer – and agree a way forward on the basis of this evidence.

Our concerns with the funding model are not simply driven by the definition of short term housing. We also have concerns with the potential impact of the local grant model for residents who will no longer be able/required to claim welfare support to meet their housing costs. While this proposal has potential benefits while homeless people are resident in supported housing, there are also risks which would need to be addressed:

- c) By taking short term accommodation funding out of the benefit system, residents of short term supported accommodation could be deprived of their rights as tenants. In law, a tenancy is defined by the presence of three conditions: exclusive occupation (of a property or part thereof) for a rent for a term. Although residents would still be required to pay for their personal heating and lighting costs, this does not constitute rent. By removing residents from the obligation of paying rent regularly, these changes could render them licensees, with depleted rights and less security. Any reform affecting residents' rights should not be taken without full consultation with those affected.
- d) An inherent part of making the successful transition to living independently is the payment of rent for your own accommodation. Short term supported housing involves additional support and intensive housing management to enable residents to develop budgeting skills and the capacity to manage their finances. Removing the requirement to pay rent could lead to people missing the opportunity to develop these skills unless providers devise other ways of supporting residents to manage their rental budget. It may also be harder to find private rented landlords willing to rent to tenants who have no track record of showing they can manage to pay rent regularly. This could make it harder for people to move on and reduce the supply of accommodation available to those with experience of homelessness.
- e) By removing the requirement for residents of short term supported housing to pay rent a "cliff edge" is created whereby moving from designated short term supported housing to accommodation in the social or private rented sectors would result in a significant change in personal financial liabilities as they are required to pay rent for the first time. The new financial pressures, with no prior experience of being supported to manage their rent, could make it harder for new tenants in independent accommodation to sustain their accommodation and could result in future repeat homelessness. It could also present a barrier to people moving on from short term supported housing, even where they might otherwise be ready, undermining efforts to ensure that available bedspaces are targeted at those who need them.

Q2. New funding model: what detailed design features would help to provide the necessary assurance that costs will be met?

We have significant concerns with the potential impact of the Government's proposal to adopt a "local grant fund" from 2020, based on Housing Benefit-eligible housing costs as at 2020-21. As noted in response to question 1, we urge the Government to conduct an evaluation of alternative options for reforming funding, including the present proposal and modifications of it, addressing the impact for tenants, providers, commissioners and the tax payer – and agree a way forward based on this evidence

The consultation document states (at paragraph 60) that grant allocations will:

- "match" the sums that otherwise would have been paid through the welfare system in 2020-21;
- continue to be set "on the basis of current projections of future need (as informed by discussions with local authorities)"; and
- will continue to "take account of" the costs of provision.

To provide additional assurance on each of these points we urge Government to:

- a) Provide a clear commitment that there will be adequate additional funding for local authorities to administer and commission short term supported housing funding. The new commissioning regime looks similar in some respects to the Supporting People commissioning regime that has in many areas been dismantled, and it cannot be assumed that every administering authority will have appropriate frameworks already

in place to commission accommodation based support services.¹³ Additional specific funding is needed for local authorities to administer and meet any new responsibilities and guarantees should be provided that such activity will not be funded from the housing costs funding that transfers from Housing Benefit. Without this commitment, there is a concern that administrative duties will eat into the available funding and deplete resources for vulnerable homeless people.

- b) Any new model must allow for future growth in the need for housing with support. We note the consultation document statement that there will be “lower projected demand for increased provision” of short-term and transitional support. Government should share the evidence upon which these assumptions are based, as projections of future levels of homelessness commissioned by Crisis suggests that the scale of need will continue to rise in the longer term, albeit at different rates across the UK, without changes in public policy affected the drivers of homelessness.¹⁴ The move from a demand-led system (through Housing Benefit) to a grant based system, using a formula based on Housing Benefit claims at a fixed point in time, provides no assurance that resources will increase to meet identified demand over time. While the proposals include a commitment that funding will reflect current projections of future need, Government should spell out what this will mean in practice, with specific, budgeted commitments for spending growth as any new regime is implemented.
- c) Any new model should include a formula for indexing the budget in future years to allow for inflation-driven increases in providers’ costs. Without safeguards that growth in providers’ costs over time will be met by a commensurate budget in local grant budgets, the proposals risk jeopardising the viability of current accommodation based services, as well as providers’ ability to deliver new schemes. This should honour the terms of the rent settlement announced by Government on 4 October 2017 allowing increases to social housing rents at the Consumer Price Index (CPI) plus 1% for 5 years from 2020.¹⁵ Failure to make provision for an annual uplift in provider costs in any new funding regimes risks the deterioration of stock condition and compromised safety, breaching loan covenants for supported housing schemes, and undermining business plans. Ultimately, failure to address the risks through the funding formula has the potential to jeopardise continued and future provision of short term services.

Q5. Do you agree with this approach – i.e. proposals that in 2 tier areas, grant will be paid to upper tier?

Crisis does not agree with this proposal. If a new commissioning framework is established, we would urge government to provide flexibility in determining lead responsibility in any given area, allowing the possibility that lower tier authorities may in many areas be better placed than upper tier authorities to lead on commissioning short term services because these are focussed above all on people experiencing or at risk of homelessness. Upper tier authorities may be less likely to direct resources to services for which they do not have responsibility, with the risk that budgets are switched from homelessness provision towards statutory adult social care services.¹⁶

¹³ Communities and Local Government and Work and Pensions Committees (2017) *Future of supported housing*. House of Commons; Homeless Link (2013) *Changes in Commissioning for Housing-Related Support. Guidance for Providers*

¹⁴ <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/types-of-homelessness/homelessness-projections-core-homelessness-in-great-britain-2017/>

¹⁵ <https://www.insidehousing.co.uk/news/news/government-announces-five-year-rent-settlement-52664>

¹⁶ For example: <https://www.insidehousing.co.uk/news/news/council-confirms-record-supporting-people-cut-34504>;

http://www.oxfordmail.co.uk/news/14915933.Funding_pulled_from_two_of_Oxford_s_biggest_homeless_shelters/

The Homelessness Reduction Act – which comes into force in England in April 2018 – has provided a strengthened safety net, with new duties on local authorities to prevent and relieve homelessness. The new homelessness duties and associated funding are the responsibility of lower tier authorities. Lower tier local authorities are also more directly involved in addressing issues of housing supply; even where they do not retain stock directly, they have relationships with housing associations, private sector landlords and social lettings agencies. Lower tier authorities also administer Housing Benefit, and host environmental health responsibilities and responsibility for standards of accommodation in the private rented sector. These are all areas of expertise that are relevant to the commissioning function for supported housing.

We recommend that if a component of funding for short term housing is removed from the welfare system:

- Government ensures that this is normally devolved to the authority with the statutory duty to prevent and relieve homelessness, unless there are specific reasons why this may not be appropriate (for example, if lower tier authorities agree that it would be preferable for the county council to co-ordinate commissioning activity).
- Government considers the need for alternative commissioning arrangements for client groups that typically do not meet local connection requirements, including people fleeing domestic abuse, people leaving custody, young people needing to get away from gangs, people seeking to start drug and alcohol recovery programmes who need to move away from areas where their social network puts them at risk. It is likely that these people will have complex needs but may not show up in local strategies. Despite existing statutory guidance – and the enhanced provisions of the Homelessness Reduction Act – there is a risk that people without local connection will be prevented from accessing support and could be denied even very short term accommodation. Government should ensure the funding regime is joined up with the National Statement of Expectations for Supported Housing and the Homelessness Code of Guidance in ensuring that the needs of these client groups are met.

Q6. We would welcome your views on the draft National Statement of Expectations for supported housing funding (housing costs).

Crisis is supportive of the principle of a National Statement of Expectations as part of broader national framework for ensuring the effective commissioning and delivery of accommodation and support services for homeless people. As currently drafted, however, the Statement is not fit for purpose. We recommend the following:

- Amend the draft National Statement of Expectations to include a requirement that local commissioners ensure that provision of accommodation and support services is grounded in an evidence based analysis of what works. Despite the inclusion of the current heading “Encourage innovation in commissioning through a strategic approach” the draft statement concentrates on the role of joint commissioning and inter-agency collaboration, cross border partnerships and effective monitoring of providers. While these are all important, the Statement should also encourage commissioners to adopt an outcome- focussed approach to commissioning and, where appropriate, service redesign, to ensure homelessness is rare, brief and non-recurrent. We recommend that National Statement of Expectations is linked to a national framework for monitoring outcomes, enabling Government to assess the impact of funding at national level.
- Under the objective “Support individuals to move on to independent accommodation”, the Statement should make clear that the objective should be to ensure homeless people are housed into permanent accommodation as quickly as possible. This might be through Housing First for homeless people with complex needs, or a housing led response with floating support for those with low to moderate support needs.

- The framework must enable commissioners to ensure an appropriate mix of emergency and specialist supported housing (whether short or longer term), housing-led solutions for homeless people with low to moderate support needs and Housing First solutions for homeless people with more complex support needs;
- The proposals do not account for the role of housing led approaches such as Housing First to address the needs of homeless people with complex needs (beyond the suggestion that councils should consider both the support and housing elements of the service) – and it is unclear how commissioners would adapt the proposed funding framework to enable a planned transition to a Housing First. Evidence from the Liverpool City Region Housing First viability study highlighted the need for capacity to “double run” hostel and Housing First services during an appropriate transition period.¹⁷
- Government should also ensure that whatever funding framework is devised, it can ensure that where services are restructured, the transformation process does not undermine the viability of current accommodation based services until and unless alternative forms of provision are in place.
- We also have comments on the “no local connection” section of the Statement of Expectations which are addressed in question 7 below.

Q7. Do you currently have arrangements in place on providing for those with no local connection?

While this question is directed at local authorities/providers, we wanted to take this opportunity to welcome the intent of the draft Statement of Expectations in enabling fair access to supported housing for people with no local connection, but also to highlight concerns that:

- local authorities are not always well placed to identify and meet needs for the relevant client groups, and
- varying local connection eligibility rules for supported and/or social housing sometimes prevent homeless people from accessing services.

In our response to question 5 we note the range of client groups for whom there may be value in a cross border approach to identifying and meeting needs, namely:

- people fleeing domestic abuse
- people leaving custody
- young people needing to get away from gangs
- people seeking to start drug and alcohol recovery programmes who need to move away from areas where their social network puts them at risk.

Additionally, there are client groups who struggle to demonstrate a local connection because of locally imposed requirements around access to supported or social housing. We would like to see the National Statement of Expectations extended to ensure these groups include:

- entrenched rough sleepers with no recent history of settled housing who sleep rough in a locality, but cannot establish the necessary proofs of local connection
- people being treated for mental health conditions who move in and out of hospital and rough sleeping.

There is a risk that despite existing statutory guidance – and the enhanced provisions of the Homelessness Reduction Act – some of the client groups identified above will be redirected to other areas for assistance and denied even very short term accommodation. We urge Government to ensure that expectations within the Supported Housing Funding framework

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https://www.crisis.org.uk/media/237545/housing_first_feasibility_study_for_the_liverpool_city_region_2017.pdf

are properly aligned with the Homelessness Code of Guidance, and ensure that the needs of these groups of people with entitlement to access services are met.

Q8. How can we help to ensure that LAs can commission both accommodation and associated support costs on a more aligned and strategic way?

It is essential that any new national framework addresses the totality of costs, and considers value for money alongside the adequacy of funding across all aspects of provision, not just for accommodation based services. The Government should therefore consider extending the statement of expectations to address support costs as well as housing funding and consider re-establishing a ring-fenced funding stream for housing related support.

Equally important, Government must ensure the funding proposals are part of a broader national framework that is grounded in the achievement of key national (as well as local) outcomes, including for tenancy sustainment, improvements in mental and physical health and wellbeing, and employment progression – alongside the outcomes articulated in the current draft proposals around value for money and vacancy rates. This framework should enable and incentivise the delivery of interventions that deliver improved outcomes for individuals and the potential for cost savings as a consequence, considering impacts on the full range of public services affected, including homelessness services, the criminal justice system, public health and the NHS.

Government should also set out how it will monitor the outcomes achieved through the new framework, and what the response will be in areas where outcomes are poor, or commissioning/funding arrangements are not fit for purpose. We would like to see Government establish a national framework for monitoring outcomes and should consider establishing a team of expert advisers for housing-related support services, working alongside the newly created team of Homelessness Advisers to ensure that every area of the country moves forward with the effective implementation of any new regime.

Q9. How will you prepare for implementation in 2020 and what can Government do to facilitate this?

Crisis considers the implementation date of 2020 is likely to be unrealistic. Going ahead with implementation within this timeframe risks jeopardising provision of essential homelessness services. We urge Government to allocate sufficient time to assessing the impact of, and consulting on, the current proposal and appropriate modifications/alternatives, as well as allowing time to pilot/test alternative models. The timetable should also take account of the timescales for the Housing First City Region pilots, enabling Government, commissioners and providers to consider the learning from these as the new funding framework is implemented.

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