

# **Supported housing**

Understanding need and supply



## Introduction

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**This report is focused on the need for and supply of supported housing for people of working age in England. It is intended to inform national and local policy discussions on the future challenges and opportunities facing supported housing. The findings are informed by research produced for the National Housing Federation by Sitra.**

## Summary

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- Supported housing improves vulnerable people's health and independence and helps ease the pressure on the NHS and care services. Investing in this type of accommodation delivers a net saving to taxpayers – estimated at around £640m a year across all client groups.
- Our new research shows that, in 2015/16, there is a shortfall of 15,600 available places in supported housing for people of working age, representing over 14% of existing supply. In four years this is expected to grow to a shortfall of almost 30,000 available places.
- Supported housing is different to general needs social housing and usually requires higher levels of funding. Any changes to the revenue stream for supported housing can have a significant impact on the viability of existing and future schemes because the cost of providing supported housing is higher, and because operating margins for these schemes are already very slim.
- There is a growing crisis in supported housing to which reduced revenue funding, challenging commissioning and partnering structures, and the wider housing crisis all contribute.
- The Government can help tackle the shortfall through more joined up, cross-departmental approaches to the provision of capital and revenue funding for supported housing, and by releasing NHS land for housing. To avoid compounding supply problems the Government should exclude housing for vulnerable people from any reductions in social rents and the proposed Local Housing Allowance cap in the social sector.

## Why is supported housing so important?

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Supported housing is an umbrella term applied to a wide range of housing-based solutions for vulnerable people. People in supported housing have diverse and complex needs, requiring different levels of support in various types of accommodation.

As well as providing direct support for vulnerable people, services within supported housing also help to tackle social exclusion, promote sustainable communities, and empower people to achieve their potential. The support can help people get their lives in order and access mainstream resources, or to acquire the skills and resources to manage independently over a longer period. In a minority of cases people live in a long-term supported or semi-supported environment because they are likely to never be able to live fully independently.

The types of services provided within supported housing include:

- working with homeless people with complex and multiple needs to help them make the transition from life on the street to a settled home, education, training or employment
- helping older people to maintain their independence and active life in the community, reducing isolation and loneliness
- supporting people with mental health needs to stabilise their lives, recover and live more independently
- providing emergency refuge and support for victims of domestic violence, helping them to stabilise their lives and engage with other services
- helping young parents to build stable lives and develop quality parenting skills
- supporting people with learning disabilities in the longer term to maximise their independence and exercise choice and control over their lives.

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. Many supported housing schemes are run by housing associations, charities and other voluntary sector providers, though some companies and individuals provide supported housing on a commercial basis.

Client groups for housing and support include some of the most vulnerable people in society who face barriers that go far beyond housing. Those receiving support can be socially isolated, have physical and mental health problems, histories of offending, or substance dependency issues. A lack of appropriate support can result in huge costs to public services and in some cases create serious antisocial behaviour problems.

Appropriate housing and support is vital in helping people to move on from dependency to an independent healthy life, as well as connecting them to services, work and training opportunities and social contacts. In 2010 it was estimated that supported housing delivers net annual savings to the public purse of around £640m across all client groups or just under £1,000 per person per year<sup>1</sup>.

<sup>1</sup> Frontier Economics, Financial benefits of investing in specialist housing for vulnerable and older people, September 2010

## Case studies

### The Coach House, DCH

The Coach House, run by DCH, supports young people aged 16-24 to gain confidence and practical skills, raise their aspirations and live independently. Based in Cornwall, the project provides 11 self-contained residential units working with some of the most disadvantaged and rurally isolated people in the country. The Coach House offers young people, often from complex or chaotic backgrounds, a stepping stone towards independent living. It provides accommodation within a supportive environment, with trained support workers giving young people a combination of one-to-one, group and peer support. Young people are usually limited to staying for a maximum period of up to two years during which time they are supported to engage in education, training or to take steps to secure employment.

### BRICCS, Horton Housing

Bradford Respite and Integrated Care and Support Service (BRICSS) was set up in December 2013 by Horton Housing Association, following a successful bid for funding from the Department of Health's Homeless Hospital Discharge Fund. Run in partnership with Bevan Healthcare CIC, the scheme comprises a 14-bed respite and intermediate care facility for clients who are being discharged from hospital and who are homeless or living in inadequate housing, and who have short-term healthcare needs. Typically, clients stay between six and eight weeks before moving on to suitable housing. An independent report found that the scheme has increased planned and relevant primary healthcare, e.g. managing medicine and visiting GPs, and reduced unplanned and inappropriate contact with secondary care, such as frequent visits to A&E and admissions to hospital. It looked at six cases in detail and found that these saved more than £280,000, most of which would have been spent on lengthy stays in hospital.

## Identifying the need for supported housing in England

On behalf of the National Housing Federation, Sitra has developed a model to predict and project the need for supported housing across England<sup>2</sup>. It estimates the number of people of working age in the current year who can be expected to need a supported housing letting, compared with the number of places available to meet this need. 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 need for supported housing for older people has been comprehensively explored by others, including the University of Reading<sup>3</sup> and the Housing Learning and Improvement Network<sup>4</sup>, so this client group was therefore not included in the research carried out by Sitra for the Federation.

<sup>2</sup> For full details of methodology see Sitra, Estimating the need for supported housing, October 2015

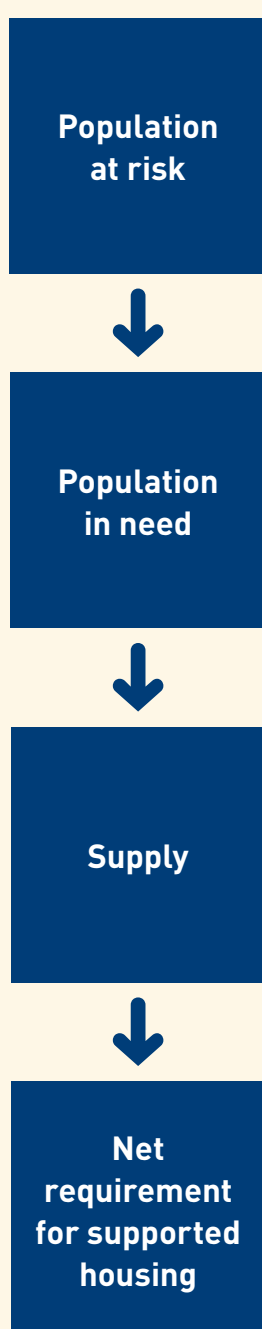
<sup>3</sup> See University of Reading, Housing markets and independence in old age: expanding the opportunities, May 2011 for more information

<sup>4</sup> See Housing LIN, Strategic Housing for Older People – a resource pack, Housing LIN, December 2011 for more information

## Outline of Sitra's approach

Sitra's work for the Federation focused on the main pathways into supported housing, and the assessment of need is based on the number of working age people in these pathways over the course of a year. The need figures are then compared with the numbers of units available for letting in the same period.

The model developed by Sitra is based on a number of key concepts:



### Population at risk

This is an estimate of the total working age population, over the course of a year, who are at risk because they experience a particular situation or event and have particular vulnerabilities that make it difficult for them to resolve the issue themselves. Figures for different at-risk groups were drawn from a number of national data sets.

### Population in need

This is an estimated sub-set of the 'population at risk' that would benefit from a supported housing intervention to resolve their difficulty, as opposed to another intervention. This is based on historical figures that indicate the proportion of at risk people who received supported housing, as opposed to other types of service intervention. In considering this, the model also takes into account the potential need for someone to move from one type of supported housing to another – most typically from short-term crisis intervention accommodation to what might be described as second stage accommodation. It also reflects the fact that people can be in more than one 'pathway' at any given time and steps are taken to avoid double counting by considering levels of overlap between client groups.

### Supply

This is an estimate of the number of units available for letting in the year, as opposed to the overall number of units per se. Some units may be let three or four times during the year, with one home having the potential to meet the need of three or four households during that time. Other supported housing units will be fully occupied throughout the entire year. This has been factored into Sitra's methodology, which also considers trends in the time taken for individuals to move on from supported housing, and the impact this has on availability.

## The findings

Through following the approach outlined on the previous page, the need for supported housing for people of working age is 125,196 lettings during 2015/16.

Sitra estimates that there are 109,556 available places in supported housing for those of working age in 2015/16, amounting to a shortfall of 15,640.

If current trends continue, the annual shortfall will grow to 29,053 by 2019/20.

**125,196**

lettings needed for people of working age during 2015/16



**109,556**

places available for people of working age during 2015/16



**15,640**

shortfall in supported housing for people of working age during 2015/16



If current trends continue

**29,053**

annual shortfall in supported housing by 2019/20



2019/20

**46,771**

annual shortfall in supported housing by 2024/25



2024/25

## Why do we have a shortfall of supported housing?

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The availability of specialist and supported housing is failing to keep up with existing and future demand. This leaves vulnerable people in accommodation which is not best suited to their needs and does not offer the integrated care and support that could improve their independence. Reasons behind this shortfall include:

- A lack of revenue funding is putting the very existence of supported housing at risk. The National Audit Office states that Supporting People budgets have been cut by 45% between 2010/11 and 2014/15<sup>5</sup>. Despite their aspirations, providers of preventative services are contemplating significant cutbacks and closures as a result of uncertain funding arrangements. While some housing associations have been able to provide stop-gap funding to keep support services running, this is a short-term fix rather than a sustainable solution that protects the provision of preventative support services for the future.
- There are many challenges in providing effective services for people with complex needs, of which funding is but one. For support services to be successful they must be tailored to the individual, rather than responding to the needs of one particular service or commissioner. Creativity is required to build innovative partnerships between health, care and supported housing. Existing contracting and accounting arrangements can make this very challenging.
- Britain is in the midst of a housing crisis that has been a generation in the making. Across the country there is a chronic shortage of housing, leaving many unable to find a home they can afford. This can make it much more difficult for those ready to leave supported housing to move on. With an increasing number of people staying in supported housing longer than necessary, the number of available places – and therefore supply – is significantly reduced.
- In the recent Spending Review, the Government outlined plans to limit the amount of Housing Benefit for tenants in the social sector to the level of the relevant Local Housing Allowance. If this cap was applied to supported housing this would inevitably leave a gap between the amount of rent and service charge payable and the Housing Benefit available to tenants. In addition, from 2016, the Government is proposing to reduce social housing rents by 1% every year for four years until 2020. If applied to supported housing either of these proposals would have an unintended and significant adverse impact on the viability of existing and future supported housing stock. Housing associations are now considering, on a scheme-by-scheme basis, whether or not they are in a position to continue specialist housing provision for older and vulnerable people. This is because the cost of providing supported housing is higher and because operating margins for these schemes are already very slim.

<sup>5</sup> National Audit Office, The impact of funding reductions on local authorities, November 2014

## Our solutions

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To tackle the shortfall in supported housing provision, and ensure that people can access the services they need, we propose the following:

### **Exclude housing for vulnerable people from reductions in social rents and from any Housing Benefit caps**

The impact of the proposed 1% rent reduction and any caps on the amount of Housing Benefit payable for supported housing will be stark. Many housing associations are cutting back on plans to develop new supported housing, while others will be forced to close schemes, or at least reduce the service they offer to their client groups. This is likely to result in a serious lack of provision for people with complex problems and high support needs, leading to a rise in homelessness and increased pressure – and costs – on the NHS. Housing for vulnerable people (known as ‘specified accommodation’) should be excluded from the rent reduction requirement and also from any caps on Housing Benefit payable on social housing rents to Local Housing Allowance levels.

### **A new framework for preventative support services**

A new outcomes-based funding framework for support services should be established to enable vulnerable adults to live independently, making better use of existing funding. This approach would allow for existing funds from across government departments – including the Department of Health, Department for Work and Pensions, and Ministry of Justice – to be pooled. These would be targeted at preventative services to enable people to avoid the crises that lead to high cost interventions. The pooled budget would be match-funded locally, and a proportion of payments would be tied to particular outcomes being achieved for different groups of people, such as:

- people experiencing homelessness
- people living with mental health issues
- people with learning or physical disabilities
- people with addiction issues
- women at risk of domestic violence
- teenage parents
- ex-offenders.

<sup>6</sup> The Department of Health, Health Building Note 00-08 Part A: Strategic framework for the efficient management of healthcare estates and facilities, 2014

### **An NHS transformation fund**

Integrated approaches to services and funding are vital if we are to ensure that health, care and housing are coordinated around the needs of people, and we welcome the Government’s commitment to closer integration of health and social care. The Better Care Fund was established in June 2013 and extended in the recent Spending Review to facilitate this shift. However, as advocated by the King’s Fund, we believe an additional Transformation Fund using existing funding in a new way is required to support and accelerate changes to the way that health services are delivered. Crucially, a Transformation Fund could support efforts at a devolved level to fully integrate health, housing, care and support around the experience of individuals.

### **Continued Department of Health investment in supported housing**

While the recent Spending Review announced capital funding to support 8,000 specialist homes for older people and people with disabilities, this alone is unlikely to keep pace with the need for these types of accommodation. Department of Health investment in specialist and supported housing should be continued for the long term as a vital cost-saving measure. With an investment programme that spans several years, housing associations would be better able to strategically plan to meet the housing needs of older people, people with mental health problems, and people with learning disabilities.

### **Releasing NHS land for housing**

The NHS is one of the largest public land owners in the UK, with total assets valued at around £33bn<sup>6</sup>. While current approaches to NHS land disposal may maximise the one-off cash sum received through a quick sale, they also limit the potential to be creative and achieve a greater financial return in the long run through affordable housing. Working with housing associations, an alternative approach would offer an ongoing revenue stream from the NHS estate through the development of housing, including affordable and supported housing. Instead of a one-off capital gain this would give even greater financial returns over the medium to long term. Being creative with land use could also help the NHS galvanise the required transformation in health and social care over the coming years.



**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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