

The cost of access

Sustaining and supporting private
renting projects

Bridget Young
16 December 2015



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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 homeless people to transform their lives.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

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Background

Since 1997 Crisis has been working to make the private rented sector (PRS) a viable housing option for homeless and vulnerably housed people. The focus of this work has been on funding, supporting and delivering private rented sector access projects¹. These are projects that operate using many different models, but what they have in common is that they support clients who are homeless or vulnerably housed and are willing to consider housing in the private rented sector. The projects then work with these clients and landlords to find, create and sustain tenancies in the private rented sector, helping clients overcome the financial, structural and personal barriers that may exist to doing this.

From 2010 – 2014 Crisis ran the Private Rented Sector Access Development Programme², a £10.8m Department for Communities and Local Government (DCLG)-funded programme that saw the set-up of 153 private rented sector (PRS) access projects across England. Towards the end of the funding programme, it became clear that the funding environment projects were operating in was making it increasingly difficult for organisations to secure full cost funding for the continuation of their service. This, despite the fact that projects had clearly shown their value through the programme with over 8,000 tenancies created, a 90% sustainment rate of tenancies at the six month point, and over £13.5m savings made to the public purse in one quarter through their intervention.

In recognition of this funding challenge, Crisis secured a further £2m from DCLG to run the Private Renting Programme³, providing match funding (a maximum of 50%) to existing projects that had achieved at least

75% of their previous targets. This funding programme runs from April 2014 to March 2016.

Crisis also received funding from DCLG in 2013 to deliver the Sharing Solutions Programme⁴ that supported eight pilot projects in a wide range of housing markets to deliver decent and sustainable shared accommodation. The DCLG funding for The Sharing Solutions Programme concluded in March 2015. However, Crisis continues to provide funding and support for the majority of the originally funded projects to deliver their models of sharing. This funding is currently aligned with the Private Renting Programme and runs until March 2016.

Since April 2014 it has become clear that while there is best practice to learn from some projects securing high value funding from external bodies or match funding from local authorities, an increasing number of projects were reporting difficulties securing funding and insecurity about their funding future beyond Crisis' funding.

In 1999, Scottish Government guidance to local authorities specifically mentioned Rent Deposit Guarantee Schemes (RDGS): “local authorities are encouraged to consider whether the development of rent deposit schemes would be appropriate in their area, and in the first instance to work with those organisations with experience of such projects to develop proposals” (Scottish Government, 1999). In 2002 in Scotland, the Homelessness Task Force recommended that all local authorities should provide access to such schemes by 2004. At the time of writing 30 of the 32 local authorities had schemes providing access to the private rented sector in their area.

Most RDGS in Scotland are run ‘in-house’ as part of council’s homelessness prevention services but a few fund local third sector organisations to deliver the scheme. There can be disparity in service provision across Scotland, with some councils housing hundreds of people a year through their RDGS and others making very little use of this service. In general, however the Scottish Government and local authorities do seem to recognise the value of Rent Deposit Guarantee Schemes.

Aims of the report

It was decided to produce this report and guide on private rented sector access projects’ financial sustainability to maximise the opportunity projects may have to secure future funding. We will employ a broad definition of ‘funding’ to include not just funding from statutory sources, but funding in kind (in terms of volunteers, co-location, etc.) and income raised commercially. It will build on the more general Crisis Fundraising and Future Planning Resource Pack⁵ that Crisis produced towards the end of the previous funding programme.

The overall aims of this report will be to:

- Identify fundraising best practice and opportunities
- Produce a checklist that projects can follow to fundraise for their service and prove their value
- Identify the barriers which exist to securing funding
- Report on the limitations that there are to the long term financial sustainability of these projects without a central funding grant.

The report will be useful to all those delivering, fundraising for, funding and commissioning private rented sector access projects.

The focus of the report will be Crisis funded projects in England, though the learning will be useful for projects operating across the UK.

Methodology

1. Projects funded in the second year of the Private Renting Programme were sent a detailed survey to gather information about their experiences fundraising for their service, current funding streams, funding projections, requirements (both in terms of money and best practice), concerns, barriers and best practice.
2. A selection of projects were visited and their fundraising plans and concerns were discussed in more detail.
3. Where projects had been successful with fundraising, their successes were analysed in more detail, in order to be shared as best practice.
4. A survey was also sent to projects that had previously been funded by Crisis, either through the PRS Access Development Programme or the first year of the Private Renting Programme.
5. Statutory body contacts – primarily from local authorities – were contacted to get their views on the financial sustainability of PRS access projects.
6. Two events were held with funded projects and an expert panel to discuss the draft report and gain their input into the financial sustainability of private rented sector access projects.

¹ <http://www.crisis.org.uk/pages/crisis-private-renting.html>

² <http://www.crisis.org.uk/pages/crisis-private-renting-funding.html>

³ <http://www.crisis.org.uk/pages/housing-service-private-renting-programme-2014-63130.html>

⁴ <http://www.crisis.org.uk/pages/sharing-solutions-programme.html>

⁵ http://www.crisis.org.uk/data/files/Private_Rented_Sector/Guides/Funding_Resource_Pack_FINAL_VERSION_20.11.2013.pdf

Context

Any focus on the financial sustainability of a particular type of project has to take into account the political, social and financial environment in which it is operating both locally and nationally.

The current government is committed to major reductions in public spending in order to achieve its goal of eliminating the deficit. The social security budget has been particularly targeted since 2010, with a further £12 billion of cuts to be expected. Although all elements of social security have been targeted for savings it is the housing element that has seen the largest reductions. These have included the reduction of the Local Housing Allowance (LHA) rate to the 30% percentile of local property prices, extending the Shared Accommodation Rate to those under 35, and the introduction of the under-occupancy charge (commonly referred to as the bedroom tax). Further changes, particularly the freezing of LHA rates for four years from April 2016, will continue to have a huge impact on the ability of people on low incomes to source accommodation.

This should also be set within the context of a national housing crisis. A lack of appropriate housing, escalating property prices (both sale and rental) and an increased reliance on the poorly regulated private rented sector are all well recognised symptoms of this crisis. Increased use of the private rented sector, particularly for housing vulnerable households, has in itself become problematic, with the ending of assured shorthold tenancies (ASTs) now the most common cause of homelessness in England.

While the environment in which they are working and the financial situations of their clients are more challenging, the financial stability of organisations is also becoming more precarious. A report published by

Lloyds Bank Foundation in July 2015⁶ showed that "81% of small to medium sized charities surveyed are struggling to raise the funds they need to survive and 63% are seriously worried about their ongoing funding over the next two years". The report highlights the fact that cuts to local services, complex and prohibitive contract bidding processes and increased levels of support needs from clients being assisted are all having an impact on the ability of small and medium sized charities to source the appropriate funding to deliver their services.

A final context for this report is the increasing need for housing and support services. Findings from the latest Homelessness Monitor England⁷ (Crisis and Joseph Rowntree Foundation) include rough sleeping rising by 55% since 2010; annual statutory homelessness acceptances 12,000 higher than in 2009/10; increased use of temporary accommodation (particularly use of bed and breakfast) and the weakening of the safety net function of the social rented sector.

Survey analysis

All 46 projects currently funded by Crisis were asked to complete a detailed survey on their financial situation and future prospects. Earlier in 2015, 37 of the projects submitted Making it Count⁸ analyses, detailing the cost savings to the public purse made by their services' interventions. Highlights from the survey and Making it Count analysis are detailed below.

Operational

- Projects tend to work with a mix of prevention, move on from supported accommodation, ex-offender and rough sleeper clients groups rather than having specialisms
- 86% of projects work with clients with low to medium support needs

- A smaller number of projects (34%) also work with clients with multiple and complex needs
- 37% of funded projects work exclusively with clients under the age of 35, though most of the other projects incorporate this client group into their mix as this is often where the greatest need lies
- 83% of projects ran their service primarily as a private rented sector access project, with the rest split equally between running a leasing model and a social lettings agency⁹
- It should be noted that where projects are primarily delivering their services as a private rented sector access project, some of them may still have introduced some limited elements of income generation
- 74% of projects had a sustainment rate of over 80% for their tenancies at the six month point
- The largest percentage (52%) of projects are delivered by medium size organisations with an under-representation from small charities (only one respondent characterised themselves as a small charity)
- 74% of funded projects are delivered by organisations running a range of services including their PRS work, with 24% being delivered by a Housing Association.

Partnerships and volunteering

- 60% of projects did not use any volunteers in their service, while the majority of the remaining projects used up to three volunteers
- There were mixed results reported from projects about linking in with Health and Wellbeing Boards and Probation or Community Rehabilitation Companies

(CRCs) though it seems that projects have had more success linking in with Probation and CRCs

- 49% of projects are linked in with CRCs, with only 29% linked in with Health and Wellbeing Boards
- However, across both this appears to be more about partnership working than receiving funding
- Over a quarter of funded projects have not approached Health and Wellbeing Boards or Community Rehabilitation Companies (CRCs) and this represents a clear opportunity for development.

Costs and funding

- At the beginning of 2015, 37 projects completed the Making it Count tool for Oct – Dec 2014. These costs represent the cost to the public purse if a project had not been able to settle their clients into the private rented sector. In just three months of operation the projects saved a total of £5,823,931 to the public purse.
- The average cost saving per project in just one quarter was £157,404
- 53% of projects need between £30,000 and £49,000 per year to run with the majority of the remaining projects costing over £70,000 to run (though these unsurprisingly tend to be the larger scale projects delivering over wider geographical areas).
- Just over half of the projects receive funding from statutory bodies
- 26% of services do some form of income generation
- Worryingly, 72% of projects have year on year funding (funding only secured one

⁶ Lloyds Bank Foundation, *Expert yet undervalued and on the front line*, July 2015

⁷ Crisis, *The Homelessness Monitor: England 2015*, February 2015

⁸ Making it count is the costings and assessment tool developed for PRS access schemes by the University of York to show the savings their interventions make to the public purse.

⁹ More information about leasing models and social lettings agencies can be found on page 15

year at a time) which does not provide much security or stability for project management or planning

- Added context to this is that local authorities and many other statutory services are also dealing with year on year funding and budgets
- The majority of projects say that they work well with their local authority.

The future

- The small majority of projects have not had to diversify or change their service in order to attract funding
- Of those that have diversified, the main ways they have diversified is through working with different client groups or in different areas, developing more holistic projects or starting to generate income for example by charging landlords a small fee
- The most common ask from projects post March 2016 apart from funding, was for Crisis to link them up with potential funders
- Fundraising plans for projects include applications to charitable trusts and foundations, developing an income generation stream, continuing to make the case to their local authority and building capacity in their fundraising teams
- One project also noted that they will attempt to seek different types of funding for different elements of the project – for example specific funding for the support element of their work and use income generation to part fund the property management element

Challenges

The main challenges that projects identified to the future delivery of their services can be summarised as:

- Competition for private rented properties, both from agents and other renters

- Lack of affordable accommodation
- Landlords moving away from the sector
- High support needs of clients
- Welfare reforms and issues around the introduction of Universal Credit
- Cuts to government and local authority funding
- Uncertainty of statutory contracts, particularly as local authorities are dependent on the annual Spending Review
- Competing priorities in local authorities
- Political agendas, locally and nationally
- Difficulty funding landlord incentives and core costs
- Increasingly competitive funding climate
- Lack of statutory support and end of Crisis funding stream
- Being driven by funders to deliver pilot projects rather than secure core funding to continue existing and much-needed work
- The short-term nature of much of the funding available

Ideas for improvement

Projects offered the following suggestions for improving the financial security of PRS access services:

- Show the fullness of your service – intensive support, working successfully with the client group that others won't
- An element of grant funding has to remain steady
- Develop partnerships with property companies and guarantee them rent

- Get referral agencies to pay for the service
- Recycle bonds
- Secure an independent and speedy source of funding for rent deposits
- Commissioners need to take spend to save cases seriously – though this is difficult for them to do when savings need to be realised within the financial year
- Look at developing a social lettings agency model
- Work with your local authority to align budgets between housing, employment and health
- Spread your financial risk by working across several local authorities
- Recruit a full time fundraiser
- Sell best practice or merge with another organisation to save costs
- Seek to make PRS tenancy targets part of homelessness / housing strategy and delivering this on behalf of the local authority, as part of the Gold Standard Challenge¹⁰
- Network and get involved with local liaison meetings, make strong relationships with key people in local authorities (officers and the cabinet member for housing) and commissioners
- Keep well informed of local and national developments. Know the agendas and the language

¹⁰ "The challenge is a local authority, sector led peer review scheme designed to help local authorities deliver more efficient and cost effective homelessness prevention services." <http://home.practitionersupport.org/>

Fundraising best practice

Large grants

Five respondents had been particularly successful with securing larger grants (between £75,000 and £500,000 and over at least 18 months). The majority of these applications included their PRS service as part of a more holistic approach to working with clients.

Common themes from the applications include:

- Demonstrating a track record of working with the client group and supporting people to access accommodation in the PRS
- Making much of building on a successful existing model
- Demonstrating cost savings
- Showing how they will address gaps in local provision
- Linking housing to sustainability, health, employment, education and training
- All grants came from non-statutory sources

Best practice case studies

In October 2014 Nomad Opening Doors was successful in securing £421,581 over four years from the Big Lottery Fund for their Smart Steps project. This project is able to support young clients into training flats in partnership with South Yorkshire Housing Association, and then into the private rented sector once they are ready to move on. It is also able to help clients directly into private rented sector housing if they are ready for that option straight away.

The key to the success of this funding application was that it showed:

- Very clearly identified outcomes
- How the project's activities would achieve these outcomes
- The detailed need for the project in the local area, and
- How the project's beneficiaries (in this case young people who were homeless) were involved in the planning and delivery of the project.

Medium sized grants

Five projects detailed best practice in securing medium sized grants (More than £10,000 over a period of one to three years).

Common themes from the applications include:

- Clear demonstration of how the project met the funder's priorities or helped the funder achieve their targets
- Having match funding, in all cases from Crisis
- These grants included those from local authorities

Best practice case studies

Refugee Council received £25,000 per year for three years from the Metropolitan Migration Foundation. Refugee Council split this money each year between their private rented sector work and their New Refugee Advice work to help bridge the gap between the two elements of the service and ensure they are joined up. It also helped the organisation increase the housing worker's hours.

They were successful in their application as they have a strong track record of working with the client group. They highlighted the holistic nature of their

service and how the private rented project is a strong but supported component of that work.

<https://www.metropolitan.org.uk/about-us/initiatives/migration-foundation/>

Derventio Housing Trust managed to secure £20,000 from Derby City Council for one year. This funding was secured due to the organisation having a good delivery history in the city. They have an excellent relationship with the key senior officer who made budget recommendations to the committee, and who understood the value of the service to the local authority. It was also invaluable that they were able to demonstrate the £20,000 match funding from Crisis.

Small grants or pots of money

Although it can seem time intensive, there is great benefit to securing small but flexible grants or pots of money. These can also be useful for funding particular elements of the project, like move in packs or bond/deposit money.

Best practice case studies

Lift, based in Brent, received a one off sum of £1,500 from the Catalyst Trust's Samaritan Grant. The funding provided indispensable money to purchase moving-in goods or emergency provisions for clients. This has included household items, food and travel expenses. This prevented clients from going into debt with Budgeting Loans or other loan facilities and made their tenancies more sustainable. The case study below shows the value of this small grant:

"One of our housing clients (SC) was evicted due to losing his job. He was told that he didn't qualify for a redundancy package although his contract indicated this. As a result of loss of income he got into rent arrears and was asked to leave

by his landlord who didn't issue a formal notice.

We signposted SC to his local MP to verify the validity of his employment contract and benefit package whilst Brent Law Community Centre advised him on his tenant's rights. As a result, SC was able to renegotiate a suitable redundancy package with his employer. Although he was evicted by his landlord, he could clear any debts with the pay off, which meant that when we registered him onto our housing service he was able to secure a new tenancy quickly without financial liabilities. Changes to Brent Local Welfare policy meant that when SC started his tenancy he did not qualify for any assistance and we awarded him the Samaritan grant to purchase basic household items such as a kettle, toaster, bedding, cutlery and towels.

SC was overwhelmed with the goods he got and has already made his studio into a real home. He is back to work and currently is in a process of negotiating an extension of his contract while being able to save money for a bicycle he desperately needs to get him to and from work."

Smartmove, delivered by Framework Housing Association, received £10,000 over one year from the Deposit Protection Scheme. The purpose of the bid was for SmartMove to be able to offer landlords a guaranteed 26 weeks advance shortfall payment (difference between Local Housing Allowance and actual rent) which had been estimated at £10 per week in most cases. The benefit of this guarantee is that it allowed the project to recruit new landlords, particularly landlords who would not normally rent to tenants in receipt of LHA. One of the added benefits of this guaranteed shortfall is that landlords have often been willing to accept this guarantee in place of rent in advance or a bond. This has all been achieved while charging landlords a 10% management fee.

Other sources of funding

In all cases the organisation asks tenants to pay 50% of the project's outlay or commitment back. For example if a shortfall of rent is £10.00 per week the project pays six months upfront to the landlord (£260). The tenant pays £130 back in return to the project at £5 per week. This provides a huge incentive to clients and is far more affordable. <https://www.depositprotection.com/documents/year-in-review-2015.pdf>

Health and Wellbeing

Positive housing outcomes can have a hugely positive impact on a person's health. A study in 2010 stated that combatting loneliness is equivalent to reducing smoking by 15 cigarettes per day.¹¹ It is important for PRS access projects to learn who their local health bodies are, understand their language and work in partnership with them.

The Health and Social Care Act 2012 established new national and local bodies such as Clinical Commissioning Groups and Health and Wellbeing Boards. Health and Wellbeing Boards are local forums where key leaders from the health and care system work together to improve the health and wellbeing of their local population and reduce health inequalities. Clinical Commissioning Groups are groups of General Practices that work together to plan, design and commission local health services in England. You can find out more about how the health and care system works nationally and locally at the Gov.uk website.¹²

Public Health

Public health is concerned with protecting and improving health and wellbeing, and reducing health inequalities, through the 'organised efforts of society'; tackling homelessness and improving someone's housing circumstances contributes to these ambitions.

In 2013 responsibility for public health returned to local government (upper and unitary local authorities) from the National Health Service (NHS), as part of reforms to health and social care introduced by the Health and Social Care Act 2012. In local government public health was felt to be better placed to improve the health of local populations; it is closer to the community and to decisions taken by local authorities that will impact on the public's health (e.g. housing).

A number of new public health duties have been placed on local authorities¹³, including that they must employ a Director of Public Health (DPH) and that this person must be a member of the local Health and Wellbeing Board. The DPH must produce an annual report concerning public health matters that they feel are important. The DPH should be in a position to influence local decision making to improve people's health and wellbeing, including people who are experiencing homelessness and/or other needs.

It is usual for there to be a public health team working to the DPH, and this may include people with knowledge of a range of health conditions and risks to health, expertise in understanding the population's health needs, and evaluating the success (or otherwise) of interventions. Working with the local public health team might be particularly beneficial to shaping and developing your private rented access project to meet particular needs, for example people with dual diagnosis, and evaluating and improving your projects.

Local authorities in their public health role are responsible for commissioning a number of clinical services relevant to customers of private rented access projects, such as sexual health, drugs and alcohol. There is a ring-fenced public health budget for these and other public health activities. This budget will be very small in comparison to the local NHS and social care budget, and will reduce over

the next few years. Limited funding for public health may mean that the local public health team will be adept at supporting organisations to attract other sources of funding, for example from charitable sources. This may be worth exploring with your local team.

There are other key public health bodies for private rented sector projects to get to know:

Their local public health team: In addition to the leadership and enabling role of the Director of Public Health, local teams offer extensive knowledge and expertise that is relevant to the successful delivery and potential sustainability of projects.

Public Health England: PHE is an executive agency of the Department of Health and is responsible for the Secretary of State's duty to reduce health inequalities. At a national level PHE informs and works with other government departments to enable improved health and wellbeing and to reduce health inequalities. It also aims to develop capability in the wider public health system and is a source of information, advice and guidance on relevant topics such as homelessness and housing, alcohol and drugs, mental health and wellbeing. There are nine regional PHE centres that support local public health teams and their Health and Wellbeing Boards. <https://www.gov.uk/guidance/contacts-phe-regions-and-local-centres>

The manager of your local hospital's A&E or urgent care service: A delayed transfer of care occurs when a patient is ready for transfer from the hospital, but is still occupying the hospital bed for a particular reason. The main reasons for delayed transfer of care are usually patients awaiting further non-acute NHS care or patients awaiting a care package in their own home, but lack of access to accommodation is another cause of delayed transfer of care. Trusts managing hospitals are becoming more powerful in

local health arrangements including around funding as they are footing the bill for the delayed transfer of care noted above, but also for the increased use of their services due to poor housing.

Faculty for Homeless and Inclusion

Health: This is an independent, multi-disciplinary body focused on the health care of homeless and other multiply excluded people. Its primary purpose is to re-affirm the fundamental rights of homeless and other excluded people to be treated with dignity, compassion and respect. Membership is open to nurses, doctors, allied medical professionals, social workers, public health experts, health advocates and support workers, commissioners, researchers and people with a lived experience of exclusion. You can find out more about the Faculty and how you can join on Pathway's website.¹⁴

It is also worth noting that the NHS has a five year forward planning strategy with the aim to spend more on prevention than treatment and health care in the next five years. Local health bodies may be struggling with how to turn to a focus on prevention and this may be a role for a private rented sector access project to show how their intervention can support this aim.

In order to make the cases to these various bodies it is worth learning to speak their language. As a start, projects could look at the Standards of evidence in housing produced by HACT¹⁵ and at Homeless Link's Health Needs Audit toolkit.¹⁶

Only one private rented sector access project (Bond Board) had previously received funding through a Clinical Commissioning Group for elements of their PRS access project, though they are not currently receiving funding. The previous funding had been for initiatives that enhanced the project offer but not for delivering the core service.

¹¹ Social relationships and mortality risk: a meta-analytic review. Holt-Lunstad J, Smith TB, Layton JB. PLoS Med 2010;7(7)

¹² <https://www.gov.uk/government/publications/the-health-and-care-system-explained/the-health-and-care-system-explained>

¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/213009/Public-health-role-of-local-authorities-factsheet.pdf

¹⁴ <http://www.pathway.org.uk/faculty/>

¹⁵ <http://www.hact.org.uk/standards-evidence-housing>

¹⁶ <http://www.homeless.org.uk/our-work/resources/health-needs-audit-toolkit/getting-started-with-health-needs-audit-toolkit>

Best practice case study

The Bond Board secured some funding through the “NHS Regional Clinical Commission Group – Social Investment Funds”, aimed at improving physical and mental health, reducing isolation amongst several other positive health outcomes which was open to all charities and community groups.

Through partnership working, The Bond Board secured two separate rounds of funding, firstly developing a spare room lodging project with local homeless charity Petrus, aimed at people affected by the “bedroom tax” offering short term rooms to homeless clients, providing up to 3 days of shelter whilst Petrus and The Bond Board could complete a health and housing welfare check and look at suitable options for each client. Through the project this provided over 500 nights of lodgings and over 30 people assisted in finding short term accommodation to 1st Dec 2014 which also allowed the project to identify those who were homeless or in ill-health.

The Bond Board was also successful with Rochdale & Oldham Citizens Advice Bureaux in developing “The Bare Essentials” which worked with tenants of private rented properties in the Rochdale Borough. The main aims of the Bare Essentials Project were the relief of food and fuel poverty by maximising incomes; enabling private rented tenants to improve their mental wellbeing; and reducing isolation by creating opportunities for knowledge sharing. The organisation created a welfare benefits advisor position who provided one to one work to support households by maximising incomes and benefit entitlement, financial health checks, advocacy and representation at tribunals, accessing grants, cheaper energy tariffs, dealing with disrepair and access to health services. Both of these

projects allowed The Bond Board to provide additional support to their clients in the private rented sector and increase capacity amongst staff. This reduced the number of drop-in presentations for help with food and fuel poverty or assistance with benefits, as more of this work was done proactively.

Transforming Rehabilitation

Transforming Rehabilitation is the government programme for the way offenders in England and Wales are managed in the community.

The programme saw the previous 35 individual Probation Trusts replaced with a single National Probation Service and 21 Community Rehabilitation Companies (CRCs). The National Probation Service is responsible for managing high-risk offenders, and the CRCs are responsible for the management of low to medium risk offenders and short-sentence prisoners.

“From 1 February 2015 the successful bidders in the competition for the CRCs began to deliver the programme. These successful bidders are expected to build supply chains that consist of organisations from the public, private, and voluntary sectors through which they will subcontract delivery of some of the services.”¹⁷

The National Probation Service has a responsibility to supervise and find accommodation for high risk offenders, but they can't always find this themselves so rely on community services such as private rented sector access projects.

CRCs work with other justice agencies and public bodies to protect the public and reduce re-offending. There is a clear link between settled housing and a reduction in re-offending so this is an obvious intervention for a private rented sector access project to make.

Separate from but linked to the Transforming Rehabilitation agenda, the aim of **Police and Crime Commissioners** (PCCs) is to cut crime and deliver an effective and efficient police service within their force area. PCCs do not have much flexible direct funding, but are important for projects to link in with. The trend seems to be for them to act a bit like a bank manager with different funding streams coming through them. It is worth looking at your local PCCs report and understanding their priorities.

Best practice case study

CRI in Leeds received £5,000 from the Police and Crime Commissioner (PCC). This was focused on supporting those who were begging and engaging in anti-social behaviour into private rented accommodation and offering them floating support to reduce criminal activity in the city centre and help them maintain their tenancies. They employed their Private Rented Sector Outreach Worker for one extra day per week to deliver intensive floating support to a small group of people who had moved into accommodation but were continuing to beg in the city centre. The clients involved were at risk of losing their tenancies due to entrenched street based behaviours.

The application was successful as it involved reducing crime/ anti-social behaviour in the city centre but also related to rehabilitation and assisting people to leave street based activity behind and integrate back into society. Several people have now moved away from this lifestyle and are doing really well in their properties.

These small grants – which were originally funded via the Proceeds of Crime Act – were awarded to charities and community groups that could show they were helping meet key priorities for the PCC.

CRI works very closely with the police on a daily basis to reduce begging in the city and are key partners in a City Centre Strategy Group to tackle anti-social behaviour / street based activity. Receiving the funding from the PCC has enabled the organisation to expand the support they offer and fits really well with the funding they receive from Crisis.

Local authorities

Of the 46 projects funded by Crisis in 2015-16, only 21 have received match funding for the project from their local authority. These local authorities were asked to fill in a survey to gauge their views on the impact of the PRS project on homelessness in their area and the likelihood of the local authority continuing to fund or match fund the project post March 2016.

Nine local authorities responded to Crisis’ request for information. They were largely very positive about the role that the project played in reducing homelessness in their area. They were able to make the case internally for funding their local project by showing the previous success of the project, showing how the project filled a gap in local service provision and showing the benefit to the local authority (i.e. reduced homeless presentations and reduced use of temporary accommodation).

All the local authorities supported their local project by paying rent in advance or underwriting bonds. Some of the local authority respondents also said that they supported the project with co-location, inspecting properties used by projects and giving the project access to other local authority services.

The majority of local authorities that responded were unsure at the time of writing as to whether they would be able to continue to provide funding to their local PRS access project, particularly with the uncertainty around the Homelessness Prevention Grant.

¹⁷ <http://www.clinks.org/criminal-justice-transforming-rehabilitation/what-transforming-rehabilitation>

Local authority statement

"I am really very pleased with the project and the work put in by the private rented sector officer – he is excellent at what he does and works superbly with my team. His work completes a jigsaw by complimenting other prevention projects in existence.

We have provided funding to the project to match Crisis' funding using the Homeless Prevention Grant. We use this grant, along with the Council's revenue budget, to fund all our invaluable prevention work. However we will not be in a position to confirm whether we could financially support the project until we have a decision about whether the Homeless Prevention Grant is to be saved or not. In addition the Council will also need to consider its wider finances when considering funding of prevention tools - we will not be informed of the Government's Grant settlement to local authorities until at least December 2015 and as such cannot commit to funding any prevention projects until we know the impact of this on our budgets.

It would be a real shame if we couldn't afford to commission some or all of these prevention services as they support each other and this helps build the success of their individual services – ultimately all preventing and reducing single homelessness." Mendip District Council Housing Options

As was noted in the evaluation of the Crisis Private Rented Sector Access Development Programme¹⁸, there are a number of things that local authorities can do to support the delivery of their local private rented sector access projects beyond just funding. This includes creating as benign a context as possible for project operation, offering co-location and access to other local authority services.

Projects should also be sure to work in partnership with as many local authority departments as possible, showing the value

of your service and putting yourself in the best place for funding where available. Projects should make the most of their local political influence and get to know their local Housing Cabinet Member or more importantly, make sure the Housing Cabinet Member knows about the work of the project.

Housing associations

As was noted in the analysis of the project survey, 24% of funded projects were delivered from within a Housing Association. Some funding in-kind from the Housing Association (office admin, rent, etc.) was provided to all these projects and a handful were also fully match funded for their PRS service.

No other projects received funding from a local Housing Association, and while we do not assume this will be a targeted funding stream for PRS access projects, they could prove to be an increasingly useful delivery partner who will enhance the projects' ability to deliver services to their clients, give projects access to in-house services such as a repairs service and strengthen other funding bids.

Projects looking to work more closely with Housing Associations and other Registered Social Providers may be interested in Crisis' toolkit on sharing in social housing 'Spare to Share'.¹⁹ Crisis is also developing additional best practice work on the relationship between the private rented sector and Housing Associations, which will be ready in early 2016.

Best practice case study

As part of the Crisis Sharing Solutions Programme in 2013, Nomad Opening Doors partnered with South Yorkshire Housing Association (SYHA) to provide five two-bed properties for use as training tenancies. Clients are provided with

shared accommodation for a maximum of six months on a license agreement, and receive tenancy training and intensive support.²⁰ When clients are ready to move on into the private rented sector, they are supported by Nomad into whichever type of housing is available to them, which is most typically a private rented sector tenancy. This support for move on is crucial to the success of the training flats.

Social lettings agencies / income generation

Social lettings agencies are a form of PRS access project run on a commercial basis. They help homeless and vulnerable people to access and sustain PRS tenancies, but also generate income to cover operational costs. There are many different models of social lettings agencies, and what works will depend on your local market. A number of projects funded through the Private Rented Programme have adapted to deliver all or part of their service as a social lettings agency, with varying degrees of commercial success. All of these projects still need an element of grant funding.

Although not appropriate or possible for all, income generation – either to start or extend what they're currently doing – is being considered by a large portion of PRS access projects as a route to securing their financial security. In light of this, Crisis will be updating our good practice guide²¹ to setting up a social lettings agency which will be available in early 2016.

Best practice case study

Wigan Housing Solutions is a community interest company. The service started trading in November 2009. Their objective is to help people in housing need who are unable to afford to purchase or to retain their own homes or who would otherwise

have difficulty in accessing social housing, to achieve sustainable housing solutions in the private rented sector. They seek to achieve their social objectives by providing landlords and agents with first rate letting and management services and effective advice and support services for tenants.

Their business is to let and manage properties directly for landlords and agents, and to manage properties leased by Wigan Council from private landlords. They also operate the Home Finder Project, which includes the Wigan Bond Project and the Let Only Service. All these services are underpinned by their Advice & Support service.

At present the social lettings agency generates 50% through trading and 50% through grant income, including from Wigan Council.

Statement from a Wigan Housing Solutions landlord: *"Initially I was concerned due to the bad experience of letting to singles but due to the pre-tenancy work and support to manage tenancies successfully I agreed to market the property to single applicants who have been granted leave to remain. The scheme is to create long term tenancies and as a landlord this interested me as one of the biggest costs to landlords is a change of tenant. Three of the tenancies have been sustained over 12 months, one tenancy over six months and one tenancy commenced three months ago but is running successfully. This is a very positive outcome for me."*

Statement from a Wigan Housing Solutions tenant: *"I moved into the property after being granted leave to remain. Wigan Housing Solutions checked the compatibility of the house sharers and I have developed friendships and support within the house. Any issues with my rent*

¹⁸ http://www.crisis.org.uk/data/files/PRS_folder/_PRS_Access_Development_Evaluation_FINAL.pdf

¹⁹ <http://www.crisis.org.uk/pages/spare-to-share.html>

²⁰ http://www.crisis.org.uk/data/files/publications/SharingSolutionsEvaluation_FINAL_web.pdf

²¹ <http://www.crisis.org.uk/pages/-local-lettings-agencies-a-good-practice-guide.html>

or repairs are dealt with very efficiently. I have been very happy with the management of Wigan Housing Solutions of my tenancy."

Cross-subsidising

Something else that social lettings agencies are increasingly looking at, though few are yet doing, is widening their client base and using profits from market rentals to cross-subsidising their work with clients who have been homeless.

Best practice case study

Derventio Housing Trust set up a sister lettings company for students and employed people, Remarkable Lettings, to spread their income generation and make themselves more financially sustainable.

It is a natural fit, as they already use a private rented leasing model (Rooms4Two), have property procurement expertise, and contacts with property owners. But they recognised that it is a very different sort of business, so they employed someone from a lettings agency who was ready to head up their own enterprise. She had all the knowledge and the skillset for dealing with students. The marketing approach is very different too, lots of social media and no liaising with local authority housing options.

It's not a quick fix, and it won't be for everyone. It required quite a bit of upfront investment, and it is only now in its fourth year that it is starting to generate a surplus to cross subsidise the lettings to homeless people. However, it has always contributed some income for Derventio Housing Trust through its payments for the managed office space it occupies at the head office building.

Leasing properties

Private rented sector leasing models have long been used to provide accommodation for homeless households. Historically this has been to provide temporary accommodation, but this model is now also being used to provide more permanent assured shorthold tenancies (ASTs). These projects operate by leasing a property from a landlord for a fixed period (usually three to five years) for an agreed rental amount that is usually at or below Local Housing Allowance (LHA) rate or at least lower than the market rent.

While there is definite risk to this model as rent and property standards have to be guaranteed for the leased period, the motivation for statutory bodies or voluntary sector agencies is that they have a pool of properties that they can use as they see fit, for example to rent to a client group that might otherwise struggle to secure accommodation on the open market or to use as training flats. They may be able to cover their support costs either through an Intensive Housing Management Charge if appropriate for the client group, or through any rental surplus made.

Best practice case study

Rooms4Two run by Derventio Housing Trust provides accommodation and support for people aged 18-34 who are struggling to access housing. Most people who use Rooms4Two are homeless people currently living in hostels or supported accommodation. They are ready to live more independently but still need some support. All Rooms4Two homes have two bedrooms, and tenants share with one other carefully matched person.

The project is run on a leasing model, with Derventio leasing properties from landlords for three years at just below the Local Housing Allowance rate. As more support is provided to clients

before they enter work, Derventio claim Intensive Housing Management until a client enters work. This also ensures that the cost of the accommodation is not a barrier to clients gaining employment because clients know that if they move into work they will only have to pay the LHA rate.

Social investment / Social impact bonds

Social investment is the use of repayable finance to achieve a social as well as a financial return.

Social investors include specialist banks, individuals, and charitable trusts, as well as organisations and funds that have been specifically set up to make social investments. Each has different motivations but what all social investors have in common is:

- They expect to get their money back, often with interest
- They want to see positive social change take place as a result of their investment²²

Social impact bonds (SIBs) are a form of outcomes-based contracts. The private sector usually pays a service provider to deliver a project, and then is repaid by the public sector when agreed outcomes are achieved and show savings to the public purse.²³

Social investment and SIBs have been talked about for a number of years as a more sustainable way for the voluntary sector to secure funding and a way to attract funding from a wider range of sources.

Examples of the use of social investment to address homelessness have been limited and the example of St Mungo's Street Impact²⁴, is an exception rather than a rule. This project shows what relative success can be had with this approach but also how challenging it can be.

It is clear that the success of such approaches relies on the clarity of the baseline data collected and of the realism of the outcomes expected. We expected to hear of further developments from government in the Spending Review on nationwide opportunities for social investment to support single homeless people however this was not forthcoming. We therefore await further information and an opportunity to see the detail of any proposal before seeing this as a potential funding stream for PRS access schemes.

²² <http://www.bigpotential.org.uk/resource/social-investment-guide>

²³ <https://www.gov.uk/guidance/social-impact-bonds>

²⁴ http://www.mungosbroadway.org.uk/street_impact

Checklist

- Do you always have updated statistics, value for money information (for example Making it Count²⁵) and compelling client case studies to hand?
- Do you show the full value/range of your service? This can include how many clients gained employment, started training, maintained positive links with their drug and alcohol support agency or improved relationships with their families?
- Do you have a good relationship and partnership working with your local authority?
- Does your local Housing Cabinet Member know about the work of your project?
- Have you explored partnership working with your local Housing Associations?
- Are you part of your local Housing and Homelessness Strategies?
- Have you made contact with your local public health bodies?
- If appropriate, have you linked in with the Transforming Rehabilitation agenda and made contact with the National Probation Service, your local CRC, or PCC?
- Do you have a clear understanding of potential funder's priorities or targets and how you will help meet these?
- Have you explored securing small amounts of funding for different elements of the project?
- If delivering a holistic service, have you considered applying to trusts and foundations for the full service or partnering with other specialist organisations for larger bids addressing holistic needs?
- Have you considered income generation?
- Have you costed out your delivery – how much does it cost you to assess, deliver pre tenancy training, help find housing for and then support one client?
- Can you talk about the potential impact on clients, partners and local homelessness statistics if your service was not available?
- Do you know the current gaps in local provision?

Conclusions and recommendations

Conclusions from survey and partner feedback

When initially conducting the project survey, we were looking for trends that might help point to improved fundraising insight or tactics. For example, were projects that work with certain client groups finding it easier to secure funding? Were projects in certain parts of the country finding it easier to access local authority funding? In reality, we have seen very few trends.

Projects tend to work with a wide range of clients and tend to look for funding for their work with these clients from numerous streams. On the whole projects work well with their main host local authority and the majority of projects do get some funding – either cash or in-kind funding – from the local authority. Fewer projects have attempted or been successful securing funding from public health bodies, National Probation Service or Community Rehabilitation Companies (CRCs), and this remains one of the main funding and partnership areas for organisations to explore.

The majority of the private rented sector access projects have funding that is committed for one year at a time, and this is an area of concern. Year on year funding like this is insecure and does not give projects the space to deliver the project and plan for longer term financial security. Even when there is the expectation that there will be another year of funding as with the Crisis funding grant, there is an element of 'firefighting' necessary when funding is only committed for one year at a time.

Those services that have secured more than one year's funding have in the main secured this from charitable foundations rather than statutory bodies, and these larger funding

successes have also tended to be for wider holistic services where the private rented sector access project is an element of the service. While it is important for projects to look at this option, there is a danger that this could mean it is more difficult to secure longer term funding for private renting services for clients with low support needs who do not necessarily need these additional wraparound services.

While projects will rightly continue to look to secure statutory funding, primarily from local authorities, it is important to reiterate that even local authorities who believe in the value of the service and have funded it in the past, are unsure as to whether they can continue to provide funding to these private renting projects. This is because of the uncertainty of their own funding, in particular the Homeless Prevention Grant. Also, the savings generated by PRS access schemes are generated across statutory services and authorities may not perceive it their role to fund projects which generate savings to agencies who are not making a contribution. It is also worth noting that the time it takes for local authority budgets to be finalised means that organisations are often notified of successful funding bids very late in the day, which in turn can make planning and staff retention difficult.

This is important because when the Crisis Private Renting Programme began in 2014, the idea was that while projects would need to secure funding from a variety of sources, local authorities in the main would at least pick up the match funding role that Crisis had been playing. Current fiscal uncertainty and restraints make this seem unlikely, and this is supported by findings from the survey conducted with local authorities.

Recommendations for projects

We encourage organisations to use the Crisis Fundraising and Future Planning Resource Pack²⁶ and the Checklist above to ensure that they are doing everything they can to plan and fundraise for their PRS access project. Further recommendations from the survey and partner feedback are detailed below.

- The 60% of projects that do not use volunteers to deliver their service should look to do so. While volunteers are certainly not a free resource, they can provide invaluable support to the project and clients. They can help extend the service that the project provides in a financially viable way and they can also be a route for clients into volunteering. A number of the organisations that do use volunteers support former clients into the role of peer mentor and these clients have been very successful in delivering pre tenancy training and providing post tenancy support to existing tenants.
- Even if there is not the immediate possibility of securing funding from your local health bodies, National Probation Service, CRC or PCC, projects should look to work in partnership with these bodies. This partnership work will strengthen other funding applications and will also put you in a good position for any future funding that may become available.
- Partnership working with local authorities is vital. Even if funding is not available, look at any other services you may be able to access or in-kind funding you may be able to secure from the local authority. Partnership work will also help ensure that you are always in the right place to make the case – both for the existence of your service and for the impact the closure of your service would have.
- Make the most of any income generation that you do, even if it is limited. It will strengthen funding applications you make.
- Consider joint property procurement for a range of client groups. This may mean joining forces with agencies providing support to other client groups or developing a property sharing protocol with other agencies supporting clients into the private rented sector.
- If you are delivering or considering property management as part of your delivery model, look into whether there are any local business or church groups that would be willing to invest in properties for you.
- When targeting charitable trusts, make more of cost savings. It can be difficult to make this case to statutory services who are squeezed for funding but trusts will appreciate the potential savings to be made by their funding input.
- Be sure to include case studies in any application, report or meaningful correspondence with a potential funder as it can make the service ‘come alive’ and helps show the real impact of funding. Where possible give the funder a tour of your service or introduce them to a client.

Wider recommendations

This report highlights the increasing difficulties private rented sector access projects are experiencing in securing funding. Just over half the projects surveyed received funding from statutory bodies and 26% of services have some form of income generation. Worryingly, however, 72% of projects have year on year funding, which fails to provide much security or stability for project management or planning.

The private rented sector is increasingly being relied upon to house people who are homeless or threatened with homelessness. More and more local authorities are reliant on the private rented sector either as temporary accommodation or an offer of settled housing for homeless households who are eligible for the main housing duty. Since local authorities were given the powers to discharge their main housing duty into the private rented sector 55% of them have chosen to adopt this power, with another 16% expecting to do so by 2016²⁷. Unsurprisingly the take up has been strongest in London (88%) and least extensive in the largely smaller and more rural authorities in the South (32%). In addition, 31% of households assisted into alternative accommodation as an offer from Housing Options services outside the statutory homelessness legislation were housed in the private rented sector²⁸.

Government proposals to extend the Right to Buy policy to housing association tenants on the same terms as council tenants, the forced sale of high value council homes and the redefinition of affordable housing to include starter homes will undoubtedly lead to further decline in the number of social rented homes. Most relevant of all perhaps is the proposed ending of lifetime tenancies within social housing which will see social and private rented housing become more and more similar. All of these factors will see an increasing reliance on the private rented sector to accommodate those in the greatest housing need, particularly single homeless people.

In this context the work of private rented sector access projects will continue to grow in importance. It is therefore important that local and national government help to ensure that these projects, whose work helps make huge savings to the public purse, are able to access appropriate funding.

Local government and statutory partners should recognise the contribution made by PRS access schemes and the savings they can generate. Jointly commissioning PRS access schemes will help share costs and make efficiencies by coalescing access to the PRS for all partners. Local authorities should also be supporting statutory partners to understand the nature of the rapidly changing housing sector and prompt greater recognition of the PRS as alternatives become more and more scarce.

For national government one option would be for government to underwrite a deposit bond guarantee scheme. The guarantee bond is a written commitment from a private rented sector access project to a landlord instead of a cash deposit. Guarantee bonds set out the conditions under which a landlord may make a claim and the maximum amount that can be claimed. It covers certain types of costs that the landlord may incur at the end of a tenancy including damage and rent arrears. We recommend that bond guarantees are time-limited to ensure that liability does not increase exponentially.

If government were able to underwrite the bond, rather than the projects, this would help reduce the financial risk for access projects. Claim rates do not generally exceed 15-20% of the total liability in a given year. We would therefore recommend that national government should only have to hold in reserves 50% of the total value of bond guarantees issued to tenants via projects.

We also recommend that projects who want to access bond guarantees underwritten by government should demonstrate that they meet a required level of standards with regards to the support provided to landlords and tenants. Achieving and sustaining tenancies depends on the creation of a close

²⁶ http://www.crisis.org.uk/data/files/Private_Rented_Sector/Guides/Funding_Resource_Pack_FINAL_VERSION_20.11.2013.pdf

²⁷ Crisis, *The Homelessness Monitor: England 2015*, February 2015

²⁸ DCLG, Table 788 Types of prevention and relief in England 2009/2010- 2014/15

working relationship with landlords and sound judgement on the capacities and readiness of the tenant. A successful project will help to minimise the claims rate of the bond.

And finally, as noted before in this report, a secure and consistent element of grant funding – even at 50% of full project costs – is vital to ensuring private rented sector access projects are able to be flexible and creative in attracting additional funding and income from various streams, while continuing to meet the increasing need for their services.

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About Crisis

Crisis is the national charity for single homeless people.
Our purpose is to end homelessness.

Crisis helps people rebuild their lives through housing, health, education and employment services. We work with thousands of homeless people across the UK and have ambitious plans to work with many more.

We are also determined campaigners, working to prevent people from becoming homeless and to change the way society and government think and act towards homeless people.

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