

Summary

- The government's plans for tackling homelessness and preventing the use of temporary accommodation should reflect the essential role that social and supported housing play in enabling independence and providing good quality homes, appropriate to need, and reducing reliance on public services.
- Housing with support is fundamental to preventing homelessness. For many, the only alternatives to supported housing are homelessness, residential care, hospital or another secure institution. More investment in supported housing will save money because of its preventative role.
- Supported housing is in high demand but faces severe funding constraints, particularly revenue funding.
- Housing associations ensure their residents can access all the welfare support they are entitled to and provide their own discretionary funding schemes, but some parts of the welfare system need changing to provide appropriate protections from homelessness.
- The government's commitment to greater capital funding for social housing will contribute to ending homelessness. This should be accompanied by help to bolster the financial capacity of social housing providers to continue providing homes to end homelessness, through a long-term rent settlement and funding to invest in existing social homes.
- The government has shown leadership on homelessness by committing to drawing up a homelessness strategy and appointing an Interministerial Group on Homelessness. The strategy must tackle the interrelated causes of homelessness (housing supply, affordability, support needs).
- The government's homelessness strategy should reflect the essential role of supported housing in preventing and ending homelessness. A long-term housing strategy should include a strategic, cross-departmental approach to guarantee a sustainable supply of supported housing. This should include long-term, ringfenced funding for local authorities to commission supported housing and play a key role in assessing demand and monitoring delivery.

Introduction

The National Housing Federation (NHF) is the voice of England's housing associations. Housing associations are not-for-profit social landlords. Our members provide 2.7 million affordable homes and services for six million people who typically have greater social or health needs than the general population.

Social housing, including vital supported housing services, provides housing for communities at a higher risk of homelessness, including veterans, care leavers, survivors of domestic abuse and families facing a rising cost of living crisis.

The government's commitment to greater Affordable Homes Programme capital for social housing will contribute to ending homelessness. This boost to capital funding should be accompanied by further financial support for social housing providers through a long-term rent settlement and funding to invest in existing social homes.

However, while in high demand, supported housing is facing severe financial pressure and services are at risk of closure. [Research into the supported housing sector's impact on homelessness prevention, health and wellbeing](#) shows that, were it not for supported housing, 41,000 more people would be homeless and 30,000 more would be at risk of homelessness.

It is hugely positive that the government has committed to drawing up a homelessness strategy, with advice from an Expert Group, and appointed an Interministerial Group on Homelessness. These initiatives should feed into the government's long-term housing strategy, making sure it includes a strategic approach to ending homelessness and protecting the supply of supported housing.

The government's homelessness strategy should reflect the essential role of supported housing in preventing and ending homelessness. A long-term housing strategy should include a strategic, cross-departmental approach to guarantee a sustainable supply of supported housing. This should include long-term, ringfenced funding for local authorities to commission supported housing and play a key role in assessing demand and monitoring delivery. Supported housing should also be part of a strategic vision and cross-departmental local plans to meet housing need and end homelessness.

This submission covers how the government can reduce spending on homelessness by investing in social housing, including supported housing and making adjustments to the welfare system. It also gives recommendations for system leadership on homelessness.

Delivery of system leadership on homelessness by the Department (now the Ministry)

Commitment to new supply of social housing

Homelessness can't be solved without homes. Demand for social housing is at record levels. Last year, there were 1,287,180 households on social housing waiting lists in England. This is affecting families across the country, with 1 in 5 children currently living in overcrowded homes, and over 150,000 children homeless and growing up in unsuitable temporary accommodation – the highest level on record.

With the delivery of new social homes at risk due to funding constraints, a £500m top-up to the Affordable Homes Programme announced in the Autumn Budget is hugely welcome. At the NHF, we've been urgently calling for this to prevent a collapse in delivery. We also support the government's decision to review Right to Buy discounts. With record levels of overcrowding and child homelessness, it is [vital we protect our existing social homes](#). These homes also need to be affordable, in the right places and of the right size to meet the rehousing needs of people who are homeless. Forthcoming NHF research on temporary accommodation occupancy appears to be driven by a lack of move-on options for families with children, because of welfare issues and a lack of family-sized housing options.

Alongside a boost to the Affordable Homes Programme and commitment to a new long-term and expanded programme, the NHF are calling for:

- A shift towards social rent.
- Greater flexibilities around grant rates and regeneration.
- Support to bolster the financial capacity of social housing providers to continue providing homes to end homelessness, through a long-term rent settlement and funding for existing social homes at the Spending Review.

We were pleased to see a commitment to consult on setting rent increases at CPI+1% for five years, with an invitation to make the case for a longer-term settlement in the Budget. This will provide much-needed certainty and stability for social housing providers while ensuring that rents remain affordable for lower income households. It is a welcome indication of the government's support for social housing, and will help end homelessness.

We also need a new long-term Affordable Homes Programme from 2026 for social rent and shared ownership, with minimum funding of £4.6bn per year on average for the first Parliament, on a minimum five-year rolling basis.

Commitment to draw up a homelessness strategy and Interministerial Group on Homelessness

The government has shown leadership on tackling homelessness by committing to drawing up a homelessness strategy, informed by an Expert Group on Homelessness and Rough Sleeping, and appointing an Interministerial Group on Homelessness, presided by the Deputy Prime Minister. The strategy must recognise and tackle the interrelated causes of homelessness (housing supply, affordability, support needs) by being cross-government.

The homelessness strategy and work of the Interministerial Group on Homelessness should link into the government's long-term housing strategy. A strategic approach to ending homelessness and protecting the supply of supported housing should be part of the long-term housing strategy.

Government's understanding of the extent, causes and costs of homelessness

Savings from investing in supported housing

Supported housing is accommodation provided alongside support to help people live as independently as possible in the community, e.g. a hostel for people who are homeless, a shared house for people with learning disabilities, housing for people transitioning out of psychiatric care, or sheltered and extra care schemes. Supported housing helps half a million people in the community, with around 75% of it delivered by housing associations. Supported housing is essential to preventing and ending homelessness and helping the transition out of institutions such as hospitals. It is a vital part of a sustainable housing, health and social care system and relieves pressures on public services, delivering significant [savings to public funds](#).

If good supported housing disappears, the impact on the 500,000 people calling it home would be catastrophic. The increase in rough sleeping, and demand for residential care, psychiatric in-patient and prison places would be unmanageable. [Research into the supported housing sector's impact on homelessness prevention, health and wellbeing](#) shows that, were it not for supported housing, there would be: 41,000 more homeless people, 30,000 people at risk of homelessness, a need for 14,000 additional inpatient psychiatric places, a need for 2,500 more places in residential care and a need for 2,000 more prison places due to licences being revoked. [Research shows public spending would fall by £370m if 40,000 people were prevented from experiencing one year of homelessness.](#)

Supported housing is essential to preventing and ending homelessness, and is in high demand, but faces severe financial pressure. Decades of cuts to support

Written evidence submitted by The National Housing Federation (TH0007)

funding have led to councils commissioning less supported housing, or decommissioning services. A 2024 NHF survey showed [1 in 3 providers had closed supported schemes in the last year and 60% expected to close schemes in future due to viability](#). The erosion of housing-related support funding, such as the former £1.8bn per year Supporting People programme for local authorities, is the main cause of financial pressure on supported housing. [Support funding was cut by 69% between 2010 and 2017](#). Spaces in single homelessness schemes have [shrunk by 38% since 2010](#), due to over £1bn in funding cuts, with some under-pressure councils ending entire homelessness support contracts.

Alongside financial pressures on existing schemes, there are significant barriers to new development. The annual NHF [supported and older people's housing development survey](#) shows a significantly reduced appetite to develop schemes, with low capital grant rates, planning constraints and land availability, and revenue funding cited as major barriers. In many cases, new specialist schemes that vulnerable groups urgently need have become effectively undeliverable. There must be sufficient capital grant rates to cover the costs of developing supported housing.

Rent certainty is also a significant factor in providers being able to invest in and develop supported housing. There is a lack of business certainty, and a high level of financial risk if Housing Benefit is not payable at the rates required to ensure that supported housing schemes are financially viable. Funding for rent and capital are linked. One effect of increasing capital grant rates would be that rents could be lower. Most supported housing is let as social housing. The rules for calculating rent are set out in the [Department for Levelling Up, Housing and Communities' rent-setting policy statement](#). Well-managed and adequately funded supported housing provides exemplary [value for money](#).

The government should recognise the value of supported housing in preventing and ending homelessness and invest in this vital resource. While it is good to see increases to funding for homelessness services and social care in the Budget, it needs to be certain that this funding will go to supported housing: there needs to be long-term, ring-fenced, core funding for supported housing which covers the cost of provision (at least £1.6bn), and rent and capital funding that covers the cost of delivery.

Changes to Employer National Insurance Contributions will be a particular burden on supported housing and will result in greatly increased staff costs that need to be covered by sufficient, ring-fenced revenue funding or an exemption from the increases for supported housing. Supported housing providers need long-term certainty over revenue funding to be able attract and retain skilled staff.

Comment [RM]: MHCLG?

Adjustments to the welfare system

Housing associations are acutely aware of the ongoing impact of the cost-of-living crisis on their residents. They work hard to ensure their residents can access all the welfare support they are entitled to, and often provide their own discretionary funding schemes. However, some parts of the welfare system need changing to provide appropriate protections from homelessness.

The government's homelessness strategy should work cross-government so adjustments to the welfare system can be made. We recommend that the government:

- Review the two-child and household benefit cap and the bedroom tax.
- Review the five-week wait for Universal Credit.
- Partner with housing associations to make Universal Credit work for residents by ending the 53-week rent year and co-designing improvements to the Landlord Portal to streamline the Universal Credit process and reduce costs.

The response of and support for local authorities

Protecting supported housing and, with it, council budgets

It is welcome to see a commitment to an extra £1.3bn for local councils, with at least £600m for social care and £233m to tackle homelessness and rough sleeping in the Autumn Budget. However, it is disappointing not to see specific, ring-fenced funding for supported housing. With a positive announcement of a boost to the Affordable Homes Programme, the government should now further promote the development of new schemes for people with support needs.

We recommended the government provide emergency revenue funding for housing-related support to local authorities in financial crisis and roll over support contracts for one year. This would ensure vital supported housing services can continue to operate, as well as ensuring long-term, ring-fenced, core revenue funding for supported housing at the Spending Review. Investment in supported housing will help councils struggling with the cost of temporary accommodation and social care to make savings by preventing homelessness.

Councils facing difficult financial circumstances have felt compelled to action or explore the possibility of decommissioning supported housing. The alternatives to supported housing are more costly such as homelessness (temporary accommodation or rough sleeping), residential care, hospital or prison. Decommissioning supported housing would increase other areas of council spending, representing very poor value for money, as well as worse outcomes for people. Research has also suggested that [as commissioned funding has decreased](#),

Written evidence submitted by The National Housing Federation (TH0007)

[there has been an increase in 'non-commissioned' provision](#). The demand for supported housing does not go away, so we can assume the gap left by commissioned services has been filled with non-commissioned services funded by Housing Benefit, some of which (but not all) are a cause for concern in terms of quality.

Short-term settlements for commissioned funding (from local authority general funds and via the Rough Sleeping Initiative) also [depress development of supported housing](#) schemes for homeless households. Longer-term support contracts would provide a more sustainable business environment for supported housing providers and improve outcomes for councils in preventing homelessness. Certainty and policy stability would give housing associations the confidence to move forward with ambitious plans, maintain existing services and develop long-term partnerships with health and social care commissioners. This would in turn foster efficiencies within the delivery process.

Housing associations must be understood to be key partners for local authorities in delivering support. Supported housing should be a key part of strategies to meet housing need locally, and of the government's 1.5 million new homes target. Commissioners and providers should develop long-term relationships that foster innovation and risk-sharing and encourage supported housing development and investment in workforce, buildings and facilities. They should develop a strategic understanding of the need for supported housing in their area and create a strategic plan for how those housing needs should be met. The requirements for local areas to have supported housing strategies in the Supported Housing (Regulatory Oversight) Act must be fully funded and monitored so that this can become a reality.

These actions would deliver improved outcomes for people who require supported housing to end their homelessness. They would also be better value for public funds because need would be more closely matched with the most appropriate housing solutions.

Preventing temporary accommodation use

Local authorities have sounded the alarm about the high and unmanageable costs of temporary accommodation, which in some cases make up 50% of entire council budgets and threaten them with bankruptcy. While revenue spending on quality supported housing is reducing, overall levels of revenue spending on homelessness, such as temporary accommodation and Discretionary Housing Payments to private landlords are increasing. This provides poor value for money, where Homelessness Prevention Grant funding is effectively being used to subsidise temporary accommodation, rather than more active prevention work. Shifting this spending to capital funding for supply of social housing, including supported housing, and ring-

Written evidence submitted by The National Housing Federation (TH0007)

fenced revenue funding to commission supported housing will reduce homelessness and spending long-term.

The government's Long-Term Housing Strategy should recognise a need to make spending more effective and efficient, as well as linking to strategic planning for greater supply of supported housing by the Interministerial Group on Homelessness and Homelessness Strategy. It should also consider the needs of single households and families in temporary accommodation, particularly around location, affordability and size of property.

Local authorities and housing associations should be supported to work together to understand the need of households in temporary accommodation in their area. take this into account when developing local housing strategies and development plans, which should be supported through capital funding, efficiencies in planning and improvements in access to land for development.

Welfare policies such as the two-child limit and benefit cap which prevent households from moving from temporary accommodation into social housing or the Private Rented Sector should be reviewed.

Conclusion

The recommendations in this paper aim to demonstrate how the government can reduce spending on homelessness by:

- Investing in social housing, including supported housing.
- Making adjustments to the welfare system.
- Ensuring intergovernmental system leadership.

The government's plans for tackling homelessness and preventing temporary accommodation use should reflect the essential role that social and supported housing play in allowing people to live independently in good quality homes, appropriate to need, and reducing reliance on public services. We can prevent and end homelessness through targeted investment in social and supported housing and improving housing affordability.

Recommendations

- Some parts of the welfare system need changing to provide appropriate protections from homelessness. We recommend that the government: review the two-child and household benefit cap and the bedroom tax, review the five-week wait for Universal Credit, end the 53-week rent year and work with housing associations to co-design improvements to the Landlord Portal to streamline the Universal Credit process and reduce costs.

Written evidence submitted by The National Housing Federation (TH0007)

- The boost to the Affordable Homes Programme should be accompanied by support to bolster the financial capacity of social housing providers to continue providing homes to end homelessness, through a long-term rent settlement and funding to invest in existing social homes.
- The government's homelessness strategy must recognise and tackle the interrelated causes of homelessness (housing supply, affordability, support needs) by being cross-government.
- The government's plans for tackling homelessness and preventing temporary accommodation use should reflect the essential role that social and supported housing play in preventing and ending homelessness, enabling independence and providing good quality homes, appropriate to need, and reducing reliance on public services.
- The government's long-term housing strategy should include a strategic, cross-departmental approach to ensuring a long-term supply of supported housing. This should include long-term, ringfenced funding for local authorities to commission supported housing, with local authorities playing a key role in assessing demand and monitoring delivery.

November 2024