

**Crisis Consultation Response on the Future of Supported Housing Funding February 2017**

**Context – about Crisis**

Crisis welcomes the opportunity to respond to the DCLG/DWP consultation on the future of supported housing funding. Crisis is the national charity for homeless people. We offer direct services to people who are homeless, at risk of homelessness or who have been recently homeless to help them rebuild their lives, and gain the skills they need to leave homelessness for good. Whilst we do not directly provide accommodation, we work closely in partnership with providers across the country who do. In 2015/16, we worked with almost 10,000 individuals across our Skylight centres; of these,28% were living in hostels, 3% in night shelters and 13% in other forms of supported housing. Of greatest concern were the 1091 individuals (11%) sleeping rough, because there were no hostel or supported housing beds available to them.

Supported housing plays a critical role in meeting the needs of people with support needs who are at risk of or experience homelessness. The rough sleeping statistics released on 25th January show the total number of rough sleepers in England, outside London, was 3170 an increase of 21% since autumn 2015. Since 2010 the number of rough sleepers in England, outside London, has increased by 134%. In terms of rough sleeper demographics 13% were female, 8% under 25, 13% from EU countries and 2% from outside the EU.

We are therefore very aware of the importance of supported housing and hostels for homeless people, and how vital it is to have stable funding arrangements to prevent more people sleeping rough. While we welcome the Government’s commitment to protect and boost the supply of supported housing for vulnerable people, and ensure it provides value for money by delivering high quality outcomes for individuals, we have concerns that the proposals as currently framed may not achieve these objectives, and risk destabilising provision for homeless people. This would run counter to recent investments in hostel provision by Department of Health and cut across DCLG work to prevent and reduce homelessness.

**To address these concerns we recommend:**

* The proposed timetable for the introduction of future supported housing funding arrangements should be revised to give adequate time to fully map and cost existing provision and needs, put in place the necessary commissioning and funding arrangements and pilot the new framework before it is fully rolled out.
* Funding allocations should be evidence and needs based
* A requirement for local Supported Housing Strategies should be considered to support and sustain the funding and delivery of supported housing. Local governance arrangements should be put in place to ensure its effective implementation.
* A Supported Accommodation rate for LHA should be considered to achieve greater consistency across the UK
* The new system should be designed to ensure:
  + Funding for supported housing is sustainable
  + New developments are safeguarded
  + Innovation and good practice is fostered – requiring flexibility and the transfer of supported housing funding resources between different models of support
* Funds for supported housing to prevent and reduce homelessness should be allocated to the local authority with responsibilities for homelessness prevention. Should this not occur, there should be a duty for upper tier authorities to co-operate with the relevant districts or boroughs to deliver homelessness duties.

**General comments**

**Maximising the opportunity presented to promote a sustainable future for housing related support services**

We welcome the government’s consultation on the future funding arrangements for supported housing. However, the current consultation is narrowly focused on arrangements for a small proportion of funding for the additional costs of rent/ intensive housing management. Some key forms of housing related support, such as floating support, are out of scope; other emerging (and evidence based models) such as Housing First (in mainstream accommodation, but which may incur similar intensive housing management costs) could be overlooked. We believe this could be part of a wider review of the future role housing related support can play in meeting the needs of members of our community who may be homeless or have other support needs that require them to receive additional assistance with housing.

This should also be considered alongside other funding streams available to local authorities for tacking homelessness, including the proposed upfront grant for Temporary Accommodation costs and the Preventing Homelessness Grant. Any proposed funding for Supported Accommodation should allow the complementary use of these funds to further enhance the quality and extent of services available for homeless people. This aim also adds further weight to our proposals below for this funding to sit with the local authority with statutory responsibility for homelessness; ie the lower tier authority in 2 tier authorities set ups.

**Universal Credit – built in delays to payments**

We welcome the government’s recognition of the specific challenges of funding short term and emergency accommodation through the housing benefit and Universal Credit systems. Our housing coaches who work in UC areas have already seen increased challenges in securing Private Rented accommodation for people who rely upon UC, because of the built-in delay periods before payments commence. Many private landlords have only a few properties to rent, and are less able to spread the risks of non-payment across a large portfolio. Therefore, we would like Government to exempt those who are homeless, as defined in accordance with the 1996 Housing Act, from the waiting days that are part of the UC system. This review of supported housing funding is an opportunity to introduce this and reduce a further barrier to securing housing for homeless people on low incomes.

**Transition and pace of change**

The proposed changes, and the work that will be involved in mapping the services and accommodation units affected; clarifying the difference between LHA levels and current rents; developing new contractual and payment arrangements and transferring the identified funding to the designated commissioner, are similar to the major changes to supported housing funding that occurred in 2003 when Supporting People was established. These changes however commenced with a consultation in December 1998 – some 4 years and 3 months before the changes were made. Provision was also made in budgets for the years ahead for services that were not yet in management, but where capital had been committed. This enabled providers to plan ahead and avoided a freeze on new developments; and provided time for commissioning arrangements to be established. Whilst lessons can be learnt from the Supporting People programme preparation, particularly around the governance of cross cutting commissioning involving top and lower tier authorities, health and probation services, the current proposed timescale with the new funding regime being operational from April 2019 is unrealistic and will risk the viability of the supported housing sector at a time of rising homelessness and significant pressure on housing supply. We recommend the timetable is reviewed and includes provision for piloting.

**Local Housing Allowance Rates and Broad Rental Market Areas**

The new model is driven by Local Housing Allowance rates, which are in turn shaped around Broad Rental Market Areas which are not coterminous with local authority boundaries. This will result in a distorting effect on the system of funding for supported housing nationally, and in some cases locally, with variations in rents set in different housing markets; despite the costs of providing intensive housing management varying far less. The creation of a new Supported Accommodation Rate for LHA could introduce greater consistency, increase transparency and make it clearer to the public whether value for money for supported housing services is being achieved.

A Supported Accommodation Rate for LHA could also mitigate against the increased complexity of the funding for supported housing brought about by the proposals, as they will fragment funding streams.

**I. Fair access to funding, the detailed design of the ring-fence and whether other protections are needed for particular client groups to ensure appropriate access to funding, including for those without existing statutory duties.**

*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?***

In February 2003, the Supporting People programme was funding 75,000 units of accommodation for homeless people and 3000 refuge beds (HC Deb 24 February 2003 CC2WS – 3WS). In the accompanying Supported Accommodation Review – the scale, scope and cost of the supported housing sector (November 2016) just 37,000 units of accommodation for single homeless people were identified, although refuge beds had increased to 6000 and beds for ex-offenders have remained stable in number.

This almost halving of provision for single homeless people with support needs is a result of the loss of the ring fence for SP grant in 2009, exacerbated by the fact that in two tier authorities, the top tier holds the SP grant and commissioning responsibilities for adult social care, whilst the lower tier authorities have the powers and responsibility for the prevention and relief of homelessness – but do not have the resources required to fund supported housing for these groups. The 134 per cent increase in the numbers sleeping rough since 2010 highlight the importance for lower tier authorities to hold resources for homeless people needing supported housing.

As there can be no guarantee that a similar decommissioning and disinvestment in services for people towards whom the upper tier authority has no legal responsibility, any funding for homelessness services should be retained by the lower tier authority; along with its Homelessness Grant allocation.

*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?***

Despite commitments to ring-fence the top-up fund to ensure it continues to support vulnerable people, setting the funding to cover expenditure on a general definition of supported housing provision, rather than there being separate ring-fenced pots for different client groups, is likely to lead to a further disinvestment in services for single homeless people if the funding is retained with upper tier authorities in two tier settings.

Funding for supported housing for homeless people should be retained by lower tier authorities as they have statutory duties around homelessness.

If all funding s to be allocated to upper tier authorities (which we recommend should not happen) then a specific statutory duty for upper tier authorities, should be created, to co-operate to prevent and relieve homelessness. This is necessary to provide reassurance and protect the provision of accommodation with support for homeless people within the context of the overall ring-fence.

This is essential to avoid repeating the disinvestment that took place under the Supporting People programme, resulting a reduction from 75,000 units of accommodation to just 37,000 units for homeless people with support needs in a period of just 13 years. This has been accompanied by a 134% increase in people sleeping rough since 2010.

The difference in LHA levels - and therefore the amount of top-up funding required varies significantly around the country.

Of very great concern is that there is simply insufficient evidence to be able to allocate the local authority top-up pots in a way that guarantees this is aligned to needs. No detailed exercise has been undertaken to identify how the difference between supported housing rents and LHA levels are broken down, but the Supported Accommodation Review – the scale, scope and cost of the supported housing sector (November 2016) identified the following key factors contributing to the higher costs of supported housing:

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| --- | --- |
| **Property related costs** | **Intensive housing management/ staff based costs** |
| Higher damage/ maintenance/ replacements costs | Warden/ concierge services |
| Longer voids (referral routes in/ longer void turnover to address high wear and tear) | Provision of housing related support |
| Communal area upkeep | Intensive housing management |
| Furnishings provided | Higher turnover requires more staff time to manage referrals/ allocations/ setting up tenancy |
| Adapted units | Client needs/ complexity |
| Staff sleep over rooms – reducing rental income |  |

Although living costs and therefore salaries are likely to be higher in some areas – in particular London – other costs are likely to be similar between services, with the exception of void costs and the loss of rooms to staff sleep-in use. These will be dictated by the rents charged – which vary considerably for working age tenants from £51 to £606 per week in England; although average rents are £173 across England, Wales and Scotland (£171 in England; £179 in Wales and £199 in Scotland).

LHA rates very across the country, for example in the Inner East London Broad Rental Market Area one bed LHA levels are £257.35 and in Hull and the East Riding these are £69.73. It is possible that in London or other very high LHA areas, the full supported housing rent costs may be covered by LHA, even where higher wages are being paid. A relatively low level of top up would be required. In lower LHA areas, the difference and need for top up might be much greater, even where wage levels are lower.

The information in the Supported Accommodation Review – the scale, scope and cost of the supported housing sector (November 2016) is based on very limited feedback from providers in terms of what makes up these additional costs. What this, and the information on the different supported housing rents charged across the country indicates is that considerable further work is needed to inform future funding allocations and decisions.

It also indicates that as a result of the loss of the ring fence for Supporting People, and the reduction in funding for services for homeless people with support needs, providers have been forced to re-designate some costs (previously met through Supporting People Grant) as intensive housing management. This is very similar to the situation that pre-dated the introduction of the Supporting People programme in 2003, where transitional arrangements for Housing Benefit were put in place following a court judgment that Housing Benefit should only support the core rent/ costs of providing accommodation, rather than meeting the support needs of the tenants.

At present, there is insufficient evidence to ensure a fair allocation of funding between local authorities. As noted above, only 48% of local authorities returned evidence to the IPSOS Mori survey; and that data was not broken down by client group. Similarly, a relatively small number of providers responded to the survey.

A detailed “data capture” exercise (under transitional/ “amnesty” arrangements – as with Supporting People to engender trust, funding stability and clarity of need) is required to produce a comprehensive, consistent reliable breakdown of the additional rent-related costs of supported housing and the appropriate allocation across the country.

It is unrealistic to undertake the necessary preparations in the timetable proposed. A system which works is more important than one introduced quickly.

A further challenge is the fact that BRMAs which govern LHA levels are not co-terminous with local authority areas; either at the unitary or two tier authority levels. This means that local authority commissioners would be faced with having to pay differential amounts of top up, potentially to the same provider for similar services – depending on the LHA for a specific part of their area. This will create further complexity and potential for error.

Given LHA levels are largely frozen until 2020 they are increasingly divorced from and misaligned with market rents (or even “affordable rents” set by the government at 80% of market rates) “planning/ development blight” is likely in areas where LHA rents are disproportionately low, but the local authority has not secured sufficient “new provision” top up grant to provide in these areas. This could push new development into high cost LHA areas – with an adverse and perverse impact on the public purse.

The government should evaluate alternative approaches to setting rent allowances for supported housing. For example, a supported housing LHA rate could be introduced to reflect the additional costs associated with providing supported housing. This should be set at local authority level, but could be set for wider groupings of local authorities to reflect specific variations in costs, such as those associated with higher labour costs or rural delivery.

Crisis believes, given the context of rising homelessness, an ageing population and a crisis in social care (which may only be exacerbated by restrictions on funding for supported housing for older people) that a more comprehensive review of commissioning arrangements for accommodation with support is required.

There is a pressing need to provide certainty for accommodation based services. There is a clear interdependency between accommodation related costs and funding for support – as recognised by the transitional arrangements put in place as part of the preparation for the introduction of Supporting People; and the more recent re-designation of support costs in supported housing schemes as concierge services or intensive housing management activities. We urge Government to acknowledge and address the erosion of funding for support that has taken place since the removal of the ring fence, and ensure the accommodation review does not overlook the interaction with support funding streams. The new regime should incentivise councils to innovate and maintain investment in solutions that deliver the best outcomes (see our response to the section on outcomes below).

We consider the current consultation to be too narrow in focus, and misses the opportunity to promote commissioning across a range of bodies, or support the development of evidence based models such as Housing First, which are not linked to specific designated properties, but which may still need to attract higher rents than the LHA rates (in lower rent areas) to cover the additional wear and tear and intensive management costs.

As the stand, the proposals are likely to create instability and a further loss of appropriate accommodation and support for vulnerable people; especially people who are homeless.

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

We are concerned in principle about the removal of funding which secures people an appropriate place to live from the benefits system; as this places people with support needs at an effective disadvantage to the wider population who rent and whose appropriate housing costs are met through the benefits system. A new Supported Accommodation Rate for LHA would address this inequity. After all, the government has introduced a Shared Accommodation Rate set at a level it has determined is appropriate to meet the needs of people aged under 35.

The current proposals will create a two-tier system in which clients living in high-cost rental areas will have more (or possibly all) of their rent met though UC/HB, while those in lower rent areas will be more dependent on local authority discretion. This could significantly jeopardise supported housing development outside the highest rent areas.

The need for supported housing across all client groups can only be adequately determined by a commissioning led approach to identify needs in each area. Any funding should be allocated on the basis of need.

An agreed evidence-based methodology will be required to ensure consistency and equity. This might include measures such as current provision; the numbers requiring prevention interventions or move on (using methodologies created by Homeless Link such as their PrOMPt and MOPP tools in addition to the numbers seeking local authority assistance to prevent homelessness.

To ensure current and future needs are provided for, the evidence for needs and needs-based allocations should be reviewed every 2 -3 years, but ensure that commissioning cycles are adequate to provide stability for providers; and avoid disincentives to invest in new supported housing. In practice, effective commissioners will use a mix of both larger scale periodic assessments to inform their commissioning strategies and the need for new developments; and ongoing review of administrative data to assess take up and unmet need. This should happen alongside ongoing assessments to ensure providers meet agreed outcomes to ensure future commissioning decisions are evidence based and deliver value for money.

Regular review is particularly important in the light of the Homelessness Reduction Bill which if enacted is likely to change the profile of need over time and may increase the need for supported housing to reduce homelessness. The No First Night Out pilot, with which Crisis is involved, indicates many people presenting as homeless have an intensity of needs which can be best met through supported housing solutions, including Housing First.

Funding should reflect the costs of providing supported housing and be “index-linked” or inflation proofed to ensure providers are able to recruit and retain the staff required to deliver appropriate services.

One option is to consider a per unit/ per capita allocation to reflect the costs of intensive housing management (along the lines of the former Supported Housing Management Grant/ Special Needs Management Allowance). This could be weighted to reflect salary differentials in London (and other high cost areas) and thereby incorporate the additional staff-related costs of delivering supported housing in these areas. Non-staffing costs such as maintenance may vary in higher cost areas and in rural areas so some work to determine reasonable costs would be important.

A key challenge for any funding arrangements that are tied to specific units of accommodation, is that this may commit local authorities and providers into supporting models of provision that could become outdated. For example, Housing First is an evidence based response to meeting the housing (and support) requirements of people with complex needs. This often uses mainstream accommodation in the social and private rented sectors – much of which would not currently meet the definitions of supported housing – but which might still require intensive housing management (rather than support per se) to retain the accommodation. Any allocation should therefore be informed on a per capita basis (reflecting commissioners’ needs assessments in their areas) to enable commissioners and providers to develop flexible models. There should also be provision for population change (including decline or growth in overall population and change in demographic profile) linked to relevant assessment methodologies (e.g. Strategic Housing Market Assessments and Joint Strategic Needs Assessments). The review should consider the learning from evaluation of needs assessment methodologies used alongside the Supporting People programme and in relation to housing growth initiatives.

*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)?*

If proposed funds are to be allocated to upper tier authorities, then a specific statutory duty should be introduced requiring upper tier authorities to co-operate with local housing authorities in delivering their homelessness duties. This will help ensure that the provision of supported accommodation for homeless people receives appropriate priority within the context of the overall ring-fence.

This is essential to avoid a repeat of the disinvestment in supported housing for homeless people mentioned in answer to Q1.

The Government could also consult on the option of introducing a statutory requirement for local authorities to allocate funding in accordance with a Supported Housing Strategy outlining need in their areas, including for homeless people in need of support.

Any funding allocation should be informed by the assumption that the Homelessness Reduction Bill is passed. This will bring additional duties for local authorities and may increase demands for supported housing services – over and above the implementation of duties to prevent and relieve homelessness. The funding review should help to ensure there is sufficient appropriate accommodation (with the support needed) for people otherwise at risk of rough sleeping.

**II. Clarifying expectations for local roles and responsibilities, including what planning, commissioning and partnership arrangements might be necessary locally.**

*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?*

We believe there should be a requirement (set at national level) for all local authorities to develop a Supported Housing Strategy to provide a clear and consistent legal framework for the provision. Supported housing strategies should be based on local assessments of the need for this type of housing and set out how this need will be met.

A “local place” approach to commissioning should be encouraged wherever possible sitting within/alongside existing relevant commissioning structures, including cross border commissioning arrangements where relevant. This recognises that expenditure in one area, such as the provision of supported housing and homelessness prevention is likely to generate savings and benefits to other budget holders, such as the criminal justice system (fewer needs-led offences in the courts); health (in terms of reduced inappropriate use of A&E); or social care (fewer penalties for delayed discharges).

Commissioners should therefore be represented from:

National Offender Managers’ Service

Police

Community Safety

CCGs

Adult Social Care

Housing and Homelessness commissioners

The role of the HCA is also important nationally and regionally – as they should be tasked with developing investment strategies for supported housing to ensure the needs of the whole population are considered. It is vital that any decisions to allocate capital funds to develop new forms of supported housing is considered alongside the decisions on revenue funding to support any new development.

Registered Providers and agencies providing support should also have representation, to ensure commissioners understand the implications of their decisions.

Local panels of people with lived experience of using supported housing and housing related support services, as well as homelessness should be convened and supported so that they can influence the provision and design of suitable services.

At the same time, commissioning arrangements need to be proportionate and reflect the amount of resource in the top up pot. Existing local commissioning structures should be used and supported housing strategies should be aligned with other local strategies and assessments such as Joint Strategic Needs Assessments and health and wellbeing strategies.

We recognise the challenges of aligning local and national targets through different commissioning arrangements, even where existing commissioning structures are used. The proposed implementation timescales should be reviewed to ensure there is adequate time to establish shared the outcomes and partnerships needed for accountability.

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

Crisis is aware of the considerable resource implications of setting up new commissioning arrangements. There would need dedicated staff to undertake:

* Comprehensive needs assessments
* Set up contracts and payment arrangements with providers

Quality assure and inspect services to ensure effectiveness, value for money and safety

It is essential, however, that new administrative responsibilities are proportionate to the (relatively) modest size of the new funding pot, and are well integrated with existing local commissioning structures. This will be particularly problematic in areas where high LHA rates mean that only a small fraction of costs is incorporated in the ring fenced pot managed by local authorities, strengthening the case for a Supported Housing LHA rate to even out the geographical distribution of funding.

It is possible that where a higher Supported Accommodation Rate for LHA attracts unregulated providers who are poor or problem landlords, then there will be a need to manage local referral pathways to minimise the number of people needing supported housing accessing such accommodation in the private rented sector.

We would suggest that the introduction of Local Temporary (or Supported) Accommodation Boards, to practically support the implementation of any proposed Supported Accommodation Strategy would provide an effective way of maximising value for money for the taxpayer. These boards can provide a market stewardship approach by mapping and then seeking common agreement to restrict referrals to ‘supported’ accommodation which doesn’t meet an agreed standard. More information on this approach can be found here <http://www.ippr.org/files/publications/pdf/the-journey-home_handbook_Dec2016.pdf?noredirect=1>

**III. Confirming what further arrangements there should be to provide oversight and assurance for Government and taxpayers around ensuring value for money and quality outcomes focussed services.**

*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?*

As a starting point, commissioning arrangements need to be evidence based, so that resources are allocated on a fair and transparent basis to each area, based on assessed needs and demands for services. This is essential to gain public buy-in for provision, which they can see meets local needs.

A robust impact/ outcome focused set of key performance indicators will be needed. These should be designed so the community can understand the wider benefits which accrue from investment in supported housing services.

Good links between outcomes and information generated by the providers of supported housing and administrative data available from police, the courts, A&E/ ambulance services and social services in terms of delayed discharge penalties will be essential. Work on this has been progressed in Wales, led by Cymorth Cymru – and should be replicated and further developed.

Outcomes should be developed that reflect “progression” and value-added – in a similar way to school league tables. This will reduce the perverse incentives that can be created where outcomes (and unit costs) are benchmarked without recognising the particular challenges and costs of working with individuals with challenging needs and complex traumas.

A Quality Adjusted Life Year (QALY) approach might be considered to help benchmark and manage expectations amongst providers; as this could promote both transparency and innovation to design service models which could deliver safety and quality.

National overview and scrutiny is essential to avoid the risks of local authorities taking decisions which displace rather than respond to individuals with more complex needs. An outcomes reporting system that was similar to the National Drug Treatment Management System (NDTMS) would enable benchmarking between areas of similar needs profiles, and further drive accountability and innovation.

A national data capture and monitoring framework, such as the St Andrew’s Supporting People monitoring framework, might also be considered as a way of providing national benchmarks in performance.

A commissioning regime that was outcome rather than input focused to drive improved quality and innovation and was not overly focused upon costs is essential. Looking at “current delivery” against agreed outcomes and criteria as well as prospects for improvement (in both quality and value for money) would help achieve this. It is critical that the correct outcomes are designed and specified, with input from people with lived experience of homelessness, to reflect the complexity and diversity of their needs.

Local authority commissioners should be expected to undertake a robust and regular inspection and audit regime of funded providers. Considerations should be made on property conditions, support provision, Health and Safety requirements and to seek service user feedback. The standards expected to be achieved in this areas can be set nationally but with local inspection and enforcement. There will therefore need to be allowances for this additional cost burden on Local Authorities to manage this process. The QAF (Quality Assurance Framework) which formed the standards for Supporting People funded services would be a good start point for the development of such a standard.

We have considerable experience of private 'rogue' providers claiming exempt accommodation status, much to the dismay of local authorities, who cannot restrict access to the current funding mechanism. A shift to a locally managed and enforced approach will eliminate this bad practice and will achieve much greater value for money for Government and the taxpayer. Consideration of resourcing needs for effective accreditation/regulation is essential, should a Supported Accommodation Rate for LHA be included. National minimum standards should be set by DCLG. Adherence to these should be most cost effectively assured through existing local commissioning arrangements, where these are suitably resourced. The use of Local Temporary (or Supported) Accommodation Boards (as outlined at Q6) could also play a part in addressing the problems associated with “rogue” providers inappropriately obtaining exempt accommodation status.

**IV. Exploring the appropriate balance between local flexibility and provider certainty, including what other assurance can be provided beyond the ring-fence, for developers and investors to ensure a pipeline of new supply.**

*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?*

As a starting point, the 1% reduction in rents for supported housing should be rescinded. Supported housing providers are generally smaller than general needs registered providers and they therefore have less stock over which to spread the impact of rent reductions. Most large general needs Registered Providers have a mix of stock which includes properties transferred from local authorities or built under far more generous grant conditions – meaning there is less gearing and lower levels of debt to service. Supported Housing is characterised by being newer or more recently refurbished and may have higher levels of debt associated with it; meaning it is harder to bear a reduction in income and still meet exacting loan covenants. In mixed providers (with both general needs and supported stock) should loan covenants be put at risk by an enforced reduction in income, further divestment of supported housing stock may occur.

Many funding and loan arrangements to fund new supported housing development are based upon business plans with projections of 10 years + income. If a part of the income necessary for the management of the property is put at risk by being subject to commissioning cycles of 2 – 3-year duration, this will hugely reduce the availability of capital to develop new accommodation; or increase the pricing for risks on such loans that could drive up costs of provision even further. It will also impact on the ability of providers to redevelop older accommodation and improve the quality of services.

The need for supported housing must be included in local authority strategic plans.

Local authorities should be required to undertake comprehensive assessments of need across their populations, including 10 year projections. They should then be required under statute to make provision to meet those assessed needs. Such assessments and projections should be refreshed every 3 years.

New supported housing is generally built to specifications which could be adapted for mainstream rental purposes, and this would mitigate risks to providers – as long as planning consents built in such a minor change of use from the offset.

*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?*

Yes.

As a starting point, commissioning arrangements need to be evidence based, using nationally set criteria, so that resources are allocated on a fair and transparent basis to each area, based on assessed needs and demands for services.

As outlined above, Crisis believes local authorities should be required to assess the need for supported accommodation within their areas, in collaboration with relevant statutory partners, service users and providers, and that allocation of funding is matched with robust assessments of needs. DCLG should provide guidance to provide for some consistency in local assessments of needs.

Our suggestions for developing an approach to a national outcomes framework which allows comparisons of performance between comparable local authorities is set out above.

*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?*

Crisis welcomes the government’s commitment to a smooth transition to the new funding arrangements. However, there is a paucity of evidence on needs and supply required to inform any funding allocation. From this starting point, the timescales remain unrealistic.

Transitional arrangements should involve:

* Retaining the payment of all rent and eligible service charges through locally administered Housing Benefit teams until at least 31 March 2019. If the arrangements were not ready, this would prevent payments being jeopardised by needing ongoing administration through the UC system, which might then need interim exemptions and special arrangements putting in place. This would also allow for staff within Housing Benefit teams with relevant experience to maybe transition over to local commissioning and quality assurance teams to support any new locally administered funding programme.
* Piloting arrangements in two or more areas – including areas with high LHA levels and low LHA levels to understand the impact before full implementation
* Protection for all current residents of supported housing until they move on in a planned way to appropriate alternative accommodation

It is better to get the new system right, than pursue an unrealistic timescale which could de-stabilise current and future provision for vulnerable people.

*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 have set out our views in our response above. We have a number of concerns with proposals. These include:

* The distorting effect of BRMAs and corresponding variations in LHA rates;
* The vulnerability of ring fence;
* The unrealistic timetable being proposed;
* The need to address links to funding for floating support and scope to develop new models of provision such as Housing First.

**V. Developing options for workable funding model(s) for short term accommodation, including hostels and refuges.**

*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?*

Crisis recognises that for short term accommodation, funding from the Universal Credit system is unworkable. Many of our partner organisations report periods of up to two months for UC to be awarded; and this can be further exacerbated when homeless people lack documents or bank accounts.

Crisis’ preferred approach to defining emergency and short-term accommodation for these purposes is to use the definition of short-term services within the original Supporting People Framework:

* **Under this option short-term accommodation funding would encompass all services intended to last less than two years**.
* This definition would provide a clearly understood and widely adopted benchmark for allocating grant for accommodation based services that aligns with housing-related support commissioning.
* It would encompass short term services for a range of client groups including single homeless people.
* It would not rely on identifying types of accommodation or client characteristics, which risks creating undue complexity.

This approach may be broader than envisaged by DWP/ CLG, but the rationale is that narrower definitions based on duration of stay or client characteristics create undue complexity for commissioning authorities and providers.

It is not always possible to identify services as short or longer term, particularly where people have complex needs. For example, in some longer term services, clients may struggle and need to “step back” within a pathway to higher support accommodation. Even in Housing First models, individuals may move between specific properties as they adjust to new living arrangements. In some shorter term services, residents may not be ready, or unable to move on within the intended 3 – 6 months.

As it is likely that more short term accommodation with support will be needed under the relief duty of the Homelessness Reduction Bill, should it be enacted, getting funding arrangements right is very important.

An alternative approach to utilising the original Supporting People definition would be for commissioning authorities and providers to jointly identify the average stay in services over (say) the previous three years of operation, and to define as short term services all those with an average stay of below a specific benchmark – **six months is recommended as the minimum benchmark timescale under this option.** If this approach is used there some clients may fall outside the benchmark duration (i.e. where individuals stay in services for longer than 6 months for specific reasons) and the funding system needs to accommodate this.

**Funding approach**

All services such as emergency shelters, assessment centres, hostels, and move-on provision which form a pathway for people who are homeless and at risk of sleeping rough should be treated as short term and qualify for non UC accommodation cost funding. It is essential to provider viability that the new funding approach provides certainty of rental income in short term services where clients may move on or leave projects before their UC claim is determined.

For very short term services (where intended lengths of stays are below 6 months – below the minimum fixed term for an Assured Shorthold Tenancy) this may be an opportunity to take these services out of Housing Benefit/ LHA altogether, given the delays in its processing.

CLG should consider and consult further upon the viability of the following options:

* Continued administration of the LHA component of costs through Housing Benefit administered by local authorities for short term services (as defined above) – topped up from the local commissioner
* Consider a newly created “supported housing LHA rate” (as proposed by the NHF) that provides funding within allowance rates that reflect the costs of accommodation provision in specific localities
* For very short term services, a grant or allowance per bed space would be preferable, entirely outside the LHA/top up regime.

A final option would be the introduction, along the old Hostel Deficit Grant principles, of a system where the local authority “under writes” the full rent for a period of up to 3 months, during which the client would be supported to establish their UC claim. If the individual left before a UC claim was established, a “deficit grant” claim for the rent during their period of residence would be submitted. If the UC claim was in payment within the 3 months, it should be backdated to the first date of residence; and no claim to the local authority would be required.

In all cases clients would be supported to claim UC for their personal living allowance (but not housing costs component) alongside the provision of Universal Support; clients would have responsibility for budgeting for personal service charges as appropriate using UC income.

**About Crisis**

Crisis is the national charity for single homeless people. We are 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.

As well as delivering services, we are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience. Crisis has ambitious plans for the future and we are committed to help more people in more places across the UK. We know we won’t end homelessness overnight or on our own but we take a lead, collaborate with others and, together, make change happen.



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