



Funding for supported housing – consultation response from Revolving Doors Agency

About Revolving Doors Agency

Revolving Doors Agency is a charity working across England to change systems and improve services for people who face multiple and complex needs, including poor mental health, and come into repeated contact with the police and criminal justice system. We work with policymakers, commissioners, local decision-makers, and frontline professionals to share evidence, demonstrate effective solutions, and change policy, while involving people with direct experience of the problem in all our work through our National Service User Forum.

Executive summary

- We welcome this consultation, and the review of supported housing that preceded it, as an indication that government is taking a serious and considered approach to putting supported housing on a secure, stable and long-term footing.
- With the proposed move to a top-up approach, there is the risk that while services in high cost areas are effectively guaranteed all or most of their rental income, those in lower cost areas would need to rely on less certain agreements with local authorities. Local authorities with lower LHA caps conversely would have more financial leverage to influence the provision of supported housing.
- Government can protect against ‘post code lottery’ risk by not basing the proposed top-up funding directly on local housing allowance. To impose this cap as proposed would risk having the viability of supported housing not determined by need or cost, but by local general rental levels.¹
- While we are not persuaded that basing the proposed top-up on 100% of local LHA rates is the appropriate choice, we welcome the proposal to ring-fence the proposed funding.
- We note that in the absence of a ring-fence, former Supporting People funding reduced by a median of 45% between 2010-11 and 2014-15, against a total reduction of 28% in central government funding to local authorities during the same period.²
- The scale of this reduction is such that we call on government to review the viability of support before settling on a final decision about meeting rental costs. The two components cannot be so easily separated for providers.
- The funding approach settled on must be evidence based and future proof. Government at all tiers must have confidence that local need has been adequately assessed, that actual costs are reflected in funding, and mechanisms must be provided to ensure that changing levels of need, costs and inflation can be catered for.

¹ http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/LHA_caps_discussion_document.pdf

² <https://www.nao.org.uk/report/the-impact-funding-reductions-local-authorities/>

- The structural stability of the supported housing sector should be protected; recent uncertainty has had implications in morale, in opportunity cost and in developments delayed or cancelled.³
- Government should identify and promote opportunities to take a less sectoral approach in commissioning and funding, while protecting specialism in delivery.
- Innovation should be supported. There is a growing evidence base for the Housing First approach, which may offer the prospect of strong outcomes and lower cost. A partial transition to a new approach may come with short to medium term costs, even where longer-term savings are expected.
- Very short term accommodation, including some homelessness shelters and domestic abuse services appear to be likely to face particular difficulties, not only because of these proposals but also due to the introduction of Universal Credit.
- We support a phased implementation of changes, including evaluated pilots.

About this response

As Revolving Doors Agency is neither an accommodation provider or a membership organisation, we have limited this response to questions and matters that appear to be of direct relevance to our population of interest.

About the revolving doors group

The precise size of the revolving door cohort is difficult to quantify. The most robust recent estimate suggests that just over 120,000 people are in contact with homelessness services plus one or both of substance misuse services and the criminal justice system, or just under 90,000 who are in contact both with homelessness services and the criminal justice system.⁴ Public spend per year on this cohort has been estimated to lie in the range of approximately £15,000 to approximately £20,000 per person per year.

Not all of those people are homeless, or are living in supported housing, but there is clear evidence in this and elsewhere of the high level of housing need among this population. We therefore naturally have a general interest in the provision of housing in the broad sense, and a particular interest in the provision of supported housing, an essential resource in ensuring that people with multiple and complex needs are offered the support they need.

The Department for Work and Pensions (DWP) and Department for Communities and Local Government (DCLG) have recently published a review of supported accommodation, which has (among other things) attempted to quantify the provision of supported housing across Great Britain, arriving at a total of 553,500 in England, with 71% of this being housing for people aged 65 or over. People with multiple and complex needs may be found in most if not all of the subcategories identified, but are likely to rely most heavily on accommodation for single homeless people, ex-offenders, people with substance misuse needs and people with mental health problems.

For some, multiple and complex needs is part of the family as well as the individual's needs and characteristics, so we also recognise the contribution made by accommodation for people affected by domestic abuse. In essence, people with multiple and complex needs are likely to be found across the supported housing sector, and we consequently will respond on that basis.

Consultation questions

³ http://www.homeless.org.uk/sites/default/files/LHA%20cap%20impact_Briefing%20Final.pdf

⁴ <https://lankellychase.org.uk/wp-content/uploads/2015/07/Hard-Edges-Mapping-SMD-2015.pdf>

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?

If the intention is to use the proposed top-up to meet the higher direct costs of providing supported housing, it is not immediately obvious how it can be used to drive the sorts of behaviours identified. Further, if as currently proposed, the top-up is determined by the applicable local housing allowance (LHA) rates, the variation between allocations from one area to another would be so substantial as to create the risk of a 'post code lottery' with some councils having control over a far larger proportion of funding than others. Instating a higher threshold may reduce some of the risks around this.

Collaboration, partnership and innovation seem more directly relevant to the provision of support than of premises. To incentivise collaboration and partnership, consideration should be given towards mechanisms to move money from bricks and mortar rent costs towards support, but only where it can be demonstrated that this does not result in a net loss of capacity. A scenario in which this might occur could be in a transition period when introducing a Housing First approach, where one might expect the split between bricks and mortar and support costs to change.

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

There appear to be a number of variables that would need to be considered in determining need and funding, including the actual additional cost of providing supported housing, and the level of local need. The availability and quality of data appears to differ significantly from area to area; unlike data relating to health, substance misuse and offending, there is very limited centrally or locally maintained data and support to assist in the assessment of local levels of need.

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)?

Local authorities are required to work with partners to develop Joint Strategic Needs Assessments (JSNAs) and Joint Health and Wellbeing Strategies; that mandated approach could be extended to the function of local planning across the strands of health, public health, social care and housing. However, it is important to note that while the JSNA process is supported by a range of health and administrative data, there are currently no comparable datasets that would support the same sort of assessment to be carried out for supported housing need. This will inevitably pose challenges and risks.

However, there is evidence that in straightened times, local authorities will disinvest from non-mandated services, including supported housing, substance misuse treatment and similar services. Care will need to be taken in ensuring that perverse incentives are not offered to local authorities, to providers, or both.

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?

Most (but not all) supported housing will be owned if not managed by a registered provider, and thus under the remit of the Homes and Communities Agency. There are signs in recent years that

new providers have entered the supported housing sector, some run by commercial enterprises. We have insufficient data to make specific claims about the quality and effectiveness of these new entrants, but have heard multiple anecdotal accounts of questionable conduct, such as discouraging tenants from seeking paid employment, or asking them to leave when they have secured work. If local authorities are, on a discretionary basis, funding providers, this would presumably give them far greater scope to influence and shape the local market. We also refer to our response to Question 2, which highlights the different proportion of funding councils will have control of, depending on LHA levels in their areas.

For the support element of supported housing (which we acknowledge is not directly in scope of this consultation) there may be some merit in consulting on the reintroduction of a resource such as the Quality Assessment Framework,⁵ although many areas will have developed their own approaches to the monitoring and assurance of support services.

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?

Meeting the costs of accommodation through rents based on personal entitlements has provided a reasonable measure of security for providers. Any move that introduces a more discretionary basis for funding will inevitably have consequences for that security, which in turn will cause a re-evaluation of the costs and risks of developing new and retaining current provision. A ring-fence may mitigate aspects of this, although providers will no doubt be mindful of the 2009 removal of the Supporting People ring-fence and may be watching the progress of services funded via the Public Health Grant once the ring-fence on that stream has been removed.

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?

A national framework would be most welcome. This should include establishing standards for enhanced housing needs assessments to enable the local authority to demonstrate clearly that it has established local need, and a reporting mechanism by which it can demonstrate that the need is being met. The framework could also contain an appropriate requirement around the minimum standard of accommodation permissible, and how changes in costs and provision will be managed in future.

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?

Representative bodies such as Homeless Link and the National Housing Federation have argued persuasively that changes announced, including the 1% reduction in social rents and the proposal to cap housing benefit at LHA rates, have already had consequences in the supported housing pipeline. They have also pointed to extremely thin margins for providers – many of these services are already operating on the limits of viability.

We would argue strongly therefore that government should proceed with caution, even if this means pushing the final transition back. Piloting, phasing and evaluating the consequences of

⁵ <http://www.sitra.org/policy-good-practice/quality/>

changes will be essential to ensure the smooth transition and future viability of this essential sector. In areas where new approaches are piloted, there should be guarantees to providers to ensure that their services will remain supported for the duration of the pilot to ensure that local needs are met, and that there is not a disorderly exit of providers from the market.

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?

We particularly welcome the focus on emergency and short term accommodation in the consultation. Accommodation such as domestic abuse services as well as some short term provision for rough sleepers and ex-offenders may be placed at particular risk not only by the move to a top up system as covered elsewhere, but also as a direct consequence of the move to Universal Credit. In particular, the waiting week (where applicable), monthly assessment period, payment in arrears and direct payment to the tenants are all likely to be problematic.

We would suggest:

- The waiting week be abandoned in very short term projects;
- The assessment period should remain at weekly;
- Payment of the housing component should be made in advance, and directly to the provider.

This may risk compromising some of the key principles of Universal Credit, but may be achievable at least in part if DWP at district level works with local authorities and providers to establish protocols around activating Alternative Payment Arrangements. Changing the waiting week and assessment period may require additional changes, including in legislation.

If it is, however, incompatible with Universal Credit either due to policy intent or for operational reasons, it may be necessary to utilise block funding for very short term services. This would come with advantages such as certainty for funded providers, as well as disadvantages such as being unresponsive to fluctuating demand. The latter may pose risks in the form of a perverse incentive that would artificially constrain supply when demand is higher than anticipated and, conversely, offer poor value for money in the event that demand is lower than expected.

Given that this may incentivise local authorities to commission optimistically, we strongly recommend that different approaches are piloted by central government working with local partners, and that these pilots are rigorously monitored and evaluated prior to system-wide changes being introduced.

For more information, please contact:

Paul Anders
Policy Manager
Revolving Doors Agency
South Bank Technopark
90 London Road
London SE1 6LN

Email: paul.anders@revolving-doors.org.uk