



Department for Communities and Local Government and Department for Work and Pensions consultation: Funding for supported housing
Homeless Link submission – February 2017

Introduction

Homeless Link, incorporating Sitra, is the national membership charity for organisations working directly with people who become homeless in England. Sitra is the membership body for organisations in the supported housing, health and social care sectors. With over 800 members, we work to make services better through training and consultancy and campaign on a national level for policy change. Together we believe we can end homelessness and ensure that everyone has a place to call home and the support they need to keep it.

We welcome the opportunity to respond to the Government consultation on the future funding of supported housing. We have consulted widely with our members through webinars, our policy forum network and presentations at members' conferences and events, to inform our position in regards to this consultation. We are pleased to be able to share their concerns and key considerations for a new system in our response. We know many of our members will also be making their own organisational submissions.

Homeless Link is a member of two of the Task and Finish Groups supporting the Government's consultation process – the group on short-term accommodation and the group looking at fair access to funding. We will continue to advocate for our members and their residents through our membership of these groups, and in our wider engagement with the development of the proposals.

Executive summary

We welcome the Government's acknowledgement of the value of the supported housing sector and the commitment to introduce a set of proposals to support the sustainability and growth of the sector. However, we do not believe the current proposals meet the Government's aims to introduce a simple, transparent system that increases local oversight and accountability, whilst also offering security to providers of supported housing and their residents.

In their current form, these proposals present a significant financial risk to our members and the people they support. The move from an entitlement-based system to a more discretionary model, based on a Local Housing Allowance (LHA) rate system is not appropriate for the supported housing sector and risks destabilising the sector. It raises concerns about future financial viability and the ability of the sector to innovate and respond in future to all those who need support. The introduction of the 1% rent reduction from April this year further exacerbates these risks.

We urge the Government to not go ahead with the introduction of the LHA cap and 1% rent reduction in the supported housing sector, in light of the risk this poses to supported housing providers and the most vulnerable groups in society.

Below is a summary of the additional key concerns and recommendations suggested by our members:

- The Government should explore whether changes to Universal Credit, such as reviewing LHA rates specifically for supported housing or increasing the use of alternative payment arrangements direct to landlords, could help ensure the system better meets the needs of those living in supported housing and is more compatible with the complexity of the sector.
- A funding system for short-term accommodation services must be fit for purpose, minimise financial risk and recognise the needs and diversity of the sector. Further work should be done to pilot alternative models for short-term provision ahead of the new system being introduced.
- We would prefer housing costs for supported housing to remain within the benefit system, retaining the principle of individual entitlement, rather than having an element of discretionary funding introduced.
- If a local top-up fund is introduced, there needs to be much greater assurances around the long-term security of the ring-fenced pot.
- 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.
- New duties should be considered alongside existing duties to vulnerable groups, such as those in the Care Act and those proposed in the Homelessness Reduction Bill, to reduce duplication, promote prevention and identify any gaps.
- It is critical that, whichever local authority tier funding sits at, the system supports joined-up commissioning, cross-boundary working and draws on expertise across local areas.
- There should be funds available to local authorities to meet costs of administering the new system, and these must be separate to the top-up funding.
- Further work must be undertaken to accurately assess the size of the pot for housing costs and clear plans should be in place to outline how this funding will grow over time to meet future need.
- Any frameworks for commissioning, quality or outcomes introduced as part of a new system must acknowledge that the proposals currently only relate to housing costs and that the provision of support is key to improving outcomes and delivering high-quality services. Consideration should be given to how support costs could be put on a surer footing so that pressures on support funding do not undermine the Government's wider objectives for supported housing.
- The timeframe for implementing these proposals should be reviewed to allow for a robust 'test and learn' approach in line with wider Universal Credit implementation.
- We would urge that existing residents are exempted from the changes. If the new system does include them, there must be robust transitional arrangements, including funding levels, in place to ensure that at no point is a person's tenancy at risk.
- If an exemption for all supported housing from the 1% rent reduction is not introduced, we call on Government to exempt homeless hostels in order to safeguard these vital services for people in crisis.

Response

Q1. The local top-up will be devolved to local authorities. Who should hold the funding; and, in two tier areas, should the upper tier authority hold the funding?

There are a range of views across our members about which tier of two-tier local authorities any funding for a new system should sit at. Given that housing and homelessness responsibilities currently sit at district level, some members felt that keeping funding for housing costs at this level would ensure commissioning expertise around housing and homelessness was retained in the system. There were also concerns about the potential number of LHA rates across an upper tier authority area and whether this would make the process more difficult to administer, compared to variations within a district.

Others feel that, in order to ensure strategic join-up with the commissioning of support services, funding should sit at the upper tier, although being clear this funding is designated for housing costs and cannot be used to alleviate social care and other pressures facing upper tier authorities. Members have also raised the issue of local connection for vulnerable groups who are transient and for who it may not be possible or appropriate for them to return to their local area. Having funding at an upper tier, or even regional level, might allow greater flexibility in these cases.

It is critical that, at whichever local authority tier funding is held, the system supports joined-up commissioning and makes best use of existing expertise across local areas, including the substantial local intelligence held at district authorities. Any arrangement should enhance, not undermine, partnership arrangements and relationships in two-tier councils.

There should also be a clear indication of the level of funding that will be available to local authorities to meet the costs of administering the new system, and that this must be separate to the top-up funding.

Q2. How should the funding model be designed to maximise the opportunities for local agencies to collaborate, encourage planning and commissioning across service boundaries, and ensure that different local commissioning bodies can have fair access to funding?

Homeless Link's recent Annual Review of accommodation projects for single homeless people showed that 32% people were turned away from accommodation projects because they did not have a local connection.¹ We would welcome an approach that ensured people could access support when they needed and that arrangements were in place to facilitate this. The issue of cross-boundary working will be relevant for a number of vulnerable groups, for example including women and children fleeing domestic violence and people leaving prison.

We would reiterate that the funding being discussed in this consultation relates to housing costs only. We would, therefore, be concerned about this funding being open to a wide range of local commissioning bodies if it is not possible to track that it is being spent on housing costs and not disappearing into other funding streams.

¹ Homeless Link (2017) *Support for single homeless people in England: Annual Review 2016*

In terms of effective local collaboration, Homeless Link is a member of the Making Every Adult Matter (MEAM) coalition along with Clinks and Mind. MEAM currently supports 27 areas across the country to improve local responses for people experiencing multiple needs. Fifteen of these areas are using the MEAM Approach – a nonprescriptive framework to help local areas design and deliver better coordinated services.

Although each MEAM Approach area delivers differently, all bring together a partnership of voluntary and statutory agencies that commit to designing a coordinated and flexible response for people experiencing multiple and complex needs. In many MEAM Approach areas, for instance Sunderland and Basingstoke, the partnership is led by the housing department of the local authority, and has helped them to create strong strategic and operational links with other agencies.

These examples, and others across the sector, should be considered and built on in the new model to ensure supported housing can play a key role in local systems effectively supporting people with the most complex needs.

Q3. How can we ensure that local allocation of funding by local authorities matches local need for supported housing across all client groups?

There are significant concerns in the sector about how the level of funding will be calculated and allocated to local areas. The current estimate of £4.12 billion from the Government's evidence review has been questioned given the 48% response rate to the review,² and a more robust assessment of the funding is required before any new system is introduced. The supported housing sector is diverse and complex and it is critical that any funding system is flexible enough to reflect this.

The Government's current proposals only relate to the housing costs, however, to ensure the sustainability of the sector, funding for supported housing needs to be considered in the round to ensure that appropriate levels of both housing and support funding are in place. Our members report that funding for support costs in supported housing continue to be squeezed and, as mentioned in Q3, planned expenditure on the programme reduced by 45.3% between 2010/11-2015/16.³ To create a truly sustainable sector, there has to be assurances about levels of support funding to meet current and future need, as our members report that further reductions in support funding will place the existence of some services in jeopardy.

There are also concerns about assessing the size of the pot based on current provision as research from Sitra on behalf of the National Housing Federation indicates there is already a shortfall of 16,692 supported housing units. This shortfall resulted in a cost to the public purse of £361 million in 2015/16. By 2020/21, if no action is taken, this gap in provision is expected to have more than doubled to 35,166 places, with an expected cost to the taxpayer of £668m.⁴ Our Annual Review showed the impact of this, as projects being full accounted for 66% of people being turned away from accommodation services for single homeless people.⁵

² DWP and DCLG (2016) *Supported accommodation review: The scale, scope and cost of the supported housing sector*

³ National Audit Office (2014) *The Impact of Funding Reductions on Local Authorities*

⁴ National Housing Federation/Sitra (2017) *Strengthening the case for supported housing: the cost consequences*

⁵ Homeless Link (2017) *Support for single homeless people in England: Annual Review 2016*

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 National Housing Federation report showed that much of the current expense to the public purse of the shortfall in supported housing is as a result of people with mental health or learning disabilities being unable to leave hospital or other acute settings because of a lack of available provision in the community.⁶ 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.⁷

It is unclear where services not currently commissioned by local authorities sit within the current proposals and what that might mean for access to localised funding. This is a particular concern for smaller specialist organisations who might receive grant or other funding for the support element of their service, but would need access to the localised pot in order to meeting housing costs current provided by Housing Benefit. They would be become financially unviable without this.

Further work must be undertaken to accurately assess the size of the pot for housing costs and clear plans should be in place to outline how funding will be allocated, how it will be maintained in the transition between systems to ensure maximum security and no loss of income for residents and providers, and how this will grow over time to meet future need. Consideration should also be given to how support costs could be put on a surer footing so that pressure in those funding streams does not undermine the Government's objectives for supported housing and ensure the benefits of supported housing can be realised for individuals and the wider system.

Q4. Do you think other funding protections for vulnerable groups, beyond the ring-fence, are needed to provide fair access to funding for all client groups, including those without existing statutory duties (including for example the case for any new statutory duties or any other sort of statutory provision)?

The introduction of a ring-fenced, discretionary pot inherently brings with it a risk that local authorities will be forced to make difficult decisions locally, and prioritise certain groups for funding. We would prefer housing costs for supported housing to remain within the benefits system, without the introduction of a discretionary element. We are particularly concerned for groups 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 available locally.

Figures from the evidence review suggest that sheltered housing accounts for 71% of the stock but at a lower cost compared to other supported housing schemes.⁸ Some members have indicated that given the implications of this, both for the security of sheltered housing and the administration of the wider pot, there might be merit in separate arrangements for sheltered housing and the wider supported housing sector. We understand some of our members, and others in the sector, are

⁶ National Housing Federation/Sitra (2017) *Strengthening the case for supported housing: the cost consequences*

⁷ DCLG (2009) *Research into the financial benefits of the Supporting People programme*

⁸ DWP and DCLG (2016) *Supported accommodation review: The scale, scope and cost of the supported housing sector*

exploring whether there are alternative solutions for sheltered housing that might address this.

Concerns about the ring-fenced pot are further exacerbated based on previous experience of local ring-fenced funding, such as the Supporting People programme. Once the ring-fence for this funding was removed in 2009, the funding was no longer protected against cuts and it became difficult to track spending locally. The National Audit Office found that after the removal of the Supporting People ring-fence in 2009, planned expenditure on the programme reduced by 45.3% between 2010/11-2015/16.⁹

In discussion with our members, there is broad support for introducing a statutory duty for local authorities to assess local supported housing need across the population and develop a supported housing strategy. There should also be a mechanism for ensuring local authorities deliver against this. It was felt this would guard against the introduction of thresholds if statutory duties were introduced for particular groups and might also better recognise the preventative role of supported housing.

Many of our members also have raised the issue of the increasing complexity of need of the people they are supporting too, and how this complexity might not be captured in breakdowns of the supported housing sector by primary care need or by listing specific groups. Our Annual Review, for example, shows some of the 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.¹⁰

Our review further showed that 46% people were turned away from accommodation projects because their needs were too complex.¹¹ This demonstrates again that current provision is not necessarily meeting the high level of demand and the needs of the most vulnerable and the risk introduced by these proposals could exacerbate this. These proposals are also being introduced at a time of rising homelessness which further demonstrates that the system is not currently able to meet need – DCLG statistics show a 16% increase in rough sleeping over the past year,¹² and a 2% rise in statutory homelessness between September 2015 and September 2016.¹³

There are also other elements of welfare reform that will impact on vulnerable groups in supported housing that need to be considered as part of this consultation. These include the wider concerns about Universal Credit and arrears,¹⁴ changes to housing costs entitlement for 18-21 year olds, the impact of benefit sanctions and the

⁹ National Audit Office (2014) *The Impact of Funding Reductions on Local Authorities*

¹⁰ Homeless Link (2017) *Support for single homeless people in England: Annual Review 2016*

¹¹ Homeless Link (2017) *Support for single homeless people in England: Annual Review 2016*

¹² Department of Communities and Local Government (2017) *Rough Sleeping Statistics Autumn 2016, England*

¹³ Department of Communities and Local Government (2016) *Statutory homelessness and prevention and relief, July to September 2016: England*

¹⁴ The Guardian (2017) [Universal credit issues driving tenants into debt, ex-minister admits](#)

proposed 1% rent reduction. The changes to supported housing funding cannot be seen in isolation from these issues.

There needs to be greater assurances around the long-term security of a ring-fenced pot and clear plans for how funding within it will grow. Local authorities should be required to develop a local supported housing strategy, linked to a national commissioning framework and in partnership with other key agencies, to inform the commissioning of services and be held accountable in implementing it. This should be aligned with the introduction of a national commissioning framework to ensure some level of consistency across local areas.

New duties should be considered alongside existing duties to vulnerable groups, such as those in the Care Act and those proposed in the Homelessness Reduction Bill, to reduce duplication, promote prevention and identify any gaps in protection for people requiring supported housing.

Q5. What expectations should there be for local roles and responsibilities? What planning, commissioning and partnership and monitoring arrangements might be necessary, both nationally and locally?

As mentioned above, there is support from our member for introducing a statutory duty for local authorities to assess local supported housing need across the population and develop a supported housing strategy. There should also be a mechanism for ensuring local authorities deliver against this and it should be aligned with the introduction of a national commissioning framework.

There also needs to be the strongest possible safeguards for the funding to ensure that it is spent on what it is intended for, that the preventative role of supported housing is adequately recognised and that it is not used to address gaps in funding in other parts of the system.

Q6. For local authority respondents, what administrative impact and specific tasks might this new role involve for your local authority?

Although we are not a local authority, we do have local authority members and we are conscious that this will introduce additional administrative tasks. We, therefore, recommend that there needs to be a clear indication of the level of funding that will be available to local authorities to adequately meet the costs of administering the new system, and that this must be separate to the localised top-up funding pot.

Q7. We welcome your views on what features the new model should include to provide greater oversight and assurance to tax payers that supported housing services are providing value for money, are of good quality and are delivering outcomes for individual tenants?

The consultation includes a focus on improving quality and strengthening local oversight and monitoring of supported housing schemes. In discussions with our members, there is broad agreement that some kind of national framework might be useful to ensure consistency and potentially safeguard certain groups from being overlooked locally. However, the variable nature of LHA did raise questions among our members about how much oversight and control over quality different local authorities will have depending on the level of LHA rates and the subsequent size of their top-up pot.

There were some significant concerns about references to quality and outcomes in consultation. While our members are committed to a sector that delivers high-quality services to residents, they stress that these proposals deal solely with housing costs whereas improved outcomes are also heavily linked to the provision of support. If housing funding becomes linked to support outcomes without adequate support funding in place, there are concerns this would seriously undermine the sector. We would, therefore, stress the need for supported housing funding to be considered in the round in order to inform proposals for the sustainability of the sector. Again, the issue of where services not currently commissioned by local authorities sit was also raised in relation to adherence to quality frameworks and oversight.

It is also important that any quality framework does not penalise services for external factors that impact their outcomes. For example, for homeless services, the availability and affordability of the local housing market strongly influences their ability to move people on and secure tenancies. This is a particular challenge in areas with high LHA rates and a very competitive rental market, such as London and the South East. In our Annual Review, 30% of clients were ready to move but were not currently able to do so and 34% of services reported a lack of affordable accommodation as the main barrier.¹⁵ There can also be challenges around security of tenancy in the private rental sector.

Q8. We are interested in your views on how to strike a balance between local flexibility and provider/developer certainty and simplicity. What features should the funding model have to provide greater certainty to providers and in particular, developers of new supply?

We welcome the Government's commitment to promoting the development of the supported housing sector through these proposals. However, feedback from our members suggests that the uncertainty around the new system is having a detrimental impact and that the proposals as they stand do not provide greater certainty to providers or developers of new supply.

There are concerns that the variation in the LHA cap will skew development to areas where there are higher LHA rates and therefore, relatively, more security of funding. There is therefore a risk that development will follow funding, not levels of need. It is also unclear where capital investment for development will come from in the new system. This is particularly pertinent given the imminent changes to local authority funding from 2020. Some members have expressed concerns that, in some cases, those local authority areas with low LHA rates will also be areas that have lower business rates, so will be less able to generate funds from these rates post-2020.

For some providers who provide supported housing as part of their portfolio of services, there are significant concerns about whether they will need to step back from this type of provision altogether and focus on other areas which are more financially secure. This would not only stunt the growth of the sector but could also reduce provision, which would be disastrous given the current shortfall.¹⁶

Homeless Link is very concerned that the new system is being introduced at a time when providers are already struggling because of cuts to support funding and with the introduction of the 1% rent reduction from April 2017. This is particularly true of

¹⁵ Homeless Link (2017) *Support for single homeless people in England: Annual Review 2016*

¹⁶ National Housing Federation/Sitra (2017) *Strengthening the case for supported housing: the cost consequences*

small providers running on very small margins, who risk having to close or reduce the services they can offer as a result of this cut. If an exemption for all supported housing from the 1% rent reduction is not introduced, we call on Government to exempt homeless hostels in order to safeguard these vital services for people in crisis.

Homeless Link's recent Annual Review 2016: Support for Single Homeless People in England found 93% of homelessness accommodation projects rely to some extent on Housing Benefit payments claimed by residents. The primary source of funding for more than half of projects (56%) was housing-related support. 47% of accommodation projects reported a decrease in funding in the past year.¹⁷ This is a clear indicator of how reliant this part of the sector is on housing-related income and the pressures they are already facing, despite increased investment at a national level.

Q9. Should there be a national statement of expectations or national commissioning framework within which local areas tailor their funding? How should this work with existing commissioning arrangements, for example across health and social care, and how would we ensure it was followed?

On the whole members would welcome a national commissioning framework which supported the development of local supported housing strategies. However, members again flagged that this has to also consider the support component of supported housing.

Any national framework must take into consideration existing local quality monitoring arrangements and how services not currently commissioned by local authorities will fit within any new framework. It should also facilitate a local focus on the role supported housing can play in the prevention agenda, as well as broader join-up with local joint strategic needs assessments (JSNAs) and health and wellbeing strategies.

Q10. The Government wants a smooth transition to the new funding arrangement on 1 April 2019. What transitional arrangements might be helpful in supporting the transition to the new regime?

There are serious concerns about the timeframe for implementation of these proposals and whether there is enough scope to fully pilot and test the models. The Government is currently proposing a shadow year from April 2018 ahead of full implementation from April 2019. However, the sector feels strongly it will not be possible to get all the information needed, most critically the amount of funding needed, to develop a robust system in this timeframe. Without this, there is widespread scepticism that the shadow year will achieve anything meaningful. There are also significant differences between a shadow system and running a system live. Others mentioned the long lead-in time for the Supporting People programme and the benefits for that approach.

When this policy was initially discussed, it was suggested it would only apply to existing residents. However, it is now clear that the intention is to apply the change to all residents from April 2019. We would urge that existing residents are exempted from the changes. If the new system does include them, there must be robust transitional arrangements in place to ensure that, at no point, is a person's accommodation at risk. One way of ensuring this might be to guarantee the same

¹⁷ Homeless Link (2017) *Support for single homeless people in England: Annual Review 2016*

level of funding for individual supported housing schemes, and not just overall national funding level, for a certain length of time post-implementation of the new system. This guarantee of funding could also create more stability and security for development in the initial phases of the new system.

Given the significance of the changes proposed in this consultation, we would strongly urge the adoption of a 'test and learn approach' as for other aspects of Universal Credit to minimise the risks to the sector once introduced. Extending the timeframe would also allow for further engagement with residents in supported housing, as well as more detailed co-production with providers. Some suggested a phased approach over three years. This would also give an opportunity to address some of the wider ongoing issues with Universal Credit.¹⁸

Q11. Do you have any other views about how the local top-up model can be designed to ensure it works for tenants, commissioners, providers and developers?

We would argue that the Universal Credit system in its current form is incompatible with the supported housing sector. We have particular concerns around the use of the Local Housing Allowance (LHA) as a basis for the system. The LHA rate was designed for the private rental sector and bears no relation to the higher costs in the supported housing sector. Reasons for these higher costs include the costs of maintaining more communal spaces in supported housing, higher levels of wear and tear or the need to have concierge facilities or enhanced security measures in certain properties. The application of the LHA rate also introduces levels of variation in funding through the benefits system across the country which are far greater than the variation in costs in delivering supported housing. This leaves vulnerable people and the services that support them particularly exposed in certain parts of the country.

As an illustration, the LHA rate varies from £69.73 per week in Hull and East Riding to £260.64 per week in Inner North London.¹⁹ The average cost of supported housing is £173 a week, although this varies significantly by type of service and resident group.²⁰ This means that residents in Hull do not have any guarantee that their housing costs can be met and are wholly reliant on local authority discretion to ensure services are in place to meet their needs. This raises serious concerns about equity of access. Consideration should also be given to how existing protections in relation to the benefit cap for people in receipt of Housing Benefit in supported accommodation will be carried forward into the new system, so that high LHA rates do not detrimentally affect people's benefit income.

The wider administration of Universal Credit, in particular the default arrangement of payments to claimants, the monthly assessment period and the payment in arrears, is also quite ill-suited to the needs of residents in supported housing and the wider sector. Direct payments to landlords, in particular, are an area where both residents and landlords would like to see more flexibility. Payment in arrears introduces particular challenges for short-term services where people may leave within a month, exposing the service to a significant loss of rent. Given that these services are vital in

¹⁸ The Guardian (2017) [Universal credit issues driving tenants into debt, ex-minister admits](#)

¹⁹ Valuation Office Agency (2016) *Local Housing Allowance (LHA) rates applicable from April 2016 – 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

²⁰ DWP and DCLG (2016) *Supported accommodation review: The scale, scope and cost of the supported housing sector*

providing safety and security to people in some of the most complex and vulnerable situations, it is critical they have a steady and secure income.

The variance in the LHA rate, and, therefore, the top-up fund, also raises questions about the ability of different local authorities to have oversight of the supported housing in their area. In areas with high LHA rates, local authorities might have less leverage than those in lower LHA rate areas, where all supported housing will require a significant top-up. This would appear to undermine the principles of transparency, oversight of quality and local accountability the new system is designed to introduce.

The Government should explore how changes to Universal Credit, such as reviewing LHA rates for supported housing or increasing use of alternative payment arrangements direct to landlords. This could help ensure the system is more compatible with the higher costs and greater complexity of the supported housing sector, and ensure residents have the greatest possible protections.

For those of our members who are managing agents, there are also concerns about how the split of funding between LHA and localised pot might impact their ability to recoup costs and manage relationships with Registered Provider landlords.

Q12. We welcome your views on how emergency and short term accommodation should be defined and how funding should be provided outside Universal Credit. How should funding be provided for tenants in these situations?

The need to develop an alternative system for short-term accommodation is driven solely by the current payment schedule of Universal Credit. This is paid on a monthly basis and in arrears, so is not set up to cover the costs of stays in supported housing of fewer than 28 days. It is important that in trying to address this problem, the sector is not forced to adopt arbitrary definitions or timeframes that do not reflect the person-centred and diverse work going on across the sector.

A funding system for short-term accommodation services must be fit for purpose, minimise any financial risk to residents and services, and should reflect the needs and diversity of the sector. There is a mix of views among our members about the best way to achieve this for short term accommodation services who risk losing out under Universal Credit and three broad models have emerged:

- a) Some favour an entirely locally-administered pot for short-term accommodation housing costs, separate to the localised top-up fund, that takes short term accommodation out of the benefits system entirely. This would make the system more straightforward and would not be subject to some of the delays and issues of the Universal Credit system, reducing the risk of arrears. However, it does introduce even greater elements of local discretion, which some providers find increases risk.
- b) For other members, funding administered through the benefits system offers at least some security of funding up to the LHA rate. Benefit entitlement also facilitates the payment of rent, which establishes a landlord/resident relationship that many feel is important both in terms of resident rights and also in supporting people to work towards managing tenancies independently. There is a willingness to explore a model which safeguards funding for the initial period someone is in a service, with a mechanism in place for this to

then transfer to the Universal Credit system at a later date. Work should be done to establish the optimum timeframes for this for residents, providers and local authorities to ensure a solution that does not cause undue confusion or anxiety. However, others are concerned that the complexity of this system for providers working across multiple local authorities and with residents who move in and out of services. Alternatively, work should be done to look at introducing greater flexibility to the Universal Credit system to meet the needs of the short-term sector.

- c) Some members are also exploring the possibility of a nationalised funding model, which sits outside of Universal Credit, for short-term accommodation in their submissions to the consultation. This could facilitate greater link-up with national commissioning frameworks if introduced, and also ensure the value of supported housing in supporting national as well as local objectives is recognised. However other members have concerns about how small, local, specialist services would be able to engage with a national funding pot and whether it would favour certain types of provision.

A solution that retains benefit entitlement appears to be the preferred model for the majority of our members, but this does vary depending on the type of provision, the nature of existing local relationships and how the challenges of UC are addressed. We therefore recommend full piloting of different options for short-term accommodation to assess how well these might work for different types of short-term provision and safeguard against unintended consequences of a new system.

Our members feel strongly that any new system should be flexible enough to reflect the operational breadth of the sector and adequately meet the high costs of short-term accommodation, such as higher levels of wear and tear and higher housing management costs. People might stay in what would be considered short-term services for a long period of time because that is right for the individual or because of a lack of appropriate move-on options. There is, therefore, a concern that having a system that was too rigid might penalise people for these outcomes. Equally, people might stay in long-term services for a short period of time and this also needs to be accommodated in the new system.

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