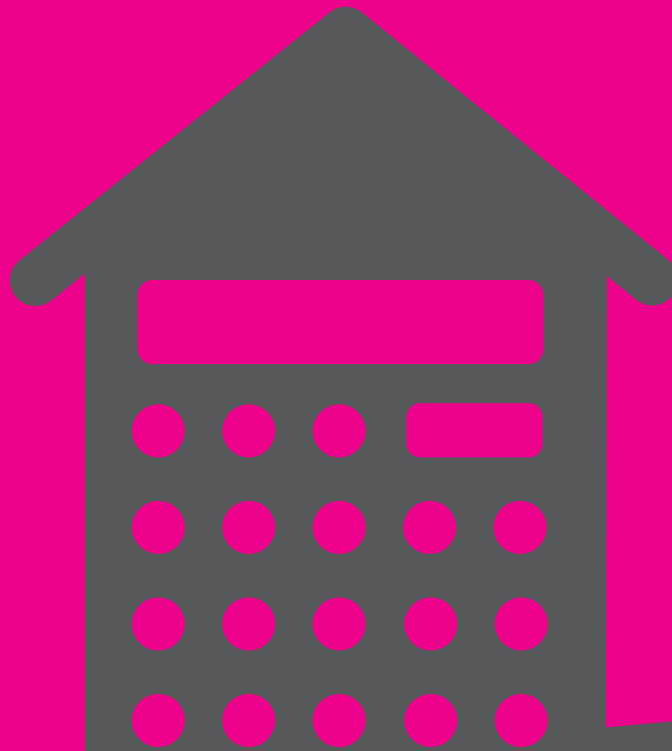


Strengthening the case for supported housing: the cost consequences



Strengthening the case for supported housing: the cost consequences

This report considers levels of need for supported housing for people of working age in England, and finds there is a shortfall in the number of available places. It calculates the cost consequences for the taxpayer of not taking action to ensure this need is met.


The findings are informed by research produced for the National Housing Federation by Sitra. This research follows on from the 2015 report *Supported Housing: Understanding Need and Supply* and is intended to contribute to the ongoing debate around the future funding of supporting housing.




Key statistics

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In 2015/16, more than **114,000** working age people 

needed supported housing, but there were **fewer than 97,500** places 

a shortfall of **16,692** places 

The total **cost to the taxpayer** of failing to meet this shortfall in 2015/16 was estimated to be

 **£361m**

If no action is taken, by 2020/21 the **shortfall** is expected to have more than doubled to **35,166** places 

and the cost to address this would also **increase significantly.**

What is supported housing and why is it important?

Supported housing provides a safe and secure home with support that enables vulnerable people to live independently. It exists to ensure that people with support needs can lead a healthy and fulfilling life within their own home and community.



People in supported housing have diverse and complex needs, requiring different levels of support in various types of accommodation. Supported housing can provide the short-term accommodation and support needed to help people move on from dependency to an independent healthy life. This often includes connecting people with the services, work and training opportunities, and social contacts that help make this achievable. Supported housing can also provide long-term support for people who may never be able to live fully independently.

The types of services provided within supported housing include:

- + Emergency refuge and support for victims of domestic violence, helping them to stabilise their lives and engage with other services.
- + Working with homeless people to help them move into more secure and settled accommodation and with those people sleeping rough or with complex and multiple needs to help them make the transition from life on the street to a settled home, education, training or employment.
- + Supporting people with mental health needs to stabilise their lives, recover and live more independently.

- + Supporting ex-servicemen and women to find a stable home, including support for those with mental health and physical disability needs.
- + Supporting people with learning disabilities in the longer term to maximise their independence and exercise choice and control over their lives.
- + Providing the support older people need to maintain their independence and active life in the community, reducing isolation and loneliness.

Supported housing differs from general needs social housing because support and care services are provided in addition to housing management, meaning that there are higher staff levels. It is often provided in partnership with a range of organisations and usually requires higher levels of funding.

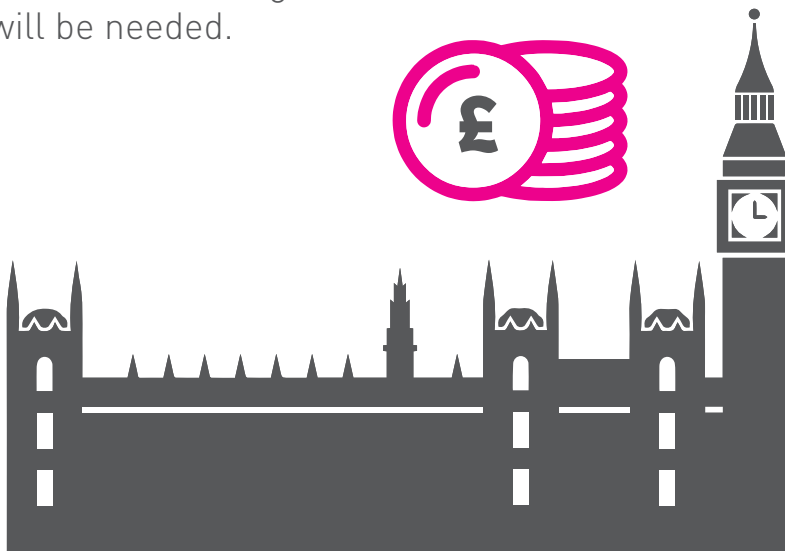
However, the alternative costs more. A lack of appropriate support can result in huge costs to public services and in some cases create serious antisocial behaviour problems. In 2010 it was estimated that supported housing delivers net annual savings to the public purse of around £640m across all client groups¹.

Policy context: the future funding of supported housing

At the time of writing this report, the Government was undertaking a review of how supported housing is funded. Currently, working age tenants living in supported housing may use Housing Benefit to pay for their housing costs. When Universal Credit is fully implemented Housing Benefit for working age people will be abolished and an alternative funding system will be needed.

In September 2016 the Government announced details of its proposed direction of travel for how supported housing will be funded in the future. The key elements of the new proposal are:

- + the Local Housing Allowance (LHA) cap will apply to all tenants in supported and sheltered housing from April 2019
- + housing costs will continue to be paid through the benefit system up to LHA level
- + there will be no Shared Accommodation Rate – the one-bedroom LHA rate will apply for under 35s in supported housing
- + local authority top-up, with ring-fenced funds transferred across from the DWP and allocated by the DCLG
- + the Government believes a different system needs to be worked out for short-term transitional services and it will consult on this
- + the 1% rent cut will apply to supported and sheltered from April 2017 for the next three years – except refuges, alms houses and co-ops.



Policy context: the future funding of supported housing continued

The Federation has carried out an extensive consultation of its members, both ahead of and in response to this announcement. As part of this process we developed the following **three clear principles** that should underpin a new funding model. As a result of reforms to the funding of supported housing:

- 1 No one with support needs will become homeless or end up in unsuitable accommodation.
- 2 The actual housing and support cost of delivering a quality service will be fully met, and will be flexible enough to meet changing levels of demand.
- 3 The taxpayer and those living in supported and sheltered housing will have evidence of the quality and value for money of the services being funded.

In November 2016 the Government published its formal consultation document for its proposed direction of travel. The formal consultation covers these key areas:

- + fair access to funding, including the detailed design of the ring fence and any additional protections that may be needed for particular client groups
- + clarifying expectations for local roles and responsibilities
- + confirming what future arrangements there should be to provide oversight and assurance for the Government and taxpayers around value for money and quality services
- + the appropriate balance between local flexibility and provider certainty
- + developing a funding model for short term accommodation, including hostels and refuges.



The Government is planning to publish a Green Paper on supported housing in June 2017 setting out more detail of its planned approach. The direction and detail of this paper will be crucial in enabling supported housing providers to make clear decisions about their ongoing commitment to providing this much needed specialist accommodation.

Purpose of this research

This research identifies the current levels of need for different types of supported housing, and whether there is any shortfall in the number of available places required to meet this need. It estimates what it would cost to meet the shortfall and what the cost consequences for the taxpayer would be if no action was taken.

On behalf of the National Housing Federation, Sitra has developed a model to predict and project the need for supported housing across England². It estimates the number of people of working age in a year who can be expected to need a supported housing letting, compared with the number of places available. This enables us to understand how much supported housing is needed for people of working age, and whether there are any gaps in current provision. The findings identify the expected shortfall in the number of available places in supported housing, not the number of actual units, because some places may be used by more than one resident in any given year.

The cost consequences of failing to meet the shortfall in provision were calculated by estimating:

- + The costs of the alternative care or support someone might receive if they weren't able to access supported housing.
- + Any additional costs arising from contact with other services that occurs because someone ends up homeless or living in accommodation without the support they need. This could include substance misuse, mental health and criminal justice services.

This was then compared to the estimated cost of meeting the gap in the provision of supported housing. Every attempt has been made to find logical and wherever possible, evidence-based bases for the modelling assumptions. The full methodology is set out in the full report and the detailed technical appendix.



Gap in provision of supported housing

114,135 people of working age were in need of supported housing in 2015/16.

The study shows estimates that in 2015/16 there were **97,443** available places for people of working age in supported housing. This amounts to a shortfall of **16,692** places.

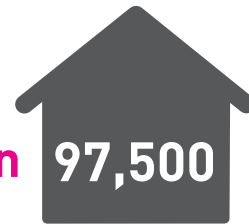
The largest gap in provision was found to be in long stay services. This is primarily accommodation for people with ongoing mental health problems or learning disabilities. For these individuals supported housing provides an appropriate level of support that enables them to live as independently as possible, but it is unlikely that they will be able to move on to housing without any support.

If current trends continue, the annual gap in provision will grow to **35,166** places by 2020/21.



x 114,135

needed supported housing,
but there were **fewer than 97,500** places



a shortfall of **16,692** places



Findings continued

Cost of meeting the gap

The study calculates that it would cost just over **£128m** in revenue costs to meet the gap in supported housing provision for 2015/16.

This is based on the assumption that investing in supported housing provision in the following three ways would meet the identified gap in provision. These are:

- 1 Investing in more homelessness prevention services to reduce the demand for supported housing.
- 2 Investing in social lettings agencies, or similar initiatives, in order to improve turnover in short stay supported housing schemes.
- 3 Investing in new supported housing units.

These steps would stem the flow into supported housing and would improve move through and thus free up places, as well as increasing the number of places to meet rising need.

Cost consequences of not meeting the gap

The total cost to the taxpayer of failing to meet the gap in the provision of supported housing in 2015/16 was estimated to be **£361m**. This was broken down into the following elements:

- + The additional costs if someone ends up living in accommodation without the support they need. This can also include increased contact with health services or criminal justice services.
- + The additional costs of staying in hospital, care homes, or foster care because there is no supported housing place available when it is needed.
- + Delays in move-on from supported housing. This includes the additional costs if people cannot move between supported housing services when their support needs have changed.
- + The additional costs if someone is homeless rather than in supported housing. This includes the cost of increased contact with substance misuse services, mental health services, other health services and criminal justice agencies.



it would **cost** just over **£128m** in revenue costs to meet the gap in supported housing

Findings continued

A significant proportion of the total additional cost is a result of the enhanced care costs of additional time spent in hospital or other forms of care as a result of the shortage of available supported housing places. This partly reflects the fact that the biggest gap in current provision is for people who need long stay supported housing because of a history of mental health problems or learning disabilities. In particular, there are people who are unable to leave psychiatric or learning disability inpatient care because there is nowhere to go when they are otherwise ready to leave.

It is worth noting that by 2020/21, the proportion of the total additional cost to the taxpayer attributable to homelessness goes up compared with 2015/16 as the model predicts a lack of intervention will lead to a growth in homelessness.

The cost of not taking action to meet the gap in supported housing provision is almost three times as much as the cost of taking action to meet the gap.

By 2020/21 the gap in provision is expected to have more than doubled to **35,166** places. As a result, the cost consequences if no action is taken to address the shortfall would also increase significantly.

It is estimated that, if no action is taken to meet the gap in provision of supported housing, by 2020/21 the cost to the taxpayer would be **£668m**.

If the gap in supported housing provision continues to grow and no action is taken to meet it, then the total cost consequences of the shortfall in supported housing provision would amount to **£2.72bn** between 2016/17 and 2020/21.

If no action is taken to meet the gap in provision of supported housing then by **2020/21** the **cost to the taxpayer** would be



There is a significant shortfall in the provision of supported housing for those of working age. This can be tackled by supporting additional homelessness prevention activity, improving move on from short stay services for those residents who are ready to move on, and providing additional supported housing.

Not addressing the supported housing supply gap leads to huge costs elsewhere in the public sector that cost the taxpayer almost three times the cost of addressing the shortfall.

The move to a new funding model presents a potential opportunity to recognise the benefits that supported housing brings, address this supply gap and to place supported housing on a secure, sustainable footing for the long term.

The National Housing Federation is the voice of affordable housing in England. We believe that everyone should have the home they need at a price they can afford. That's why we represent the work of housing associations and campaign for better housing.

Our members provide two and a half million homes for more than five million people. And each year they invest in a diverse range of neighbourhood projects that help create strong, vibrant communities.

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