Future focus

A framework to shape the funding of sustainable supported housing services
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Foreword

Rick Henderson  Chief Executive, Homeless Link

At any one time, over 600,000 people rely on supported housing to provide a secure place to live and to offer appropriate care and support.¹

The wide range of supported housing schemes offered by Homeless Link members shows the diversity and vibrancy of the sector. These schemes are a lifeline for people who are homeless, or have learning disabilities, people living with mental illness, or who are recovering from substance misuse, and those who have spent their childhood in care, are fleeing domestic violence, or who are elderly and need extra support to live independently.

Supported housing schemes work with people for as long as they need support, whether that is a matter of days, months or years.

We are currently at a point of unprecedented importance for supported housing. It is no exaggeration to say that decisions taken over the next few months and years will be crucial in shaping the provision of accommodation and support for some of society’s most vulnerable people for decades to come.

The Government is proposing to implement a new funding system from 2019, and it is vital that the new model is fit for purpose and protects those who depend upon supported housing.

That is why, in consultation with our members, we have produced this statement of the five principles by which we think any proposed system should be judged. We believe these principles will ensure that an effective, dynamic and sustainable supported housing sector is there for everyone who needs it in the future.

We call on Government and the wider supported housing sector to use these principles in assessing any future proposals for funding supported housing.
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Five key principles for the new supported housing system

In order to create a sustainable supported housing sector, the new funding system must be underpinned by the following five principles:

1. Provide adequate funding on a sustainable basis so that supported housing is available to everyone who needs it.

2. Respond flexibly to the diversity and complexity of people’s individual needs and aspirations.

3. Encourage the sector to use its expertise to implement good practice, innovate and develop to meet future demand.

4. Support the commissioning of high-quality supported housing schemes that meet the current and future needs of local communities.

5. Develop in partnership with supported housing schemes and their residents.

“Supported housing supports hundreds of thousands of the most vulnerable people across the country. A safe, stable and supportive place to live can be key to improving people’s lives, and for many it is a stepping stone to independent living in the longer term. The Government values the role supported housing plays and is committed to protecting and boosting the supply of supported housing and ensuring it provides value for money and works for those who use it as well as those who pay for it.”

Damian Green, Secretary of State for Work and Pensions, September 2016
What is supported housing?

Any housing scheme where housing, support and sometimes care services are provided to help people to live as independently as possible.”

Supported housing is an umbrella term applied to a wide range of accommodation with individualised support for vulnerable people.

This can include support with health needs, including mental health and drug and alcohol use, managing benefits and debt, developing daily living skills and accessing education, training and employment.

The types of accommodation that might be described as supported housing include:

- Hostels for people experiencing homelessness
- Refuges for people fleeing domestic violence
- Housing with support for older people (sheltered or extra care housing)
- Foyers for young people
- Accommodation for people with learning disabilities
Why is supported housing important?

Supported housing helps people achieve a range of positive outcomes and contributes to stronger and safer communities.

It improves people’s health and independence and helps ease the pressure on other services, including the NHS, social care and the criminal justice system. It promotes social inclusion, plays a critical role in preventing ill health or the escalation of someone’s support needs and empowers individuals to achieve their potential.

The support on offer helps people develop vital skills and access resources to move successfully on to independent living, including accessing education, training and employment.

An evaluation of outcomes for people in supported housing projects showed that:

- 85% of people established contact with external services
- 80% managed their physical health better
- 72% maintained their accommodation and avoided eviction
- 61% accessed education and training

Invest to save

Without supported housing, there would be significant costs for the individuals who need support, for wider society and the public purse. Supported housing services play a key role in helping people to stay well and preventing them from attending A&E or being admitted to hospital. This improves outcomes for the individual, but also reduces costs in other parts of the system.

The most comprehensive evaluation of Supporting People, a funding stream for supported housing introduced in 2003, found that a £1.6 billion investment generated net savings of £3.4 billion to the public purse. This includes avoiding £315.2 million health costs, £413.6 million costs of crime and criminal justice and £96 million costs of homelessness.\(^4\)
Who needs supported housing?

651,000 people live in supported housing

- **71%** Older people (65+)
- **7%** People with learning disabilities
- **6%** Single homeless people, including rough sleepers
- **5%** People with mental health problems
- **3%** Vulnerable young people
- **2%** People with physical disabilities
- **1%** Homeless families
- **1%** People with drug or alcohol misuse needs
- **1%** Offenders
- **1%** People at risk of domestic abuse
- **2%** Others, including refugees or asylum seekers

Additional support needs of people accessing homeless accommodation projects:

- **33%** Multiple or complex needs
- **32%** Mental health
- **31%** Drug use
- **23%** Prison leavers/ex-offenders
- **23%** Alcohol use
- **12%** Physical health
- **6%** Learning difficulties
Who provides supported housing?

**Who provides supported housing?**

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Provider Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>71%</td>
<td>Housing associations</td>
</tr>
<tr>
<td>18%</td>
<td>Local authorities</td>
</tr>
<tr>
<td>7%</td>
<td>Other charities or voluntary bodies</td>
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<tr>
<td>4%</td>
<td>Other not-for-profit providers</td>
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How is supported housing funded?

Funding for supported housing has two components: housing costs (rent and eligible service charges) and the cost of the support provided, such as staff, keyworkers, and day to day support activities.

The Government’s current proposals only relate to the housing costs, presently paid entirely through the benefits system. However, funding needs to be considered holistically to ensure that appropriate funding is in place for the sector in the future.

**Housing costs** are paid via Housing Benefit, as supported housing is currently exempt from Universal Credit. Costs are higher than in other forms of social housing, for reasons including the costs of maintaining communal spaces, higher levels of wear and tear or the need to have enhanced security measures in certain properties. This is currently recognised through an enhanced rate of Housing Benefit paid to people who live in supported housing. The total amount of Housing Benefit spent on supported housing is estimated at £4.12 billion per year.

**Support costs** are usually funded through the local authority, with other sources including NHS or grant funding. In 2003, the Supporting People (SP) programme was introduced to fund support costs in supported housing. This was a central Government grant administered at a local authority level through a ring-fenced funding pot. However, the ring-fence was removed in 2009 and it is has become difficult to track spending on support costs in supported housing.

Since 2009, the National Audit Office estimates that funding for housing-related support (previously SP) has reduced by 45%, between 2010/11 and 2014/15. Current reports of local authorities making further substantial cuts to housing-related support budgets are concerning. The Government’s plans must be seen in the context that supported housing has lost a significant amount of investment and access to these services is increasingly limited, with a current shortfall of 16,692 places.
What are the Government’s future funding plans?

From April 2019, the Government is proposing that rents and service charges in supported housing will be paid via Universal Credit, or Housing Benefit (depending on Universal Credit roll-out), up to the Local Housing Allowance (LHA) rate only.

The LHA rate is linked to the local private rental market and is capped at the 30th percentile of rental costs. This varies from £69.73 per week in Hull and East Riding to £260.64 per week in Inner North London. The average cost of supported housing is £173 a week, although this varies significantly by type of service and resident group. This is the first time the LHA cap will be applied to supported housing. Under Universal Credit rules, housing costs will be paid to the resident, rather than the landlord as is currently the case with Housing Benefit.

It is proposed that any shortfall between the LHA rate and the housing costs will be met from a local ring-fenced top-up fund, administered by local authorities. It is currently unclear how the size of the pot will be determined for each local authority. There are also concerns about different types of services being in competition for funding at a local level, potentially leading to particular groups missing out.

The introduction of Universal Credit is one of the key drivers of these reforms. However, Universal Credit poses a challenge to short-term supported accommodation, such as hostels and refuges, as it is paid on a monthly basis, so is not set up to cover the costs of stays of fewer than 28 days. The Government has acknowledged that short-term services, therefore, need a different funding model and are consulting on possible proposals.

Alongside this change, the Government has confirmed that registered providers of supported housing will be expected to reduce their rents by 1% annually from April 2017, to mirror the rest of the social housing sector. We believe these proposals introduce a high level of risk to the sector and the vulnerable groups our members support, and urge the Government to reconsider.
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Five principles for sustainable supported housing
Concerns

The single biggest concern of our members is the security of funding. There are concerns about the robustness of the methodology used to determine the current spend on Housing Benefit, and how much would be needed for the local top-up fund in a new system.

The use of Local Housing Allowance (LHA) as a basis of the system is also problematic, as it is driven by market forces in the private rented sector, and does not relate to the higher running costs of supported housing. Topping this up from a discretionary, ring-fenced fund, introduces uncertainty for providers and residents.

Providers are also facing a 1% rent reduction year on year from April 2017. This, combined with the ever increasing pressure on support funding, is putting services in an unacceptably precarious position and does not provide the certainty the Government is hoping to achieve with their proposals.

Considerations for a new system

- Funding for both housing and support costs should be adequately assessed, with clear plans for how funding will grow to meet future need.
- The suitability of the LHA rate for the supported housing sector should be reviewed in partnership with services, so that alternative funding models can be explored and the sector is not put at unnecessary risk. This could include examining the possibility of a supported housing rate of LHA which more accurately reflects actual costs.
- There needs to be greater assurances around the long-term security of a ring-fenced pot.

Principle 1

Provide adequate funding on a sustainable basis so that supported housing is available to everyone who needs it
Andy is 38 years old. He first entered prison at 18, and for the next 15 years was stuck in a cycle of drug use and crime that damaged his family relationships and employment and left him homeless.

Finding treatment and housing was crucial in breaking that cycle. Andy had qualified as a plasterer but within six months of starting to use class A drugs, as well as illicit prescription medications, he had lost his job.

His first attempt at residential rehab was in 2009. He completed a six-month programme followed by three months in supported housing, and although this gave him some stability, he wasn’t fully committed to recovery. Andy ended up back in prison and when he came out on license conditions, while he decided to ‘play the game’, he still wasn’t ready to commit to making real change. By 2012, he was homeless again.

Andy completed five months of residential treatment followed by a one month ‘senior stage’ at a residential service. He completed treatment and progressed on to re-entry housing for three months before moving into specialist supported housing.

The availability of adequate funding was vital in ensuring the sustainability of services needed to provide life-changing support to Andy over a period of several years.

His life is very different now; Andy has been abstinent for almost four years – the longest he’s been drug- and crime-free. The stable base provided by his accommodation enabled him to start up his own plastering business. His family relationships have greatly improved and he has a stable relationship with his partner. He is succeeding in his recovery, and as Andy explains, housing is a crucial element of his success:

“\The security of having a roof over my head enabled me to focus on other aspects of my recovery and focus on other things that I wanted to achieve...without this element to my recovery it would have been extremely difficult to succeed.”\n
* Names have been changed
Concerns
A strength of the supported housing sector is that it offers support based on people’s individual needs and aspirations. Services work with people for as long as they need to, provide holistic support for their range of needs, and equip them with vital skills to live independently in the community.

There are concerns that Government proposals might introduce arbitrary definitions around timeframes and service types, particularly when developing a system for short-term services. If local authorities have to make difficult decisions in administering a discretionary pot, this might also put high risk, high-cost services that support people with some of the most complex needs in jeopardy. Given the Government’s commitment to ensure the new system properly supports vulnerable people, it is important that this specialist provision is not lost.

Considerations for a new system
- Individual entitlement to benefits and support is key to meeting the Government’s objective of ensuring provision focuses on people accessing the support they need.
- Homeless Link works with Clinks and Mind as part of the Making Every Adult Matter (MEAM) coalition to support local areas across the country to design and deliver better coordinated services for people with multiple needs. Evidence and good practice from these local areas should be considered in the new model to ensure supported housing can play a central role in local systems to effectively support people with the most complex needs.
- The funding system for short-term services needs to be fit for purpose and provide security to those living in and delivering services, without the introduction of arbitrary service definitions and timeframes.
- More flexibility should be built into the Universal Credit system to ensure it better meets the needs of those living in supported housing, and is more compatible with the complexity of the sector.
When 17-year-old Alison first came to her housing provider, she moved into a scheme in Hereford. She expressed no real interest in joining in with any activities, saying it “wasn’t really her thing.”

However, she went along to an anger management programme session and displayed positive behaviour; she was thoughtful and articulate and fully engaged with the session. She applied her learning to her own situation and seemed to enjoy the opportunity to have a mature and intelligent conversation.

Alison had a difficult time at Hereford due to challenging dynamics amongst the residents. She struggled to maintain her licence agreement to the point where she was almost given immediate notice to quit. However, the provider responded flexibly. They decided to continue to support her, given her young age, and that a move to the more rural location of Ross-on-Wye may improve the situation, as Alison reported difficulties with difficult-to-manage guests and engaging with friends that were having a negative influence on her.

This certainly seemed to be the case, as Alison has managed her licence agreement since moving to Ross. She comes across as much more cheerful and engages in a positive way. She often attends Wednesday Healthy Hub sessions and has reported enjoying having some meaningful conversations at these sessions.

Alison is a very intelligent young woman who is keen to learn and improve herself. She has told her key worker that she takes drugs less often; she is engaging with counselling and has volunteered to do PR work for the provider, going on group walks where she takes photos, revealing a very good eye for photography.

Alison has now got a place at Hereford Sixth Form College to study A-levels. One of these is photography and so she will have great opportunity to showcase her talent in this area. She has amazing potential and she is being to realise this - she has a great future ahead.

* Names have been changed
Concerns

There are some really positive examples of providers working with partners to trial new models of provision to ensure that the services they offer are as effective as possible. This drives continuous advancements in the sector and improves outcomes for people supported by those services.

However, many providers have indicated that the level of financial risk in the new system may hinder their ability to develop new schemes and innovate going forward, particularly once the geographic variation introduced by the LHA rate is taken into account. It might be difficult to get investors to support a new scheme in areas with low LHA rates and where a significant amount of the funding will be at the discretion of a local authority.

There is a huge amount of creativity within the sector and it is critical that this is not lost if the supported housing sector is forced to become more risk-averse in the new system. We do not believe that the proposals as they stand meet the Government’s objective of ensuring that the sector can grow to meet demand and boost supply.

Considerations for a new system

- A clear plan for a future development pipeline for supported housing, and how this will be funded, should be set out by Government.
- In order to improve quality and encourage innovation, existing good practice in the sector should be built upon. Mechanisms should be in place to gather and share evidence of quality, service effectiveness and outcomes at a local and national level.
- The impact of the LHA rate on innovation and development in different parts of the country should be reviewed so that those areas with the lowest rates are not left behind.
Hope Gardens is a 27-bed substance misuse supported housing project for men and women who have experienced homelessness, supporting clients with their mental health and substance use, offending and other complex issues.

The service has 10 bedsits and 17 rooms with communal facilities, and offers 24/7 staff support on site.

The project is based upon a new way of working that focuses on increasing confidence, self-esteem, creating rapport and enabling people to take control of their lives.

An innovative PIE (Psychologically Informed Environment) service model was developed in consultation with clients in 2014, when the service moved from its original site on Market Lane to the newly refurbished building.

Residents raised concerns about safety at the original site due to visitors, building design and staff availability, as well as the burden of paperwork and lack of opportunities for residents to share their views.

When the service relocated, procedures and buildings were redesigned to create a personalised approach with a focus on individual needs and social networks.

Working in partnership with a range of professionals, residents and staff attended workshops to design and up-cycle communal furniture. The building now includes a relaxation room and a family room where children aged ten upwards can visit, supporting clients to reconnect with their families.

Redesigned client assessments now focus on strengths and aspirations. Staff are trained in motivational interviewing and coaching skills to support residents to identify their strengths and to support positive risk taking and risk management. Council funding includes small personal budgets for residents to meet their goals.

This approach has increased the meaningful use of time, client engagement and attendance at key work sessions. There has been a reduction in the number of incidents associated with visitors as well as serious incidents such as overdoses and violence.

Community is important; residents commit to contribute in a way that they are comfortable with: helping with breakfast, health and safety, painting and decorating or running bingo and a women’s group, among other activities.
Concerns
One of the key objectives of the reforms is to increase the local oversight of supported housing schemes to ensure quality, equitable access, improved outcomes and value for money.

However, introducing any element of local discretion into future funding brings a risk that certain individuals or groups may be prioritised over others, particularly those that may be considered politically unpopular, such as people who are homeless, people leaving prison or people receiving treatment for drug and alcohol use. It is important that protections are in place in the new system to safeguard against this so that the right services are commissioned locally.

Commissioning high-quality supported housing schemes also requires input from key local partners, such as adult social care, health, police, probation and others. In areas of good practice, supported housing providers are already working closely with partners. However, in other areas this coordination can be patchy or non-existent.

Considerations for a new system
- Local authorities should have a duty to develop a local supported housing strategy, linked to a national commissioning framework, in partnership with other key agencies, and be held accountable in implementing it.
- Any additional duties related to developing this strategy should be aligned with existing duties for vulnerable groups in legislation, such as the Care Act or Homelessness Reduction Bill to ensure the greatest possible protection for those who need supported housing at a local level.
- At a national level, there should be a cross-Government approach to supported housing to ensure join-up between key departments.
- Any measures to ensure quality or improve outcomes in a new system must take the support element of funding into account and not be linked solely to housing costs.

Principle 4
Support the commissioning of high-quality supported housing schemes that meet the current and future needs of local communities.
Case study

Brian*
Formerly street homeless and now living and studying in London

Brian was street homeless for many years. After coming into contact with ‘No Second Night Out’, Brian was referred to a hostel in South East London, where he saw a doctor and underwent an alcohol detox.

The detox would not have been effective if Brian had not been able to access secure accommodation, as he would have been back on the street where it is difficult to stay sober.

Immediately afterwards, Brian was offered a place in a supported housing service and moved straight in. It was hard at first; Brian was very angry and had had no contact with his family in a long time, and found it difficult to engage in the therapeutic work.

Brian never thought he would be able to stop drinking until he went into supported housing. It was there – through attending the groups and one-to-ones and talking to people who were like him – that he decided that he wanted to change his behaviour.

Brian moved on to the second stage of the housing pathway after four months, where he got help from the Employment, Training and Education service. The high quality and variety of appropriate support he received demonstrates how the needs of the local community are being met.

Brian is now very proud to say that he is volunteering with the British Heart Foundation, which he really enjoys, he is studying English at college and he has been engaging with the Improving Access to Psychological Therapies program to address his mental health issues. Brian has even got back in touch with his family and they have been building up relationships again.

* Names have been changed
Concerns

In order to ensure a new system is the most effective, and not simply the most expeditious, it has to be co-produced with those living in and delivering supported housing services. The current timetable for introducing the proposals allows for a shadow year of operation from April 2018, before full roll-out in 2019. This is a very ambitious timeframe and, given the complexity of the challenge, Homeless Link and our members are concerned that it is too tight to allow for thorough testing. It is vital that any new system does not introduce unacceptable levels of risk for providers, and that steps are taken to mitigate the impact on existing residents.

There are concerns, for example, that people who struggle to manage their money risk falling into arrears if their Universal Credit housing cost is paid to them, rather than directly to the landlord. By working closely with the sector to thoroughly test the proposals, the Government can ensure the new funding system is fit for purpose and does not have any unintended consequences.

Considerations for a new system

- A longer timeframe, with a robust method for piloting the new system, would ensure a smoother transition and a more effective end result. It would allow more time for providers, managing agents and supported housing residents to test different scenarios and properly prepare for a new funding system.

- As with the wider Universal Credit reforms, the Government should adopt a ‘test and learn’ approach to introducing a new system. It should delay the blanket introduction of LHA caps to the sector until the system is thoroughly tested.

- The proposals should make clear what protections will be in place for existing residents on an ongoing basis as the new system is introduced.

- Supported housing residents should be offered more flexibility in how their Universal Credit is paid, including weekly payments and direct payments to landlords, to support them in managing their finances.
**Stephen**

An ex-forces veteran living in specialist supported accommodation in the West Midlands

Stephen accessed the supported accommodation service dedicated to ex-forced forces veterans with an offending background.

Stephen was described to staff as ‘a raw war veteran’. In the early stages, he was observed as being very aggressive, quick to anger and unwilling to engage in the support offered. At this early point, Stephen seemed unwilling to move away from a lifestyle that involved regular ‘recreational’ drug misuse, and repeated violent physical assaults on members of the public. It was reported by Stephen that on discharge from the armed forces he was diagnosed with post-traumatic stress disorder (PTSD), but was not getting the help and support needed to address this.

The support staff, who have undertaken specialist training to work with ex-forced forces veterans with an offending background, understood the best ways to approach Stephen’s often unpredictable verbal and physical outbursts. They responded by encouraging Stephen to ‘just talk with them’, which was the first step to build a trusting relationship. He would talk for hours, venting his frustrations, feeling better for speaking about his emotions.

The relationship between staff and Stephen developed positively, which led to more structure to his support and risk management plans, which included agreed steps to address issues such as forgetfulness and ways to respond when feeling angry or let down. These plans led to Stephen reducing his use of cannabis to only occasionally, which positively impacted on the relationship with his girlfriend. As Stephen’s support network built up he felt more settled in his accommodation, and was more motivated to positively engage with health agencies.

Stephen was supported to access specialist health support to address his PTSD and, thus, his relationships with family and girlfriend improved, and his temper subsided. With support from staff and health agencies, Stephen has made huge improvements; his case highlights the importance of developing a new system in partnership with providers and residents to ensure the best outcomes.

He now has a stabilised and fulfilled life which he is in control of; a life that no longer involves drugs or violent crime.

* Names have been changed
Conclusion

Supported housing not only offers a lifeline for thousands of the most vulnerable people in our society, but saves tax payers’ money by avoiding reliance on more acute and expensive public services. Homeless Link appreciates that the Government recognises the value of supported housing, and we support the ambition for a new funding system that offers simplicity, transparency, and greater security. However, we do not believe that the proposals as they currently stand will fully meet these aims.

We are calling for a system for supported housing system that promotes the development and sharing of innovative practice to support people with the most complex needs, and that is based on the expertise and knowledge of those providing and using these services. A new system must facilitate strong local partnership working to ensure that supported housing is embedded in local strategies, and based on an analysis of local needs to ensure the best outcomes for people living in these services.

Most critically, the funding of supported housing needs to be sustainable not just to meet current need, but to ensure high-quality, effective housing and support services are in place for all those who need them in the future.

Homeless Link and our members will continue to work together with central and local Government and other partners to ensure that supported housing has a long-term future.

We call on Government and the wider supported housing sector to use the five principles laid out here in assessing any future proposals for funding supported housing.
Notes

1. DWP and DCLG (2016) Supported accommodation review: The scale, scope and cost of the supported housing sector
2. What is supported housing? at www.sitra.org/about-us/what-is-supported-housing
3. St Andrew’s University (2009/10) Supporting People Outcomes Annual Report
4. DCLG (2009) Research into the financial benefits of the Supporting People programme
5. DWP and DCLG (2016) Supported accommodation review: The scale, scope and cost of the supported housing sector
6. DWP and DCLG (2016) Supported accommodation review: The scale, scope and cost of the supported housing sector
8. DWP and DCLG (2016) Supported accommodation review: The scale, scope and cost of the supported housing sector
9. Supported housing is also sometimes referred to as ‘exempt accommodation’ or ‘specified accommodation’ for Housing Benefit purposes
10. DWP and DCLG (2016) Supported accommodation review: The scale, scope and cost of the supported housing sector
13. National Housing Federation/Sitra (2017) Strengthening the case for supported housing: the cost consequences
14. Valuation Office Agency (2016) Local Housing Allowance (LHA) rates applicable from April 2016 to March 2017 – the LHA cap is being introduced at the one bedroom rate i.e. the 30th percentile of rents for a one-bedroomed flat rate in the area
15. DWP and DCLG (2016) Supported accommodation review: The scale, scope and cost of the supported housing sector

Thank you

We would like to thank our members Fry Housing Trust, Phoenix Futures, SHYPP and St Mungo’s for sharing the case studies that feature in this publication, as well as other members who have contributed case studies for our wider work around supported housing.

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What we do

Homeless Link is the national membership charity for organisations working directly with people who become homeless in England. We work to make services better and campaign for policy change that will help end homelessness.

Let’s end homelessness together

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