



## New burden assessment pro forma

In advance of discussions with others, or as part of these discussions, the lead department should complete the pro forma below (this can be tailored to the specific policy where appropriate but should cover the same information).

As highlighted in the guidance, these issues should be discussed with Ministry of Housing, Communities and Local Government at the earliest possible stage, and the pro forma can be revised as the assessment is taken forward. The signed off pro forma should be sent to Ministry of Housing, Communities and Local Government.

**If this is a first assessment, departments must complete those fields in bold to provide a sufficient level of reassurance that the requirements of the Cabinet are being met. The remaining fields must then be completed when policy is more developed. Section 20 requires departments to state when a full assessment will be completed.**

Details of the proposal – please answer in area provided below question	
<b>Q1</b>	<b>Name of Lead Department.</b>
A1	The Ministry of Housing, Communities and Local Government
<b>Q2</b>	<b>Working level contact details in lead department.</b>
A2	<b>Name:</b> Aimee Hardy <b>Team:</b> Homelessness Division <b>Telephone:</b> 0303 444 2919 <b>E-mail:</b> <a href="mailto:aimee.hardy@communities.gsi.gov.uk">aimee.hardy@communities.gsi.gov.uk</a>
<b>Q3</b>	<b>Name of policy/duty/expectation.</b>
A3	Applying the duty to refer to social services authorities. The duty to refer was introduced by the Homelessness Reduction Act 2017 (HRA) and requires public authorities specified in regulations to refer service users in England they consider may be homeless <sup>1</sup> or threatened with becoming homeless in 56 days <sup>2</sup> to a local

<sup>1</sup> A person is homes if they have no accommodation available for their occupation. A person is also homeless is they have accommodation but are unable to secure entry to it or it consists of a moveable structure, vehicle or vessel designed of adapted for human habitation and there is no place they are entitled or permitted to place it and reside in it.

	housing authority (LHA). The referring authority must have the individuals' consent before making a referral and the individual is able to choose the LHA they are referred to.
<b>Q4</b>	<b>Description of the policy objective.</b>
A4	<p>There are varied and sometimes complex reasons behind a person's homelessness, and many people will come into contact with a range of public services before reaching a homelessness crisis or approaching a LHA for assistance. The duty will guarantee that where a social services authority becomes aware that a person may be homeless or threatened with homelessness within 56 days that person is offered a referral for help. This will ensure that people access homelessness services as soon as possible and receive support earlier to prevent or relieve their homelessness.</p> <p>Due to the nature of their services, social service authorities are likely to have a high level of interaction with individuals who are homeless or at risk. Early referrals to housing should lead to individuals housing situations being resolved sooner therefore preventing or reducing the need for a more costly social service intervention at the point of an individual's homelessness crisis and/or during prolonged periods of homelessness.</p>
<b>Q5</b>	<b>Stage proposal is at (e.g. initial draft, consultation document, Cabinet clearance, etc.). If first draft, please state when update will be submitted.</b>
A5	The final regulations specifying the public authorities which will have a duty to refer will be laid in parliament on 21 <sup>st</sup> February 2018.
<b>Q6</b>	<b>Brief expected timeline of the forthcoming key stages, including committee clearance.</b>
A6	<ul style="list-style-type: none"> <li>• 18<sup>th</sup> January 2018: Write round seeking Home Affairs Committee (HAC) clearance on the public authorities that will have a duty to refer.</li> <li>• 13<sup>th</sup> February 2018: HAC clearance received on the final public authorities that will have a duty to refer (including social service authorities).</li> <li>• 21<sup>st</sup> February 2018: Regulations laid specifying the public authorities which will have a duty to refer.</li> <li>• 3<sup>rd</sup> April 2018: The HRA comes into force.</li> <li>• 1<sup>st</sup> October 2018: The duty to refer comes into force.</li> </ul>
<b>Q7</b>	<b>What the proposal requires local authorities to do, and how this differs from what they are doing now. If there is no difference, why is the new power/duty/expectation being made?</b>
A7	<p><b><u>The duty to refer</u></b></p> <p>Social service authorities will be required to refer (with consent) service users they consider may be homeless or threatened with becoming homeless within 56 days</p>

<sup>2</sup> A person is threatened with homelessness if it is likely that they will become homeless (see above) within 56 days.

to a local housing authority of the individual's choice.

The minimum legal obligation of social services authorities under the duty is to offer a referral in response to a service user positively disclosing that they are homeless or threatened with becoming homeless within 56 days. The legal requirement for what constitutes a referral is minimal; it needs to include the individual's contact details, a record of consent, and the agreed reason for the referral (i.e. that the individual is homeless or threatened with homelessness).

LHAs and social service authorities will work together to design the process for making and receiving referrals in each local area. In practice, it is likely that the duty to refer will be built into existing social service assessment processes or safeguarding and early help arrangements. In many circumstances the housing authority which the individual chooses to be referred to is likely to be within the same local authority as the social services so internal referrals should be relatively straightforward to process.

Referrals will not result in a higher demand on Children's Services or Adult Social Care and the duty does not make further requirements beyond processing a referral to a LHA. There is not a requirement on social service authorities to undertake an assessment of housing needs in order to determine if a referral is required; rather referrals should be made if the authority finds that a household is homeless or at risk of homelessness during the course of their own activities.

#### **Existing duties to co-operate**

Section 213 of the Housing Act 1996 requires social service authorities to assist the housing authority in carrying out their duties under the homelessness legislation by co-operating with them as far as is reasonable in the circumstances. Section 213A also sets out particular arrangements for co-operation in cases involving children. The duty to refer will be a small addition to this existing duty to ensure that Children's and Adult Services are working together with housing at an earlier point to prevent homelessness rather than at the point of crisis.

Due to these existing duties, many housing authorities already have strong partnership arrangements and protocols with children services and adult social care. The duty will ensure that this good practice is extended across the country and that an individual's homelessness is always considered when they come into contact with wider support services within the local authority.

Further information on particular examples of social service interventions which early referrals should reduce and prevent are below:

#### ***Children's Services***

Currently, when a household with dependent children is deemed to be intentionally homeless by a local housing authority and therefore no longer eligible for the main housing duty (i.e. a long-term duty to secure accommodation), the housing authority will notify the social services authority of the case under the existing duty to co-operate. The social services authority will then decide whether the child is a "child in need" under the terms of the Children Act 1989 by carrying out an

	<p>assessment of their needs. The assessment will determine what, if any, services should be offered to the child in order to safeguard and promote their welfare, which may include assisting the family to obtain accommodation, for example by providing temporary accommodation or a rent deposit.</p> <p>The Homelessness Reduction Act introduces new prevention and relief duties before the point of the main housing duty, which are owed to people regardless of whether they may be intentionally homeless. Early referrals into the support process at these stages should prevent or relieve a family's homelessness sooner. This should stop them from needing to proceed to the main housing duty - at which point intentionality does become a consideration and there becomes a possibility that children services may have a duty to provide accommodation under the Children Act 1989.</p> <p><i>Adult Services</i></p> <p>The Care Act 2014 requires local authorities to provide or arrange services that help prevent people from developing needs for care and support or delay people deteriorating such that they would need on going care and support. Evidence shows that experiencing homelessness has a detrimental effect on the health of individuals, for example a recent audit found out that 45% of homeless people had a diagnosed mental health problem compared with 25% in the general population. The duty to refer would assist local authorities to fulfil their requirements under the Care Act, as an early referral is likely to result in an individual receiving help to prevent or relieve their housing situation at an earlier point. In many cases this action will prevent them from reaching a homelessness crisis in the first place or provide quick relief where individuals are already homeless to prevent prolonged homelessness. Therefore preventing scenarios which are likely to have had a detrimental effect on the individual's health which would increase their need for care and support.</p>
<b>Q8</b>	<b>Expected date the policy impacts on local authorities. If implementation is to be phased in, please give estimated dates for each phase.</b>
A8	The duty to refer will come into effect on Monday 1 <sup>st</sup> October 2018.
Q9	Is an impact assessment being completed? If this shows that the policy impacts on the private sector in the same way with no disproportionate impact on local authorities, contact the Ministry of Housing, Communities and Local Government New Burdens Team to confirm that the new burdens rules do not apply in this case - this does not mean there are no local government finance matters that might need to be addressed.
A9	There is no requirement to produce an impact assessment as there is no impact on business. This new burdens assessment sets out the cost to local government of social services authorities having a duty to refer.
<b>Estimated costs/savings</b>	
Q10	Has the proposal been appraised in accordance with HM Treasury <i>Green Book</i> principles? What was the outcome of the appraisal?

A10	Yes. The associated new burdens costs are set out below.
Q11	Best estimate of reasonable costs and savings involved for local authorities for each individual year. Please give breakdown <u>by financial year</u> and state whether costs are revenue or capital.
(a)	Overall <u>additional</u> total costs to local authorities for each year.
A(a)	<p><b>Summary</b> There are no additional costs to local authorities as estimated savings are greater than the estimated costs of the requirements of the duty to refer.</p> <p><b>Data</b> It is difficult to forecast the number of referrals which social services authorities would be required to make to LHAs as we are unable to determine how many service users they will encounter who may be homeless or threatened with becoming homeless within 56 days, and of these, how many individuals will accept a referral to housing.</p> <p><b>Methodology</b> Costings for the duty to refer have been developed based on the cost of making referrals, combined with an assumption that referrals will result in savings for social services authorities as we expect upstream referrals to prevent and reduce the number of future interventions required by social services at the point of or during a homelessness crisis.</p> <p>We have worked closely with local authorities in the development of these costs and shared the final assumptions for comment with the LGA and representative bodies of social services authorities, the Association for Directors of Children's Services (ADCS) and the Association for Directors of Adult Social Services (ADASS).</p> <p>Our conclusion relies on the assumption that the ratio of successful referrals to all referrals is at least 1:135 for children's services, and at least 1:310 or 1:730 for adult's services (depending on the scenario under consideration). As outlined above, we have consulted with the sector and it is widely supportive that much of this work is already being carried out across authorities, and that the ratio of successful preventions arising from a referral will be within the bounds required for the duty to be cost neutral.</p> <p><b>Unit Costs</b> <b><i>Cost of making a referral</i></b></p> <p>All costs are presented in 2017/18 prices. Where costs have been updated, we have done so using HM Treasury's December 2017 publication of the UK GDP deflator.</p> <p>Based on feedback from local authorities, and the New Economy Manchester unit costs, we have assumed that on average a single referral will take 20 minutes for a social services officer to process at a cost of around £20.</p>

This is based on labour costs taken from the Unit Cost Database supplied by the New Economy Manchester.

### ***Social service interventions***

The overall costs of social service interventions are based on the provision of support over a period of six months.

- Children Social Services

The unit cost of a Children's Social Services intervention is based on the costs associated with accommodating a family under the provisions in the Children Act 1989 taken from the unit Cost Database supplied by the New Economy Manchester.

- Adult Social Care

The unit cost of adult social care interventions are based on the associated costs of providing various support packages to individuals with varying levels of care and support needs. These costs are taken from the Personal Social Services Research Unit cost database.

### **Overall costs**

There are no additional costs to local authorities as estimated savings are greater than the estimated costs of the requirements of the duty to refer.

### **Estimated Savings from social service interventions at the point of a homelessness crisis**

#### ***Overall Savings***

Across social service authorities, the scenarios below suggest savings could range from £2,780 – £14,630 over a period of six months. This would offset the costs of making between 140 and 730 referrals across the whole of the authority.

#### ***Savings to Children's Services***

The estimated cost of a service intervention from Children's Services when a household with dependent children is found to be "intentionally homeless" is estimated to be £2,780.

We calculated this by combining the PSSRU cost estimate of case management processes over a six month period (£1,630) and MHCLG's Homelessness Reduction Act estimate of the cost of net temporary accommodation cost over a 6-month period (£1,150).

If Children's Services referred a family they considered were at risk of becoming homeless, it is likely that the household's homelessness would be prevented or relieved earlier and before the point of the main housing duty, at which point Children's Services may be required to intervene if the family is found to be intentionally homeless.

*Overall Savings:* As such one referral could result in a potential saving of £2,780 for Children's Services over a period of six months. The realisation of this saving would

off-set the costs of making 140 referrals over a period of six months.

### **Savings to Adult Social Care**

Adult Social Care services have duties under the Care Act to prevent people from developing needs for care and support or delaying people's needs from worsening. In line with these duties, the analysis below focuses on how an early referral could prevent an individual's care needs from deteriorating as a result of homelessness and the cost impacts of this. The costings below are broad assumptions and we acknowledge that the specific needs of individuals and the impact of referrals will be different in each individual case.

The scenarios below set out the potential savings to adult social care if a referral did prevent an individual from reaching a homelessness crisis and therefore reduced the likelihood of their care needs deteriorating.

#### **Scenario 1:**

For an individual with moderate mental health support needs, an early referral which leads to a housing resolution could prevent their care needs from developing to a substantial level.

<b>Social care service provided</b>	<b>Need Group</b>	<b>Average weekly costs</b>
Accommodation	Substantial	£240
Accommodation	Moderate	£190
Home care	Substantial	£280
Home care	Moderate	£90

If an individual's needs were prevented from developing from moderate to substantial, this could result in a potential saving of £1,190 (26 weeks multiplied by £240 - £190) over six months in relation to providing accommodation support and a potential saving of £4,960 (26 weeks multiplied by £280 - £90) over six months in providing home care.

*Overall Savings:* The realisation of these savings could off-set the costs of making up to 310 referrals over a period of six months, based on a total saving per case of £6,150 and a referral cost of £20 per referral.

#### **Scenario 2:**

Evidence has shown that drug and alcohol misuse is a common reason for people first becoming homeless and that these problems can escalate when an individual does become homeless. A timely referral from social care to housing and a subsequent housing resolution could prevent the escalation of drug or alcohol misuse.

By preventing a homelessness crisis, the housing resolution may avert a substance misuse crisis, therefore, ensuring that an individual only needs continued lower tier support such as open access facilities and outreach or community based specialist treatment rather than higher level rehabilitation support therefore providing savings from rehabilitation programmes.

	<p>Based on PSSRU data, residential rehabilitation programmes have a weekly unit cost of £700 per resident. Over a 6 month period this equates to £18,200.</p> <p>If an escalation was averted due to a housing intervention and an individual continued to only require weekly contact with a community drug services, over a six month period, this would equate to £3,500 (using PSSRU estimates on the cost of community care), far less than the cost of rehabilitation programme. The differential in costs, £14,630, represents 730 referrals.</p> <p>We conclude that the estimated savings made over a six-month period from a successful prevention arising from a referral are £2,780 for children's services, and between £6,150 and £14,630 for adults' services. These savings equate to between 135 referrals for children's services, and between 310 and 730 referrals for adults' services.</p> <p>Therefore, the new duty to refer will be cost neutral to authorities so long as the ratio of successful preventions arising from a referral to total referrals is at worst 1:135 for children's services and is at worst 1:310 or 1:730 for adults' services (depending on the scenario). Although no hard evidence exists around the ratio of successful preventions arising from a referral to referrals, we have consulted with the sector and are confident that referral processes are already in place and that the we would expect the ratios to be well within the levels required for the duty to be cost neutral.</p>
i.	Element attributable to 'one off' implementation costs.
A(i)	<p>During engagement with stakeholders on the duty, local authorities expressed that they could easily build referral processes into their existing systems and therefore that the duty would not result in additional IT costs.</p> <p>The only one-off costs associated with the policy are expected to be the training of social service officers, although we would expect LHAs to be doing this already as part of their preparations for implementing the HRA. MHCLG will continue to work with the Local Government Association (LGA), the ADCS and the ADASS to see how the department can support the training of staff. MHCLG is open to develop guidance and tool kits for staff and can facilitate free training through the department's Homelessness Advice and Support Team and the National Homelessness Advisory Service. Therefore we no do expect additional costs to fall on local authorities as a result of providing training and we will not be providing funding directly to local authorities to facilitate this.</p>
ii.	Recurring costs element (for the first 3 years).
A(ii)	<p>The recurring costs will be making referrals at a cost of £20 per referral.</p> <p>As set out above, we are unable to forecast the number of referrals Social Services will be required to make each year for the first 3 years, however over this period there will be no additional costs to local authorities as estimated savings are greater than the estimated costs of the requirements of the duty to refer.</p>



(b)	Estimated specific and identified <u>savings</u> for each year - these must be additional to the annual savings authorities are expected to make and their treatment consistent with the appropriate HM Treasury guidance on efficiency.
A(b)	Local authorities will see savings from year one onwards as social services will be required to provide fewer and/or less costly service interventions at the point of an individual's homelessness crisis (as set out above).
(c)	What are the direct and indirect impacts on local authorities pay and pensions costs?
A(c)	There are no direct and indirect impacts on local authorities pay and pensions costs.
(d)	Overall estimate of the <u>Net</u> Additional Cost (costs-savings) to local authorities for each year.
A(d)	There are no additional costs to local authorities for each year.  A single referral at the cost of £20 could result in savings between £3,733 and £14,629 for social services authorities. This would offset the costs of making between 185 and 726 referrals across the whole of the authority.
<b>Discussion with authorities</b>	
<b>Q12</b>	<b>What discussions have taken place with local authority associations, e.g. with the LGA or LC? If there is no planned contact with local authorities through representative bodies, please explain why.</b>
A12	<p>The new burdens estimate of costs and savings has involved engagement with various local authorities and the LGA, ADCS and ADASS.</p> <p>Officials worked directly with officers from a range of local authorities throughout the development of this policy and to identify and test the unit costs and assumptions which underpin this assessment.</p> <p>The final assessment was shared with the LGA, ADCS and ADASS for comment and their feedback is noted below. This will inform on-going work ahead of and after commencement in October 2018.</p> <p>The LGA, ADCS and ADASS are fully supportive of social services authorities having a duty to refer recognising the benefits to their services. They anticipate that this will be commonplace for many councils already, particularly those where social services and housing sit within the same department.</p> <p>As such, we believe that the ratio of successful preventions arising from a referral to all referrals will be sufficiently high (at least 1:135 for children's services, and at least 1:310 or 1:730 for adults' services, depending on the scenario) for the new duty to refer burden to be cost neutral to authorities.</p>

Q13	Give a brief description of the authorities' views, particularly on costs and financing (note: there is no obligation to agree final finance assessments with them).
A13	<p>All stakeholders were supportive of the principle of the duty and felt it fitted in well with existing duties under the Children Act and Care Act. The majority of local authorities expressed a view that this type of joint working should be consistently established across the country due to the clear benefits to services and individuals.</p> <p>In relation to the on-going costs and savings associated with the duty, the LGA, ADASS and ADCS were cautious about the suggested savings that will accrue from the duty as there is no evidence yet to prove that referrals will relieve pressure to services. In particular ADASS noted that the savings to adult social care relating to the duty and its role in preventing care and support needs are based on broad assumptions. The organisations stated that this needs to be monitored over time and the funding adjusted accordingly. We do expect the new duties in the HRA to be effective at preventing and relieving both families and single people from becoming homeless at an earlier point, as last year 215,220 successful cases of homelessness prevention or relief took place outside the statutory homelessness framework in England during the financial year 2016/17. The Act now puts this activity on a statutory footing for anyone that is eligible for assistance and deemed to be homeless or threatened with homelessness. However, we do acknowledge that the cost analysis is based on broad assumptions, and as set out under A17, the review of the duty and its resourcing will fall into the existing commitment to review the implementation of the HRA concluding no later than two years after the commencement of its substantive clauses.</p> <p>In relation to the implementation costs, the LGA, ADASS and ADCS stated that the provision of training should not be part of the wider expectation that LHAs will carry out training in preparation for implementing the Act. In particular, they noted this may be a particular issue for county councils where the responsibility for housing sits within the district council. It has been our strong recommendation and expectation of LHAs that they need to train and brief partners as part of their preparations for the implementation of the Act, and we have been providing extensive support through our Homelessness Advice and Support Team. Following implementation of the HRA in April and in the run up to the commencement of the duty to refer in October, we expect LHA's will take a more proactive role in developing close working relationships with the bodies that will have a statutory duty to refer if they are not doing so already.</p> <p>However we acknowledge that not all LHAs will provide in-house training on the Act and duty, and understand the particular challenges with county councils. MHCLG will not be providing additional funding to local authorities to facilitate further training, however, we have offered to work closely with the LGA, ADASS and ADCS to develop free supplementary training and guidance to sit alongside the work which LHAs will be doing for social service officers on the Act. This will ensure that services around the country are sufficiently trained and prepared by October 2018, including services in county councils. We are looking at the option of providing training through our existing contract with the National Homelessness Advice Service (NHAS) or the department's Homelessness Advice and Support</p>

	<p>Team. NHAS are already providing training on the duty to refer to different sectors, such as criminal justice so they are well-equipped in this space.</p> <p>The wider points raised by local authorities about the operation of the duty have been considered as part of the work in updating the Homelessness Code of Guidance.</p>
<b>Providing the resources</b>	
<b>Q14</b>	<b>If there are net additional costs, has the lead department identified where the funding for this new burden is coming from and agreed to fully fund them? Please give details.</b>
A14	There are no net additional costs.
Q15	What costing evidence/analysis do you have/are you going to undertake to demonstrate that the funding is sufficient, and when will you be providing this?
A15	N/A
Q16	If costs are to be met by charging, do these cover the full net additional costs, and do authorities have the freedom to determine the fee levels consistent with recovering reasonable costs?
A16	N/A
Q17	If your assessment is that the proposal will result in no additional costs being placed on local authorities, how will you ensure that this is the case?
A17	<p>We are implementing a new data system to coincide with the commencement of the HRA so that we can gain a better understanding of demand and how cases flow through the system.</p> <p>The new system moves away from aggregated P1E returns that authorities currently submit and will collect anonymised case level data. This will allow us to monitor the number of referrals from social services and track if these have resulted in a positive outcome for the individual, improving the evidence base from which to assess impact.</p> <p>The department has committed to review the implementation of the HRA, including its resourcing and how it is working in practice, concluding no later than two years after the commencement of its substantive clauses. The duty to refer will fall into the scope of this review.</p>
<b>DCLG New Burdens Team Sign Off</b>	
<b>Q18</b>	<b>Have you shared your assessment with the New Burdens Team?</b>
A18	Yes
<b>Departmental Finance Director Sign Off</b>	

Q19	<b>Please state if this is a first or a final assessment of your proposal. If first please indicate when a final assessment will be submitted.</b>
A19	Final assessment
<p><b>Certification that the estimated net additional costs falling on local authorities has been assessed in accordance with the guidance on new burdens and that this will be fully funded. That to the best of finance director's knowledge the estimates are a true and fair assessment of the net additional costs falling on authorities.</b></p> <p><b>Confirmation that their department is aware that if the proposed policy or initiative is implemented, there may be an independent post-implementation scrutiny carried out (paid for from within their department's existing resources) and that under or over-payments of grant revealed by the scrutiny may inform future decisions on funding.</b></p> <p><b>Signed:</b> David Thomas</p> <p><b>Name:</b> David Thomas</p> <p><b>Date:</b> 21<sup>st</sup> February 2018</p> <p><b>Address:</b> Ministry of Housing, Communities and Local Government, 2 Marsham Street, London, SW1P 4DF</p>	

**Please send the form to the relevant Ministry of Housing, Communities and Local Government contact.**

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For completion by the MHCLG New Burdens Team:

Date received: ..... Reference number: .....