



**50**  
**YEARS**  
1966-2016

# **Nacro's response to the DWP and DCLG consultation on funding for supported housing**

**13 January 2017**

## About Nacro

As an established charity with 50 years of experience, Nacro is a champion of social justice which continues to put crime prevention and reduction at its core. We use our extensive knowledge and experience to help the most vulnerable in the community to move on in their lives and to reach their full potential and aspirations. We do this by addressing social exclusion, inequality of opportunity and deprivation. Throughout England and Wales we deliver interventions which are consistently high quality, evidence-based and outcome-focused so that we can maximise our impact in communities. Our services include providing housing to vulnerable people, delivering education, training and apprenticeships, supporting people to access employment, promoting better health and services to offenders and their families inside and outside of prisons. We use our knowledge of what works to help inform policy and shape practice.

## Introduction

Nacro responds to this inquiry with a particular interest as a registered social housing provider and social lettings agency. Our provision is mainly comprised of self-contained accommodation across England and Wales, funded through commissioned and non-commissioned arrangements. We work in close partnership with local authorities and wider partners, enabling us to provide insight into the commissioning environment and the issues for supported housing providers. In preparing our consultation response, we carried out interviews and surveys with Nacro service users who receive our housing and related support, to ensure that their views are also considered. Their quotes can be found in boxes throughout our response.

Nacro welcomes the government's acknowledgement that supported housing is vital to the lives of vulnerable people, as well as its commitment to sustaining supported housing in the future. However, we have significant concerns about the future viability of supported housing services in the proposed new system. Nacro is concerned about the potential impact of this policy on all of our service users but we are particularly concerned about the impact on certain groups – such as offenders and people with addictions – who may have less public and political support.

Appropriate housing is crucial to reducing stubborn reoffending rates - an objective of the government's Transforming Rehabilitation programme - and helping those with convictions to move on positively with crime free lives. Evidence clearly indicates a link between homelessness on release from prison, access to appropriate housing and reoffending. Ministry of Justice research shows that 79% of prisoners who reported being homeless before custody were reconvicted in the first year after release, compared with 47% of those who did not report being homeless before custody.<sup>1</sup> We are concerned that, without specific safeguards and national direction on offender housing, the new model may exacerbate homelessness and put in jeopardy the government's commitment to reducing crime. Funding and provision for people leaving prison must be the responsibility of both local and national government. Similarly, housing is key to building recovery capital for people with drug and alcohol problems.<sup>2</sup> Even for the most motivated individual, drug and alcohol treatment can be jeopardised by homelessness. In addition, we agree with many others in their assessment that devolution to local government represents a real risk to vulnerable people and that steps must be put into place to mitigate these risks.

We hope that the government considers the issues that we present throughout our response and addresses them within the future green paper. We are more than happy to expand or clarify our response. If you have further questions on any aspect of response, please contact Rachel Annison at [rachel.annison@nacro.org.uk](mailto:rachel.annison@nacro.org.uk).

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<sup>1</sup> Ministry of Justice (2012) Research Summary 3/12: Accommodation, homelessness and reoffending of prisoners London: Ministry of Justice

<sup>2</sup> We understand that this link will be explicitly recognised within the Home Office's forthcoming Drug Strategy.

## Executive Summary

- Nacro believes that the highest tier of local government should be responsible for commissioning plans due to its overarching strategic role.
- We believe that leadership should be provided by the government to meaningfully move the service integration agenda forward. This should include more joined-up national thinking and pooled budgets.
- It is crucial that the government recognises that not all groups are seen and treated equally for the purpose of accessing supported housing and vital move on accommodation, and that it acts to rectify this by providing strong national direction.
- Criminal justice partners must be involved in identifying the need for supported housing in local areas, as well as it being facilitated at a national level, with the local implications clearly communicated.
- We support a duty to comprehensively assess local supported housing needs as well as a duty to plan on the basis of this assessment.
- We strongly recommend that the government introduces a funding protection mechanism for people leaving prison, people with offending backgrounds and people with addictions.
- We believe that local authorities should be required to provide sufficient provision for all client groups outside of the statutory framework.
- We strongly support a national commissioning framework which is joined-up and outcome-focused to provide much needed central strategic direction.
- The new funding model should recognise that securing move on accommodation from supported housing is essential to securing long-term outcomes.
- We believe that a pilot should be carried out before the new model is implemented to study the impact of the changes on vulnerable people.
- Transitional arrangements should include guarantees and protections for providers and service users.
- Emergency and short-term accommodation should not be defined by length of stay, and definitions should be broad enough to ensure that all people who require this type of accommodation can meaningfully access it.

### **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?**

We believe that the highest tier of local government should take the commissioning lead, due to its overarching strategic role in overseeing the whole system within a locality. However, there should be flexibility on the holding and allocation arrangements where it makes sense for either the tier or partnership framework to administer it from an efficiency perspective. We are concerned that no additional funding has been identified for the administration of this fund locally. New arrangements should not result in additional administrative costs on local authorities at the expense of vulnerable people; as much resource as possible should be channelled into housing and support for service users.

### **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*?**

We believe that leadership should be provided by the government to meaningfully move the service integration agenda forward. This should include more joined-up national thinking and pooled budgets between governmental departments such as the Department for Communities and Local Government, Ministry of Justice, Department of Health, the Home Office, Department of Education, and Ministry of Defence. An exercise should be carried out to identify which national policy priorities are underpinned by housing and housing-related support. This should lead to positive action, in turn ensuring that these

housing needs are met. For example, the NHS published a £100m plan to fund housing for those with learning disabilities and autism to reduce the demand for inpatient beds, and the Ministry of Defence is developing the Future Accommodation Model for serving personnel.

We urge the government to bring together all government departments to identify need and contribute direct solutions to increasing housing supply. This should specifically address the provision of housing for vulnerable and older people, as well as the lowest income households including young people, and those that face multiple exclusions generally in the housing marketplace such as people with offending backgrounds and addictions.

“There are so many barriers [to getting housing] before you walk out the [prison] door.”

Our experience as a provider in an alliance contract model under the Stockport Targeted Prevention Alliance has given us the confidence that alliance-based commissioning and delivery models can provide a way to ensure local service integration is tailored to the needs of individuals, while also providing a model that works for funders and providers.

There are many regional agencies involved in supporting vulnerable groups who require supported housing. For example, prisons, Community Rehabilitation Companies (CRCs) and the Probation Service are key. It is essential that criminal justice partners are involved in identifying the need for supported housing in local areas as well as it being facilitated at a national level with the local implications clearly communicated.

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

The new funding model needs to work for all those who need supported housing; that can only be achieved if funding is allocated fairly based on identified local need. It is crucial that the government recognises that not all groups are seen and treated equally for the purpose of accessing supported housing and vital move on accommodation, and that it acts to rectify this by providing strong national direction on the issue.

There is currently no national offender housing strategy containing provision for supported housing or move on accommodation, nor are there statutory duties on local authorities to provide housing for prison leavers.<sup>3</sup> In some areas people leaving prison can find it very difficult to access supported housing as well as other housing options. Yet research indicates that 61% of people leaving prison without accommodation would benefit from supported housing because of their vulnerability and risk of being unable to sustain a tenancy independently.<sup>4</sup>

“I’ve been in and out of prison my whole life. Other times when I was released I was staying with my brother, who sold drugs, or in squats. This time was different ... Nacro has given me the ability to take control of my life... I’m now drug free.”

We believe that there is an opportunity to effectively tackle stubborn reoffending rates by: (1) developing a national offender housing strategy; (2) providing safeguards to ensure that people leaving prison who

<sup>3</sup> Housing Act provides for a duty to house individuals who are vulnerable as a result of leaving prison. The operative word within this duty is ‘vulnerable’.

<sup>4</sup> Sitra (2015) Estimating the need for supported housing, Online: [https://www.housing.org.uk/resource-library/browse/supported\\_housing\\_understanding\\_need\\_and\\_supply/](https://www.housing.org.uk/resource-library/browse/supported_housing_understanding_need_and_supply/) (last accessed 22.09.2016)

need supported housing can meaningfully access it; and (3) providing sufficient housing provision for people moving on to longer-term accommodation.

We believe that a supported housing needs assessment should be carried out in local areas to inform a local strategic plan. This assessment could be merged with existing duties and models such as the duty on local authorities to carry out a joint strategic needs assessment (JSNA) to avoid duplication and increased costs. However, at present there are barriers to the JSNA approach being an effective way of identifying all need. In particular, the quality and consistency of JSNAs vary considerably across local authorities because there is no blueprint on how to carry one out. This has led to some issues not being identified through JSNAs, particularly in relation to drug and alcohol needs.

Improving the JSNA model, so that it fits with the objectives of the new funding model, requires improved engagement and input from a range of partners and stakeholders at a local level. Local multi-sectorial partnerships should be established to transform the assessment into a strategic plan and oversee the implementation of the strategy. Draft strategies should be circulated to key partners and stakeholders for comment to ensure that the assessment fairly translates into the strategy.

The duty to plan should include a specific condition on local authorities and partnerships which requires the disbursement of funds in accordance to the strategic plan. This should ensure that the link between comprehensive assessments and resource allocation is uninterrupted and that less politically popular groups are given full consideration within the allocation process. Final assessments and strategies should be publically available to promote transparency and accountability of local authority decision-making in relation to how this fund is allocated.

We believe that the top up fund allocated to local authorities must reflect the identified need for supported housing in a local area, and reflect the costs of different forms of supported housing. Inequality between different client groups often begins when there are not enough resources to address all local need. This can result in difficult choices being made, ultimately impacting negatively on groups, such as prison leavers, who are seen as politically low priority.

Affordable move on accommodation is vital to the sustainability of the new model. However, in higher local housing allowance (LHA) areas, the cost of facilitating greater supply and accessibility of move on accommodation is significantly higher. The new funding model, therefore, needs to take market pressures into account if outcomes for service users and value for money for tax payers are to be realised.

**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)?***

As stated above, we have significant concerns that people with offending backgrounds, prison leavers and people with addictions who require supported housing, will not receive fair access to funding over other groups that currently receive statutory protection. Of the service users we spoke to when putting this response together, all said that they would be homeless or back in prison without supported housing and many said that they would have relapsed. It is essential that those in need of supported housing have access to it as it provides a stable foundation from which people can access wider support to help them move forward positively.

“Supported housing has been my catalyst where everything else was sorted out.”

In response to the shortfall of housing and the exclusion of many from accessing private rented accommodation, we developed Nacro Homes Agency (NHA). The NHA effectively intervenes in the private rented sector to encourage landlords to make accommodation available to people, including prison leavers, who they may otherwise avoid renting to. We also provide intensive housing management and low level support for service users who need it.

To provide a strategic focus and link to the Transforming Rehabilitation programme, we believe that there is a crucial need for a national offender housing strategy to ensure that there is a planned and coordinated approach. This would ensure that government departments and local agencies work together and offenders are able to access appropriate accommodation to support successful rehabilitation.

**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 have touched on local roles and responsibilities throughout our response. In addition, the diverse partnership structures in local areas should mean that there should be flexibility in the arrangements. There should be a presumption on inclusive and transparent working. Monitoring arrangements should not be administration heavy and should focus on demonstrating quality and value for money in its widest sense, especially in relation to the overall impact for people as well as the lessons and drivers for change.

**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 tenant**

We believe that the government should do more to publically promote and regularly emphasise the preventive benefits that supported housing provides; helping to reduce costs of emergency health and social care, as well as preventing crime and reoffending. An evaluation of the level of investment in supported housing versus the benefits in these wider areas should be presented to taxpayers to increase transparency in the new model.

“People who need support don’t always ask. The support I received is non-judgemental and we are all treated the same. Now I can ask for help.”

Currently there is no consistency in measuring value for money as well as delivering good quality and individual outcomes across supported housing providers. It is a matter for the individual commissioner to decide and develop in line with local policies.

The current contracting environment has led to a ‘race to the bottom’ on cost which has translated into reduced staff terms and conditions. In some instances this has affected the quality and continuity of service delivery. Striving to achieve value for money as part of the new funding model should not drive the wrong outcomes. The new arrangements must be based around joined-up integrated and strategic outcomes.

Registered providers like Nacro are already regulated by the Homes and Communities Agency and we believe that additional oversight is unnecessary and costly.

**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?**

It is essential that supported housing providers, like Nacro, have a level of certainty in their revenue over the medium-term. Uncertainty along with a lack of clarity on the size of the total top up fund, how the government will distribute this to individual local authorities, how long the ring-fence will be in place, and what happens when the overall top up fund runs out are also concerns. In this period of financial uncertainty – compounded by the 1% rent reduction – Nacro has had to take a more cautious approach. For example, we are concerned that in some areas the NHA will be decommissioned as a service for offenders because it is non-commissioned and may not fit in with local authority priorities. We fear that this will frustrate the efforts of the government's Transforming Rehabilitation programme, resulting in instability for those tenants and an increase in reoffending in these communities.

“Nacro has given me the chance to start again and the stability to move forward.”

We need assurances that existing tenants will be protected post-2019 for an adequate period of time and that local authorities will be required to make sure that sufficient provision is put in place for all client groups. This should consider the difficulty of maintaining the ring-fence under the local authority self-financing regime and within wider public sector reform. We also need certainty on how supported housing will be funded when local top up funds inevitably run out in the future. Therefore, a statutory duty to provide adequate funding which is not time-bound and binding on future governments should be considered.

We think it is vitally important that the ring-fence continues to ensure that funds are not allocated to other areas as a result of future funding cuts, enabling us to plan and develop services. We also believe that longer term contracts should be provided to delivery partners, which would give the opportunity to invest more in innovation and efficiency and to also have a long-term view of and stake in the strategic picture.

Specifically, we need the government to clarify the arrangements for contracts that we currently hold which run past April 2019, as well as how the combined actual or potential threats to income of the 1% rent reduction, LHA cap and top up fund will affect our obligations under these contracts.

The Housing White Paper encourages all providers to use their assets to increase supply. To do this, new supported housing developments or properties acquired for service users should have commitments around the revenue funding for a longer period to encourage the development of new supply that is so desperately needed. A balance between protections for schemes and protections for individuals should be made.

**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?**

As discussed previously, current commissioning arrangements are inconsistent and good practice, particularly in relation to integrated care, is patchy at best. We strongly support a national commissioning framework which is outcome-focused to provide much needed central strategic direction.

“Support has given me confidence and getting confidence is a huge thing for me as when I didn’t have confidence I didn’t try.”

The commissioning and associated outcomes framework should be developed in conjunction with service integration experts as well as those with behavioural change expertise – new arrangements must be person-centred and based around joined up integrated and strategic outcomes.

**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?**

We have significant concerns in relation to the pace in which the government is implementing the new funding model and applying this to all schemes and tenants from April 2019. While we understand that the government wants to align the model with the move to Universal Credit, we believe that the risks to housing providers and to vulnerable people are so high if the model does not work as planned, that adequate time should be designated to study the impact of the changes. Unintended effects, which can only be identified and addressed by testing the model in a pilot, should also be examined, as was observed in the Universal Credit pilots. These pilots were extended by three months in recognition of the important role of them in delivering valuable learning.

In addition, the landscape in which the model and top up fund is being designed will be significantly different to the landscape in which it is implemented. The relationship between the local authority self-financing regime, the 1% rent reduction, the impact of single monthly payments under Universal Credit and the arrangements under the new funding model are not known. We believe that there is a strong case for piloting an approach rather than the proposed shadow arrangements.

Once a pilot has been carried out, transitional arrangements should include:

- Guarantees for revenue funding to support new developments or acquisitions
- Protections and guarantees on a personal basis beyond April 2019 for at least two years
- After April 2019, there should be a two year grace period for providers to work with local authorities and monitor any further unplanned impact
- Guarantees for top up funding to providers that have leased accommodation for one year after April 2019, allowing providers to continue to lease such accommodation

**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 understand that this consultation has been published to gather views on the system design elements of the top up fund in a set funding model framework; however, we would like to take the opportunity to highlight some of our wider concerns which we believe will affect the viability of this framework.

Firstly the methodology for the LHA is not reflective of the costs of services. In addition, sheltered housing and its long-term nature is fundamentally different to supported housing that is provided to help people over a period of crisis or transition. Sheltered housing should not be considered in the same way.

Secondly, projections on supported housing for offenders need to take into account: the significant rise in prison population each year; evidence which demonstrates a trend in custodial sentences getting longer and, therefore, having a greater impact on retention of housing; that the demographic of the prison population is changing, including a rise in older prisoners who will arguably have an increased need for supported and sheltered housing on release. Therefore, projections should be calculated which consider



these issues as well as using comprehensive local supported housing assessments as a more accurate baseline.

Thirdly, aligning the new model within the existing LHA regime could result in perverse incentives for the sector. For example, this may result in supported housing providers developing new or moving current services to high LHA areas, leading to pockets of supported housing. This could disrupt service users' connections with their communities and relationships with family and friends. Yet the evidence is clear that communities and relationships are vital to improving outcomes, particularly for people moving on to longer-term accommodation.

“Nacro has given me the tools to become independent, without support I became insular and didn't feel like I could integrate back into the community.”

Finally, the government needs to examine the relationship between its wider welfare reforms, such as the limiting of housing benefit for 18-21 year olds and the Youth Obligation, and what impact this will have on the demand for supported housing in the future.

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

We believe that emergency and short-term accommodation should not be funded through the new funding model framework because this type of accommodation does not naturally fit within Universal Credit's monthly payment system. Emergency and short-term accommodation should not be defined by length of stay, and definitions should be broad enough to ensure that all people that require this type of accommodation can meaningfully access it.