



## **Depaul's submission to the consultation on housing costs for short-term supported accommodation**

**January 2018**

### **About Depaul**

Last year Depaul provided services including emergency accommodation, longer term housing and community outreach to over 3,000 young people. We deliver supported accommodation for young people at risk of homelessness in the North East, Greater Manchester, South Yorkshire, London and the South East. Depaul also leads the national Nightstop network. If you have any questions or would like more information please contact Dan Dumoulin, Depaul's Policy and Public Affairs Manager: [daniel.dumoulin@depaulcharity.org.uk](mailto:daniel.dumoulin@depaulcharity.org.uk); 07989 404363.

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### **Summary of main points**

- **If implemented, the Government's proposed funding model would increase the risk that supply of supported accommodation falls further behind demand. Further reductions in supply would lead to an increase in homelessness, which is damaging for individuals and costly to public services. Reduced supply would also make it more likely that the Government fails to meet its commitments around reducing rough sleeping.**
- **Under the Government's proposals people living in short-term supported housing would no longer pay rent, which would make their transition to non-supported housing more difficult.**
- **An alternative funding model could better protect short-term provision and vulnerable who people it supports. In one such alternative model a local grant could be introduced to pay for the first 12 weeks of residents' occupancy. After 12 weeks residents' housing cost would be paid by Universal Credit.**
- **The Government should clarify that supported lodgings are included in the definition of short-term supported accommodation, and that any ring-fenced funding for this type of accommodation can be allocated to supported lodgings. Supported lodgings have been shown in Government guidance to be the most effective type of supported accommodation for young people at risk of homelessness.**

## Answers to questions

### Question 1: Do you agree with this definition?

**The Government should clarify that supported lodgings are included in the definition of short-term supported accommodation, and that any ring-fenced funding for this type of accommodation can be allocated to supported lodgings. Supported lodgings have been shown in Government guidance to be the most effective type of supported accommodation for young people at risk of homelessness.**

Supported lodgings are often excluded from housing benefit arrangements that apply to other types of supported accommodation.<sup>1</sup> This precedent leads us to be concerned that they could be excluded from a future short-term supported accommodation funding system. If this were to be the case supported lodgings could become much harder for local authorities to commission.

Supported lodgings meet the definition of short-term supported accommodation set out on page 39 of the consultation. They are a distinct type of supported accommodation but are not mentioned in the Government's documents accompanying the consultation, for example in the list of accommodation types also on page 39.

Depaul welcomes the positive reference to supported lodgings in the Department for Communities and Local Government's (DCLG's) 2017 Draft Homelessness Code of Guidance, which states that authorities 'might consider operating supported lodgings schemes for people with support needs, for example young people needing to gain skills for living independently.'<sup>2</sup>

Depaul's experience of delivering supported accommodation shows us that dispersed projects, with young people living across different sites, tend to achieve better outcomes than large scale congregate projects. Housing First and supported lodgings are both dispersed accommodation models. Guidance published by DCLG in 2008 shows that supported lodgings deliver better employment, education, substance misuse, family relationship and mental health outcomes for young people than other types of supported accommodation.<sup>3</sup>

### Question 2: What detailed design features would help to provide the necessary assurance that costs will be met?

We are concerned that taking housing costs wholly out of the welfare system and putting them into grant funding will mean that the Government can only give weak assurances that costs will be met over the long-term. Because of this, and other problems with the proposed system, we urge the Government to consider the alternative funding models outlined in our answer to question 11.

Whatever system is introduced will need to include an inflationary uplift, as the cost of providing and maintaining supported accommodation rises with inflation. The Government will also need

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<sup>1</sup> Supported lodgings differ from other supported accommodation as they are delivered in hosts' homes. Hosts are usually classified as private landlords for housing benefit purposes. Their status as private landlords means that the housing they provide does not meet the 'specified accommodation' definition, which most of types of supported accommodation meet for housing benefit purposes.

<sup>2</sup> DCLG (2017) Draft Homelessness Code of Guidance for Local Authorities  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/652343/Draft\\_Homelessness\\_Code\\_of\\_Guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/652343/Draft_Homelessness_Code_of_Guidance.pdf)

<sup>3</sup> DCLG (2008) Supported lodgings as a housing option for young people  
<https://www.gov.uk/government/publications/supported-lodgings-as-a-housing-option-for-young-people>

to make clear how the system will provide the capital investment necessary for new supply to be delivered.

Additional funding for the operational costs of new provision can currently be secured quickly through housing benefit. This helps commissioners and providers to quickly respond to new demand. The Government should clarify how any new system would respond to such an increase in demand.

**Question 3: Providers and others with an interest – Do the authorities you work with involve you in drawing up such [supported housing] plans?**

Yes. Local authorities that we work with usually do not have supported housing strategies. Instead they plan for supported housing provision in other strategies, including homelessness strategies, and generally include us in drawing up these plans.

**Question 4 Providers – could you provide local government with a detailed assessment of demand and provision if you were asked to do so?**

Yes, provision only. Depaul can provide detailed assessments of our provision in areas where we work. We may be less able to provide detailed assessments of non-commissioned accommodation. It would be difficult for us to provide a detailed assessment of demand. Depaul's experience of running other homelessness services leads us to believe that much demand is unmet and people in need do not approach services, or their approaches are not recorded.

- **All – is the needs assessment as described in the National Statement of Expectation achievable?**

Yes, it is achievable. It will require most local authorities to do more to assess demand than they currently do. The needs assessments are therefore likely to be a new burden that local authorities should receive additional funding to undertake. The National Statement of Expectation should clarify that local authorities include demand for homelessness services brought to light by their work to meet duties in the Homelessness Reduction Act. It should also clarify that non-commissioned supported accommodation, and the need that it meets, is included in needs assessments.

**Question 6: The draft National Statement of Expectation published today sets out further detail on new oversight arrangements and the role of local authorities. We would welcome your views on the statement and suggestions for detailed guidance.**

Please see our answer to question four. Detailed guidance should identify specific groups who commissioners should consider when planning supported accommodation provision, including young people. In 2016, 45 per cent of people living in homelessness supported accommodation were aged 16- 24.<sup>4</sup> The guidance should be clear that specific types of accommodation might be appropriate for different groups, for example Housing First for people with high and multiple needs and supported lodgings for certain young people.<sup>5</sup>

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<sup>4</sup> Homeless Link (2017) Support for single homeless people in England: Annual Review 2016  
<https://www.homeless.org.uk/sites/default/files/site-attachments/Full%20report%20-%20Support%20for%20single%20people%202016.pdf>

<sup>5</sup> DLC (2008) Supported lodgings as a housing option for young people  
<https://www.gov.uk/government/publications/supported-lodgings-as-a-housing-option-for-young-people>

**Question 7: Do you currently have arrangements in place on providing for those with no local connection?**

Yes – but generally only for people fleeing domestic abuse in our supported accommodation.

Our agreements with commissioners mean that we cannot house people without a local connection in our supported accommodation, unless commissioners agree to it. In Depaul's experience most people without a local connection are rejected by local authorities, although local authorities often take a more flexible approach to people who are fleeing domestic violence. Non-commissioned supported accommodation providers may be less likely to turn people away because they do not have a local connection.

**Question 8: How can we help to ensure that local authorities are able to commission both accommodation and associated support costs in a more aligned and strategic way? Do you have further suggestions to ensure this is achieved?**

Secure long term funding would help local authorities to commission accommodation and support in a more aligned and strategic manner. The Government's proposed system for funding short-term accommodation would make funding for housing costs inherently less secure. Keeping housing costs within the benefits system where possible, as we suggest in our answer to question 11, would support strategic and aligned commissioning. If the Government decides to take housing costs out of the benefits system, then the following provisions should be put in place in order to strengthen commissioning:

- **Local authorities should be given new burdens funding in order to meet the costs of commissioning accommodation.**

Commissioning housing will be a new burden that local authorities should receive appropriate extra funding for, in addition to the ring-fenced funding for delivery of supported accommodation.

- **A framework for commissioners to pay short-term supported housing costs to providers should be introduced across England.**

The current housing benefit system extends across England. This means providers can use the same systems and procedures to recoup their housing costs across different areas. The introduction of multiple local authority systems for paying housing costs would lead to an increase in administration costs for providers working in more than one area. If a new funding system is introduced, a single framework for paying short-term supported housing costs to providers should also be introduced across England. Commissioners, housing providers and support providers should be given the lead in designing any new system.

**Question 9: How will you prepare for implementation in 2020, and what can the Government do to facilitate this?**

As stated elsewhere in this submission, Depaul urges the Government to reconsider its proposals for a new funding system. If the government implement the proposals then the development of the framework referenced in our answer to question eight will help us to prepare for implementation.

**Question 11: If you have any further comments on any aspects of our proposals for short-term supported housing, please could you state them here.**

**If implemented, the Government's proposed funding model would increase the risk that supply of supported accommodation falls further behind demand. Further reductions in supply would lead to an increase in homelessness, which is damaging for individuals and costly for public services.<sup>6</sup> Reduced supply would also make it more likely that the Government fails meet its commitments around reducing rough sleeping.**

Under the Government's proposals, funding for short-term supported housing will be taken out of the welfare system and put into grant funding. This would make the funding less secure because the Government's proposals do not commit future governments to continue to ring-fence the funding.

Supporting People provides a very relevant precedent for ring-fenced funding being reduced and becoming non ring-fenced. Reductions in Supporting People funding contributed to the current situation, in which supply of supported accommodation does not meet demand. A recent Homeless Link review of homelessness supported accommodation projects found that two thirds of these projects had turned people away because they were full.<sup>7</sup>

The inherent uncertainty over future funding in the proposed model is already affecting investment in short-term supported housing. This uncertainty is leading Depaul to reassess our investment in this type of accommodation. We are also concerned that housing associations could decide to change the use of buildings that are currently used for short term supported housing to a less risky function, such as student accommodation or long-term supported housing.

**Under the Government's proposals people living in short-term supported housing would no longer pay rent, which would make their transition to non-supported housing more difficult.**

In the proposed system people would have to start paying rent when they leave supported accommodation. This would mean their outgoings increase significantly when they move from supported to non-supported accommodation. People in work could experience a potentially large reduction in their disposable income as they move from supported to non-supported accommodation.

**Young person 1:** *Aged 21 and working full time at the minimum wage (£7.05). With no rent to pay, after tax they have a weekly income of £243 while living in supported accommodation. If they were to move to non-supported accommodation and start paying £80 weekly rent then they would be left with £163 a week after housing costs. They would not be entitled to any support for housing costs through Universal Credit. When housing costs are taken into account, moving from supported to non-supported accommodation*

<sup>6</sup> Estimates of gross annual costs of homelessness to government ranging from £24,000 - £30,000 per person to circa £1bn annually, were referenced in DCLG (2012) Evidence review of the costs of homelessness [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/7596/2200485.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7596/2200485.pdf)

<sup>7</sup> Homeless Link (2017) Support for single homeless people in England: Annual Review 2016 <https://www.homeless.org.uk/sites/default/files/site-attachments/Full%20report%20-%20Support%20for%20single%20people%202016.pdf>

would leave them £80 a week worse off.

**Young person 2:** *Aged 21 and working 20 hours a week at the minimum wage. With no rent to pay, after tax they have a weekly income of £141 in supported accommodation. If they were to move to non-supported accommodation and start paying £80 weekly rent then they could receive £49 Universal Credit a week, leaving them with £99 after paying rent. After housing costs and with a claim for Universal Credit, moving from supported to non-supported accommodation would leave them £42 a week worse off.*

A reduction in disposable income would make moving from supported to unsupported accommodation more difficult. It would be in addition to, and make more difficult, existing challenges around furnishing accommodation, paying bills and establishing support networks in a new area. Depaul is concerned that these problems could lead to more tenancies breaking down, as the transition to non-supported accommodation becomes more difficult.

Such a significant potential reduction in disposable income could also make it harder for people to understand how they would benefit from moving out of supported accommodation. This could contribute to projects 'silting up', as residents become less willing to move on into non-supported accommodation.

### **An alternative funding model could better protect short-term supported housing provision and vulnerable people it supports.**

The Government has given welcome assurances that it recognises that supported accommodation is of 'vital importance' and that it intends to 'protect this important provision and the vulnerable people it supports.'<sup>8</sup> However, the problems with the Government's proposals, which are highlighted above, mean that if introduced they are likely to have damaging implications for vulnerable people and supported accommodation providers.

An alternative funding model could better protect short-term provision and the vulnerable people who it supports. In one such alternative model a local grant could be introduced to pay for the first 12 weeks of residents' stays. After 12 weeks, residents' housing cost would be paid by Universal Credit, as is the case in proposed funding models for other types of accommodation.

This model would resolve the problems caused by taking housing costs completely out of the welfare system. It would mean that most residents would already be paying rent and would not have to begin doing so when they moved out of supported accommodation. It would also give providers and developers more assurances that future costs will be met. Depaul would welcome the opportunity to work with Government and other providers to develop this model.

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<sup>8</sup> DCLG and Department for Work and Pensions (2017) Funding Supported Housing: Policy Statement and Consultation

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/655990/Funding\\_supported\\_housing\\_-\\_policy\\_statement\\_and\\_consultation.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/655990/Funding_supported_housing_-_policy_statement_and_consultation.pdf)