



**Nacro's response to the DCLG and
DWP consultation on housing costs
for short-term supported
accommodation**

23 January 2018

Introduction

Nacro welcomes the opportunity to respond to this further consultation. We are a registered social housing provider and social lettings agency. Our provision is mainly comprised of self-contained accommodation and support across England and Wales, funded through commissioned and non-commissioned arrangements. The majority of our commissioned and exempt accommodation would be classified as 'short-term' under the new proposals, and would therefore fit into the new definition. As a social justice charity, we promote equality and fairness for all. Therefore, within our response, we highlight the adverse affect that the new model may have on the disadvantaged young people and adults we work with.

Nacro welcomes the government's reversal of its decision to calculate supported housing funding based on the Local Housing Allowance and local "top up" fund. However, the sector has not received a guarantee that the national funding pot will meet all costs associated with supported housing. This includes administering the new proposals at a local level, and how funds will change in line with future demand.

The previous Minister spent time with the sector to understand the challenges we face and provided assurances that the fund will be ring-fenced – albeit the long-term status of this has not been guaranteed. The cabinet reshuffle, and subsequent appointment of the new Minister, causes further uncertainty at this late stage in the consultation process and development of the model. In addition, we understand from discussions with local government bodies that their members are not committed to the ring-fence, and will be lobbying the government to this effect. Without a ring-fence, we are concerned that supported housing funding may be diverted into other local authority funding streams. This may lead to fewer resources to fund supported housing and meet the needs of vulnerable people. In effect, this may create a postcode lottery for vital housing and support services.

Whilst we support the government's underlying intention for the new model to allow service users to step into work more easily, as the current welfare system acts as a disincentive to service users taking on flexible working. However, the new arrangements may lead some service users to be excluded from basic and important services. Currently this is not the case as all service users have entitlement through the welfare system. Under the new proposals, this protection will remain for those in longer-term accommodation, but not for those experiencing crisis. We recommend that the same rights and protections are provided to all those in need of additional support.

We hope that the government considers the issues that we present throughout our response. We are more than happy to expand or clarify our response. If you have further questions, please contact Joanne Drew, Nacro's Director of Housing and Wellbeing: joanne.drew@nacro.org.uk or 020 7902 5429.

Question 1: Do you agree with this definition? [Yes/No] Please comment

We understand the definition and the majority of our supported housing falls within it. We support the need for service users to have a long-term and secure home. We also support the Housing First model, and believe that it should have a place within the new model to support this need for independent and permanent housing. Following a Housing First approach is, therefore, especially important when unsupported move on accommodation is hard to come by in the current housing crisis. We recommend that the national pilots consider the place of this provision as part of the solution to housing vulnerable people and the implications for supported housing.

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

When calculating the funding pot and grant payments (if progressed), it is essential to consider the administration of the fund at a local level as well as cost increase assumptions. The design of such a payment system should include:

- Linked to needs assessments underpinned by the local strategic plan, and allow for increased funding to be sought in areas of growing need
- Anchored to established and relevant indexation mechanisms in relation to operational costs
- Ensure that mechanisms exist for new government and European requirements such as the Living Wage and Working Time Regulations to be funded locally
- Clear on the expectations on providers to pay fair wages relevant to the local labour markets

Q3: Supported housing plans

We work in close partnership with a number of local authorities across England and Wales. In our experience, local authorities often do not have a separate and detailed supported housing plan. Supported housing is usually considered within a local authority's vulnerable people housing and homelessness strategies/plans. The level of detail afforded to supported housing can vary significantly between these local strategies. Where detail is provided about supported housing, these plans often do not disaggregate information on different client groups. Long-term housing needs are also not considered as part of their housing development plans.

Duplication and inconsistency may arise between local housing plans and other relevant plans/strategies. Therefore, the government may wish to develop guidance, as part of the National Statement of Expectations (the Expectations), on how local authorities should consider other plans and strategies. We believe that guidance will encourage a more joined-up and longer-term response to the housing needs of vulnerable people. We also advocate a published commissioning strategy to aid planning for providers.

Question 4: Needs assessment

We welcome the new planning regime including the local strategic plan and supported housing assessments. In theory the needs assessment, as described in the Expectations, can be achieved. However, we are concerned that without new resources to carry out these new responsibilities and current pressures on local authority budgets, this may result in not all local demand being identified. It may also lead to local authorities diverting funds out of the existing funding pot which decreases the amount left to fund supported accommodation.

Some client groups are more difficult to plan for locally. For example, people in custody are often accommodated in prisons which are outside of the local authority catchment area. We believe that there is a need for national assessments where demand is not related to local connection. This should be made a mandatory consideration for local needs assessments. Particular groups that require a strategic national approach to housing needs include young people, especially care leavers, and prison leavers and those who are in the criminal justice system.

In our experience, there is no consistency in how local authorities carry out needs assessments. For example, the quality and consistency of joint strategic needs assessments (JSNAs) vary considerably across local authorities because there is no blueprint which guides local authorities in how to carry them

out. This has led to the needs of some specific client groups not being identified such as drug and alcohol needs, and the health needs of people with offending backgrounds. For example, Public Health England research found that just under half of JSNAs produced by 147 local authorities across England, included a direct reference to the health needs of people with offending histories.¹ To avoid inconsistency in practice and encourage effective assessments, we believe that the government should develop guidance on how needs assessments should be carried out.

We can provide local government with an assessment of demand and our provision. However, this only provides a snap shot of demand at a particular time as we are not responsible for supported housing referrals or allocations. This would not give an indication of future need. Future demand is intrinsically linked to wider welfare reforms and other government policies. Therefore, predicting future supported housing demand needs to be flexible enough to take these factors into account.

Question 5: Upper tier authorities. Do you agree with this approach? [Yes/No].

We believe that the highest tier of local government should take the commissioning lead, as it has an 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.

Tensions between the tiers may arise in the administration of the fund. This may be addressed by introducing a duty to cooperate or providing an incentive for each tier to cooperate with one another. As part of guidance to support the implementation of the Expectations, the government may wish to provide information on how this relationship should be developed to avoid disputes and delays in decision-making.

Question 6: The draft National Statement of Expectation (see Section 4) 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.

In the past, local authority commissioners had the responsibility and resources to monitor supported housing contracts. This role has diminished as local authorities have experienced budget cuts. Implementation of the arrangements and role set out in the Expectations is dependent on new funding. Without new resources, local authorities will be unable to fully fulfil these responsibilities, or funding may be diverted away from much needed frontline services.

Question 7: Do you currently have arrangements in place on providing for those with no local connection? [Yes/No] If yes what are your arrangements?

In our experience, local authorities do not accept people with no local connection who have housing and support needs. This may be a consequence of “gatekeeping” as local authorities respond to the rising pressures caused by homelessness with limited budgets.

However, Nacro’s social housing lettings agency, Nacro Homes Agency (NHA), accepts referrals based on need for support rather than on the local authority statutory duty. NHA provision was developed under exempt accommodation rules to support a variety of clients with support needs. In particular, it caters for

¹ H Guite, D, Kristiansen, A Morrey, A Newton, É, O’Moore, C Railton, D Sheehan and S Sturup-Toft (2015) *Public Health England Health & Justice report 2014* London: Public Health England

those who are looking to rebuild their lives after a period of social isolation or exclusion. Many of our NHA clients apply to move to a new area to escape past negative experiences and influences.

Local authority adherence to the local connection requirement often places further barriers to vulnerable service users as well as reducing choice and opportunity to access support and accommodation. To meet the needs of the new funding model, local connection criteria need to be varied in line with the Homelessness Reduction Act 2017.

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?

Supported housing providers have a range of different business models. Some are landlords with capital funded schemes which rely on long-term revenue streams. It also includes providers that lease accommodation. This means that they have housing provision for a shorter period, and provision is subject to local housing markets or organisations with owned and unencumbered property. Some providers undertake housing management and support, while others specialise in one or the other. In addition, floating support and community outreach preventative services are an important part of supported housing provision. The government could undertake a review of the provider market to help shape future business models as described below.

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

Uncertainty around the level of funding that providers will receive through the new grant arrangements remains a concern. Nacro currently provides important “move-on” provision through exempt accommodation funding. Currently this is based on tenant need and demand, with referrals coming from outside the local authority nominations/referral process. This much needed provision should be explicitly protected in any transitional arrangements.

We expect the government will receive a range of views and recommendations in response to this consultation. This is due to the diverse range of providers and business models currently operating in the sector. The new approach, if enacted, involves a different business model, and providers will require assistance in adjusting their models accordingly. Therefore, the government should provide an innovation fund to support the development of new business models, which underpins quality and suitable supported housing. This should include, where appropriate, a Housing First approach.

Question 10: What suggestions do you have for testing and/or piloting the funding model?

We believe that the new model should be tested across different geographies with a range of demographics. This will ensure that the model takes into account different contexts across England and Wales. We recommend that the implementation of the new funding model be delayed until 2022. This will allow time for the strategic needs assessments to be prepared, and for providers to develop new business models. It will also allow further time to ensure that any new arrangements are equitable and fair for all.

Nacro welcomes the opportunity to be included in a pilot to test the new funding model that develops an approach which helps to transform vulnerable people’s lives.

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.

The new proposals address the housing needs of vulnerable people in crisis. However, this is only part of the picture. There is an urgent need for wider consideration to be given to the wider housing needs of vulnerable people. This is particularly important in the context of the current housing crisis where accessibility to affordable and secure housing is a challenge for many, especially those who have some vulnerability.

We are disappointed that the consultation document does not mention greater engagement with service users as part of the consultation process. Such engagement ensures that their past experiences and aspirations for future housing are considered. We are happy to facilitate an event where the government can meet our service users who sit on Nacro's Community Voice Council (NVCV). NVCV is Nacro's service user engagement platform. It aims to promote and support service users to use their voices to influence decisions, services and policies that affect them.