

# Value for money in housing options and homelessness services



## Value for money review service

Value for money and efficient management of housing options/homelessness prevention and assessment services have never been more important.

The budget constraints arising from current austerity – a tough economic environment leading to increased pressure on services and limits on public sector funding – will compel local authorities to look more closely at:

- what services cost
- how cost relates to service quality.

Shelter and Acclaim's review service uses a tried and tested methodology to combine quality review and benchmarking to give authorities an integrated, independent report on the quality, value for money and effectiveness of their housing options/homelessness prevention and assessment services.

### Service benefits

- integrated review of costs and quality, including mystery shopping of customer service, delivered by experts in the field with specialist knowledge of homelessness and benchmarking
- proactive and on-site assistance to support data collection and assure data integrity with a detailed results presentation and final report (this will be optional in future), plus discussion of results analysis and implications
- outputs enable managers to comprehensively put the case – in terms of cost efficiency and customer outcomes – for the continued investment in housing options and prevention services
- 'service modelling' tool enables authorities to recalibrate services to test the impact of different service delivery structures and funding levels.

## Continued investment in services

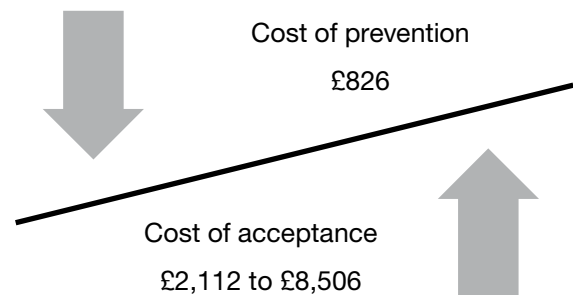
Participating authorities have used review service outcomes to make informed decisions about housing options/homelessness prevention and assessment services and strengthen the case for continued investment and funding.

The service has also helped authorities identify important cost savings and efficiencies that can be delivered alongside targeted action to improve service quality, enhance effectiveness and improve outcomes for clients.

## Significant savings

Understanding how costs compare, what drives spending levels (and unit costs) and how these relate to service quality is critical. The benchmarking outputs and the quality review results enable authorities to distinguish between effective and less effective use of resources.

This enables authorities to identify real value for money improvements and deliver better quality services without increasing costs, or deliver the same quality services for less. The results show that the minimum unit cost saving per prevention compared to a 'full duty' acceptance<sup>1</sup> is in the range of £1,300 to £7,700:



### Cost savings won't impact quality

The service identified two authorities with the potential for saving more than £100k by switching to a rent deposit/damage guarantee scheme, which uses cashless bonds.

Local authorities can typically save £294 per tenancy by working with the private sector to secure properties without a cash incentive. One authority could save more than £50k after securing almost 200 properties in this way.

## Find out more

For details of the key themes from the first tranche of reviews – and how the service could help your authority – visit: [www.shelter.org.uk/consultancy](http://www.shelter.org.uk/consultancy) to download the full report, or contact:

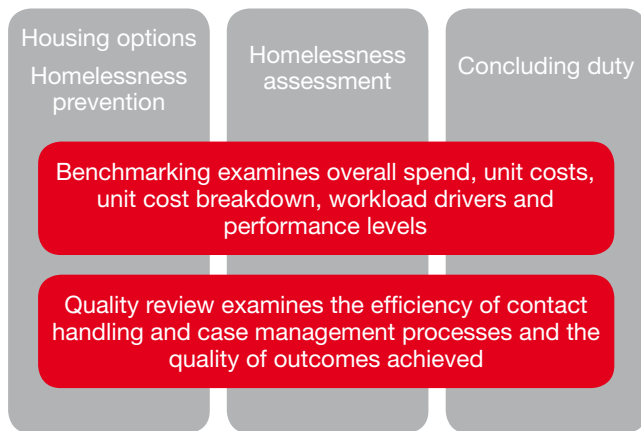
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1. Where the household's application for assistance is assessed under Part VII, they are accommodated in temporary accommodation provided by the authority and work is subsequently undertaken to conclude duty.

## VFM: an integrated approach

The review service takes a fully integrated approach to assessing value for money. The tried and tested methodology provides authorities with a review that covers the core VFM components of quality, performance and cost across three activity areas.



**Activity 1:** housing options/homelessness prevention – the work undertaken to advise and assist households in dealing with housing and housing-related issues, particularly helping to prevent them becoming homeless.

**Activity 2:** homelessness assessment – the work undertaken to assess the duty owed to a household under homelessness legislation.

**Activity 3:** conclusion of duty – the work undertaken to meet the main homelessness duties (excluding day-to-day lettings and allocations work).

The provision of temporary accommodation can also be benchmarked on an optional basis.

### Why undertake the review service?

The review service aims to optimise the client experience and give clear guidelines on how participating authorities can provide services and outputs that represent real value for money.

A comprehensive examination of outputs precisely identifies areas where authorities need to focus efforts to improve service performance, quality and cost.

Key features include:

- detailed review of service quality, combining mystery shopping with onsite quality audit work (including file reviews, observation of customer contact, focus groups, interviews with staff and managers) and a desktop review of policies and procedures
- providing authorities with proactive and onsite support with the collection of benchmarking data. This assures data quality, integrity and

consistency. It also helps to streamline the data collection process

- the service is delivered by a team of experts with specialist knowledge of homelessness and housing options/advice and a background in the delivery of benchmarking and/or advice services.

### Detailed analysis, feedback and report

The review service outputs provide authorities with a level of detail in results analysis, feedback and reporting that is not matched elsewhere in the sector.

Each authority receives an onsite results presentation and a final report (this will be optional in future), setting out:

- current spending and activity levels – and their impact across the three core activity areas
- existing service delivery processes – with areas of weakness highlighted
- areas for improving service efficiency and effectiveness:
  - achieving cost savings
  - improving processes
  - improving outcomes for clients
  - enhancing the customer experience.

Findings and outputs can be used to support the preparation of business cases and strategic plans to improve services.

The 'service modelling' tool provided at the end of the service can also be used to model service delivery options and test the impact of revised structures and funding levels.

*'The benchmarking and audit review by Shelter and Acclaim is without doubt the most comprehensive exercise undertaken for the homelessness service at Medway Council. The benchmarking has given us a clear indication of how to address our homeless budgets and monitor against outcomes, which is even more important during the financial constraints that lie ahead.'*

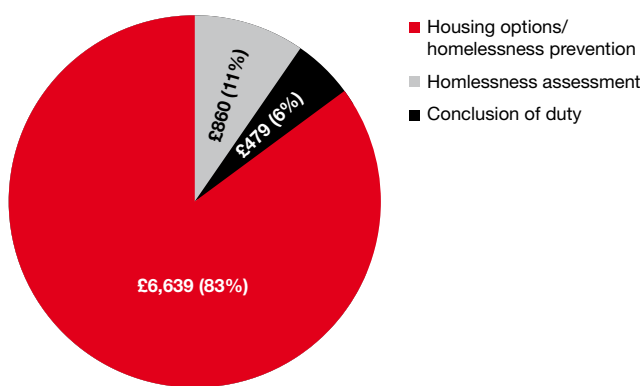
*Vanessa Wilson, Head of Housing Solutions, Medway Council*

## VFM: key messages

Results from the first tranche of the reviews, completed in early summer 2010, identified a clear number of themes and key messages that demonstrated the value of work being undertaken by participating authorities in delivering housing options/homelessness prevention and assessment services. Summary level data and findings have (with the permission of participating authorities) been used by the CLG to support the national case for funding housing options/homelessness prevention and assessment services.

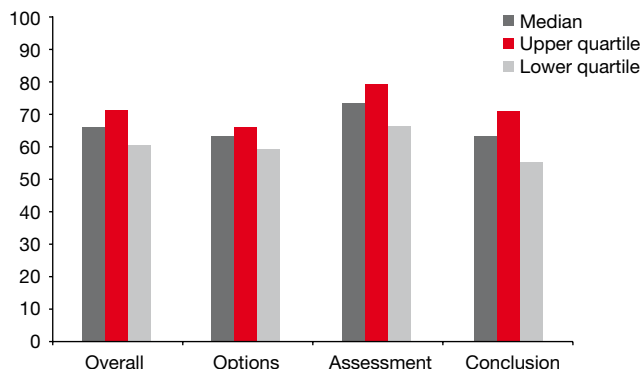
### Overall cost and quality profile

The median spend per '000 households (adjusted for deprivation – see the full report for more details) for the three core activity areas examined was £7,978. This was comprised as follows:



Spending on housing options/homelessness prevention was approximately eight times that of homelessness assessment, a clear indication of strategic priorities.

Although authorities were routinely achieving positive homelessness prevention outcomes, the quality review results indicated a clear link between quality outcomes and a better standard of client handling, advice and case management.



The median overall quality standard achieved was 'fair' (66%). The upper quartile quality standard was 'good' (71%) while the lower quartile quality standard was 'fair' (60%) – illustrative of a compact group.

A key pattern emerged in relation to authorities where advisers were given scope to explore a wide range of prevention options and focus on helping clients to remain in their existing accommodation (when it was appropriate). The findings showed that this approach had a positive impact in raising the number of successful outcomes.

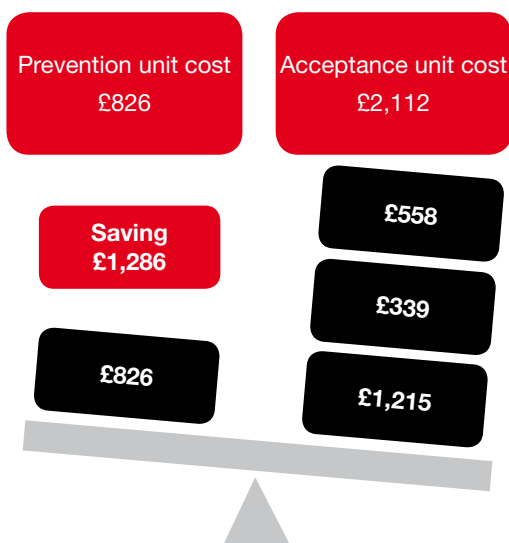
The success of some authorities' rent deposit guarantee schemes is brought into question by the high proportion of secured tenancies failing part way through the minimum required term or not being renewed at the end of it – reducing service efficiency and increasing costs as households return to the authority for assistance.

One authority that operated robust case management had a team of officers delivering a comprehensive approach to prevention which focused on enabling households to remain in their existing home whenever possible. It achieved in excess of 50% of preventions as a result.



## VFM: prevention v acceptance

The illustration below shows the minimum amounts that, according to the benchmarking exercise, could be saved per household prevented from becoming homeless compared to a 'full duty' acceptance.<sup>2</sup>



In terms of 'full duty' acceptances, authorities are required to shoulder a greater burden of costs. The overall unit cost of a 'full duty' acceptance is significantly higher than prevention:

- Cost of a successful prevention:** £642 (£826 including overheads)<sup>3</sup>
- Cost of an acceptance:**
  - cost of making a decision on a homelessness application £375 (£558 including overheads)
  - cost of the work attributable to concluding duty £230 (£339 including overheads)
  - cost of temporary accommodation – calculated as the average difference between the cost of providing temporary accommodation and the amount covered by LHA (£1,215, calculated at 119% of an average LHA of £139 per week over 46 weeks, the average stay in temporary accommodation post-decision)
  - Total = £2,112
- Saving** = £1,286 (£2,112 – £826).

Potential savings are significantly higher if an authority is required to meet the full duty for a household that is not in receipt of LHA. In such situations, the potential saving could be as high as £7,680 per prevention.

It is important to note that the minimum savings highlighted are just that:

- first, they are based on LHA figures derived from the benchmarking results. Savings could potentially be a lot higher, given that the HB subsidy ceiling (outside London) for an average LHA of £139 is £185 (£139 x 90% + £60). In London, the savings would also be higher – reflecting LHA rates within the capital
- second, they do not take into account savings arising from households being accommodated in interim accommodation while their homelessness applications are assessed (which the benchmarking results indicate typically takes authorities 23.5 working days to complete)
- third, they do not include additional savings arising from households being accommodated in emergency accommodation, such as B&B (the LHA rates used in the above calculation are based on individual authorities' local LHA rates).

'This has really confirmed that we offer much better value for money than previously thought...The work that you did and the level of detail was well worth the money and provided a clear picture of where and how to improve further.'

*Richard Nochar, Service Manager Housing Solutions, Bristol City Council*

Additional savings can also be achieved in relation to services which sit outside housing options/homelessness prevention and assessment services. For example, if prevention work successfully enabled a local authority/RSL tenant to stay put, the cost of eviction and servicing the resulting void would be avoided.

As the CLG also highlights in its advice note 'Demonstrating the cost effectiveness of preventing homelessness', not only will enabling households to remain in their existing accommodation be cheaper than securing alternative accommodation, this also brings wider socio-economic and health-related benefits by avoiding substantial social disruption and 'knock on' resettlement costs.

2. Where the household's application for assistance is assessed under Part VII, they are accommodated in temporary accommodation provided by the authority and work is subsequently undertaken to conclude duty.

3. Overheads have been included as 50% of staff costs (based on the results of previous benchmarking work completed by Acclaim) to give a full cost comparison.

## VFM: efficiency ideas (examples)

For more about the efficiency ideas/opportunities identified in the first tranche of reviews (below) and other examples, see the full report at [www.shelter.org.uk/consultancy](http://www.shelter.org.uk/consultancy).

- A) Use of a rent deposit/damage guarantee scheme backed by a cashless bond** – two authorities participating in the initial tranche of reviews could realise cash savings of £375–£450 per new tenancy secured via rent deposit/damage guarantee schemes by moving away from using rent in advance/cash bonds to cashless bonds. By moving to such a scheme, authorities are only required to make a bad debt provision in their accounts, rather than a cash payment in every case. In these instances the authorities could each realise savings of more than £100k.
- B) Partnership working** – reduce costs by working in partnership with local agencies and organisations:
- sanctuary schemes – the initial tranche of reviews highlighted the scope for reducing sanctuary schemes’ unit costs by working in partnership with local agencies such as RSLs and the police
  - work with private sector landlords to obtain good quality and affordable rented accommodation to support homeless prevention work, without relying on incentives for landlords. This typically generates a cash saving of £294 per new tenancy secured. One authority in the initial tranche secured almost 200 properties in this way, which could generate a cash saving of more than £50k.
  - More consistency in delivery and good practice can be achieved by authorities working more closely within sub-regional groups. This can also lead to efficiencies in the use of quality standards frameworks and joint commissioning of adviser training.
- C) Operate a social lettings agency scheme** – one authority operated such a scheme that generated a surplus of almost £50k.
- D) Advertise rent deposit/damage guarantee scheme properties on choice-based lettings systems** to enable applicant households to ‘find their own’ property with a greater range of choice.
- In one authority, a third of households securing private sector properties via its rent deposit/damage guarantee scheme found the property through the authority’s CBL system.
- E) Look at the focus of housing options/homelessness prevention**, particularly the balance of:
- prevention and non-prevention related activity
  - ratio of successful to unsuccessful preventions
  - reasons for unsuccessful preventions.
- F) Investigate the reasons behind relatively high numbers of households departing temporary accommodation/for whom a main homelessness duty was ended** because they ceased to be eligible, became intentionally homeless or departed voluntarily.
- G) Examine arrangements for handling initial client contact** to ensure that services identify opportunities for preventing homelessness and meeting statutory duties at the earliest opportunity so that access to services is managed effectively.
- H) Develop an approach to service delivery that ensures advisers:**
- **take ownership of cases**
  - **explore a full range of options** with clients – with a clear focus on casework that aims to help them remain in their existing accommodation when appropriate.
- I) Evolve workflow processes** to eradicate duplication in the collection and recording of information across options/prevention, homelessness assessment and housing register application activities.
- J) Ensure clear quality standards are set and maintained** with appropriate quality control and assurance mechanisms set within the advice giving process.

‘By working in partnership with Shelter and Acclaim Consulting, Northampton Borough Council is now in a stronger position to identify strengths and weaknesses and address the challenge of funding reductions. The work has allowed the council to realign funding within the housing directorate to protect these services in the future.’

*Ian Swift, Housing Solutions Manager,  
Northampton Borough Council*

## Until there's a home for everyone

We are one of the richest countries in the world, and yet millions of people in Britain wake up every day in housing that is run-down, overcrowded, or dangerous. Many others have lost their home altogether. Bad housing robs us of security, health, and a fair chance in life.

Shelter helps more than 170,000 people a year fight for their rights, get back on their feet, and find and keep a home. We also tackle the root causes of bad housing by campaigning for new laws, policies, and solutions.

Our website gets more than 100,000 visits a month; visit [shelter.org.uk](http://shelter.org.uk) to join our campaign, find housing advice, or make a donation.

We need your help to continue our work.  
Please support us.

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