



EXECUTIVE SUMMARY

The funding and delivery of programs to reduce homelessness: the case study evidence

Inquiry into funding and delivery of programs to reduce homelessness

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Inquiry into funding and delivery of programs to reduce homelessness

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Inquiry panel members

Each AHURI Inquiry is supported by a panel of experts drawn from the research, policy and practice communities. Panel members for this Inquiry:

Marion Bennett	Mission Australia
Shane Hamilton	NSW Aboriginal Housing Office
Tony Keenan	Launch Housing
David Matthews	Housing and Community Services, ACT Government
Glenda Stevens	Homelessness Australia
Stewart Thomas	Department of Social Services

Executive summary

Key points

This report forms part of an AHURI Inquiry into the funding and delivery of programs to reduce homelessness. It provides evidence from case studies of homelessness services into how services supporting those experiencing homelessness are funded, and how different forms and levels of funding impact on the delivery of homelessness assistance. This evidence is based on nine case studies focused on different service models, organisational forms and potential new ways of funding services for the homeless.

- Sources of non-government funding outside of the Specialist Homelessness Services budget are unlikely to provide a significant contribution to reducing homelessness in the foreseeable future: the funds raised are relatively small; they are used to supplement/complement mainstream services; raising funds requires the allocation of resources, particular skills, intensive time and energy.
 - Philanthropic grants are used by homelessness agencies for new initiatives and innovation but are not available to recurrently fund service provision.
 - Fund raising from the community has preconditions such as strong brand recognition, location, and target groups that appeal to funders. Some homelessness agencies such as faith-based Non-Government Organisations (NGOs) or agencies working with particular target groups or providing services such as foodbanks or material aid have more opportunities than others.
 - There is some evidence of social enterprise development but usually for ancillary activities and services such as revenue raising in an associated area of expertise and, employment services for those who are experiencing homelessness. This sector would benefit from capital start-up funding from government.
 - Social impact bonds are a growing area, but for much wider application this will require a more sophisticated and rigorous approach to outcomes measurement.
 - Partnership arrangements are an important alternative where agencies do not have the funds or expertise to deliver an integrated suite of homelessness services.
 - The following policy implications emerged from the case studies:
 - early intervention and postvention strategies are necessary to reduce homelessness and thus reduce the upward pressure on the homelessness budget
 - integrated cross-sectoral and cross-departmental funding packages could achieve greater efficiencies than current arrangements
 - co-funding of time-limited special projects and innovation by government with the philanthropic sector
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Key findings

This report is one of three reports which form part of an AHURI Inquiry into the funding and delivery of programs to reduce homelessness. It provides evidence from case studies of homelessness services into how services supporting those experiencing homelessness are funded, and how different forms of funding and the level of funding affects the delivery of homelessness assistance. These case studies allowed for more in-depth examination of some funding issues.

The findings of the nine case studies are consistent with those of Flatau, Wood et al. (2016) that the main form of funding for homelessness services comes from the National Partnership Agreement on Homelessness, together with funding from a range of other mainstream Commonwealth and State funds. This is supplemented by non-government income from rents where an agency owns or manages its own housing stock, as well as other sources such as philanthropy, corporate sponsorship and donations, public donations, bequests, fundraising activities, etc. These additional sources of funds are usually only a small proportion of income for agencies, with the exception of larger welfare organisations such as The Salvation Army, Mission Australia and St. Vincent's Hospital.

The overall funding picture presented in the case studies is one of complexity and diversity. Diverse funding was found in North East Support and Action for Youth (NESAY), a small regional youth agency, as well as large agencies such as Mission Australia and Launch Housing. Having a diversity of program options has benefits for clients but carries a greater administrative and accountability loading due to different program funding targeted to different groups of clients, designed for different purposes, requiring different funding agreements, different reporting requirements and which begin and end at different times.

The case studies provided a range of examples of philanthropic grants used by agencies to attempt something new or to pilot an innovation. Wintringham, providing supportive housing and aged care services for highly disadvantaged persons and people experiencing homelessness, has received a series of significant philanthropic grants or donations on a one-off basis to fund the acquisition and building of residential aged care facilities. Other organisations, such as Mission Australia and St Vincent's Hospital, also obtain significant tranches of philanthropic funding but informants indicated that success in this area requires additional resources and the appropriate skills to develop relationships and opportunities. Corporate donations are obtained by agencies, small and large. Corporate donations tend to involve either in-kind contributions by staff or cash donations from the company and/or staff over a period of time. From experience, the potential for significant private funding of Specialist Homelessness Services (SHS) was thought to be fairly limited.

Social impact bonds are a relatively new business-like way of attracting private investment and there is keen interest in them as a promising model for mobilising private sector funds around a business proposition to ameliorate a social problem. It is still early days in terms of assessing what the scope and limitations of this approach will be in the longer term. There are questions as to what social issues this kind of funding might be most viable for. The more complex the social issue, the more difficult is it to measure outcomes.

In the cases studied, agencies were involved in partnerships on the ground with other agencies and services. The benefits of partnerships include the provision of integrated services that meet a range of client needs, and systemic approaches to addressing homelessness. The agencies intervene at different points of the spectrum of responses, from early intervention to crisis support. However, they all indicated the importance of multi-sector collaboration and partnerships.

Funding concerns are often the driving force behind service expansion and diversification. However, in the cases studied, the agencies had a strong commitment to social justice and

fundraising was focused on initiatives that served to achieve their mission or improve the services they could provide to clients, rather than chasing funding opportunistically.

Agencies in the case studies expressed a drive to find alternative sources of funding to government funding, although multiple sources of funding generally required multiple accountabilities. While this did not constrain service delivery for some agencies because they had a demonstrated capacity in managing policy and funding changes, other agencies reported greater difficulty.

In discussions about impact investing and performance-based payment (payment by results), which depend on robust outcomes measure and data, agency representatives expressed strong views that contracts and payments should be based on performance and that outcomes should be more precise and holistic than self-reported activity data. Some of the challenges with outcomes measurement included:

- Comparing heterogeneous groups of people with diverse support needs and goals is difficult because devising a common set of outcome indicators is difficult—even sophisticated measures of clinical effectiveness or met need, such as the Health of the Nation Outcome Scale (HONOS) and the Camberwell Assessment of Need Short Appraisal Schedule (CANSAS), have known limitations as outcome measures.
- Client-led goals may be different from agency or funding body goals.
- Risk of perverse incentives such as performance-based contracts may reward agencies whose clients meet outcomes that are unrealistic for people with complex support needs.

All of the agencies supported the principles of measuring outcomes, and acknowledged the limitations of traditional measures of outputs. Notwithstanding these attempts at measuring outcomes in a meaningful way, in an environment where funding comes from a range of sources requiring different reports on outputs to justify expenditure, the measurement of outcomes is often weak.

The most sophisticated and ambitious attempt to measure the efficacy of a model is the funded five-year evaluation of Launch Housing's and the Brotherhood of St. Laurence's Education First Foyers. Joint funding from the Victorian Government and a philanthropic foundation have ensured an ongoing process of evaluation that includes outcomes measures. Another good example is the Micah Projects Street to Home program where data on rough sleeping suggests that their service model has successfully reduced rough sleeping in the Brisbane CBD.

SHS agencies dependent on a single source of funding are vulnerable when governments undertake major reform and restructuring of the homelessness sector. A more diverse funding mix was seen as a factor that rendered agencies resilient to such changes. The larger agencies in the case studies spoke of the advantages of organisational size and a diverse mix of funded programs.

Social enterprises are businesses that seek to address social problems while operating on commercial principles. Two of the case study social enterprises—Women's Property Initiatives and HomeGround—sought to further their respective missions by establishing social enterprises that would meet the housing needs of their homeless clients. Their establishment was assisted by using the existing capability and infrastructure of the auspicing agency. The other two initiatives—The Big Issue and STREAT—do not provide explicit homelessness or housing support, but they do provide opportunities through employment experience to facilitate independence and freedom from homelessness. The success of each enterprise is the result of years of work behind the scenes. Ensuring alignment with the organisation's existing activities and broader mission is important from both a feasibility and ideological perspective. While this results in different enterprise structures and internal decisions in different organisations, all of

the organisations in the social enterprise case studies were cognisant of their broader mission when making service expansion decisions.

Policy development options

The case studies provided evidence for four policy implications that may have much broader systemic application.

- *Early Intervention and postvention strategies*

Increased expenditure on homelessness services does not of itself address the issue of reducing homelessness. The two strategic policy perspectives—early intervention or ‘turning off the tap’ and postvention or ‘breaking the cycle’ have remained under-developed since the 2008 Australian Government’s White Paper. There is clear evidence that additional cost savings are associated with early intervention that reduces the flow of people into homelessness and, with postvention rapid rehousing or Housing First initiatives coupled with supportive housing options for people with high and complex needs.

- *Integrated cross-sectoral and cross-department funding packages*

A diverse funding mix is to be found in both large and small agencies and this appears to be a trend. However, the common complaint is that the benefits of diverse programs come with additional administrative and accountability costs. Furthermore, agencies rather than governments are then left with responsibility for effecting the coordination and integration of services from diverse sources of funds. The policy implication is that government funding could be packaged or pooled on the basis of cross-departmental funding of better integrated services for people experiencing homelessness with an efficiency dividend and the potential for greater effectiveness due to integration and improved case coordination.

- *Government and philanthropic/corporate co-funding projects*

Agencies make resourceful use of philanthropic and corporate funding opportunities, but in total these comprise a small proportion of the recurrent services budget. Such funding is typically time-limited, constrained to special projects or innovation and not available for the recurrent funding of service provision. A policy implication is the idea of cofounding of special projects and innovation by governments in partnership with the philanthropic sector.

- *Rigorous experimental trials of social impact bonds*

Two new forms of non-government funding are social enterprises and social impact bonds. Quite a few social enterprises have sprung up; some appear to be prospering while others struggle. Generally, they underwrite ancillary or additional support services. It is unlikely that many homelessness agencies are in a position to develop successful social enterprises. Social impact bonds that promote a business investment model for mobilising private capital investment have potential, Governments should be encouraged to pursue this line of development with critical optimism, to work out what exactly is most appropriate for this kind of funding, what its limits are and how the outcomes measurement challenges can be addressed.

The study

This AHURI Research Project, *The funding and delivery of programs to reduce homelessness: the case study evidence* is a component of the broader AHURI Policy Inquiry into the funding of homelessness services in Australia. The Inquiry seeks to build policy- and practice-relevant evidence to help fill the gap in knowledge about the financing of services supporting homeless people, to consider the current policy environment surrounding homelessness funding and

service delivery, and to make recommendations for the future of homelessness funding in Australia.

The *AHURI Australian Homelessness Funding and Delivery Survey* provided detailed financial information on funding sources and some qualitative response options, but this case study approach was designed to elicit more detailed information from service providers on the impact that funding has on service provision, how the agency is structured and its achieved outcomes (the impact of funding). The case studies sought to answer two questions within the Policy Inquiry, viz.

Research Question 2: What is the impact of the funding mix on the nature, structure and types of services provided and the extent to which these support different groups of homeless people?

Research Question 3: What is the relationship between the funding mix and service structures on the one hand and the outcomes for people who are at risk of, or are experiencing, homelessness?

In view of these two research questions, the nine case studies were selected purposively: a selection of service models, organisation types, new models of income generation, and potential new funding sources:

- An agency providing aged-care to homeless and highly disadvantaged elderly individuals: there is a relatively small number of agencies that specifically specialise in providing aged-care for homeless and highly disadvantaged people: on this basis Wintringham, a pioneer in this field and a relatively large agency, was selected.
- A large organisation that received significant funding as an SHS but also a range of other government-funded programs, significant charitable donations, and other sources of funding: Mission Australia (MA) was selected for this category.
- A youth-based agency working with at-risk and/or homeless young people and the Reconnect program: the selection of North East Support and Action for Youth (NESAY) brought in a regional context, but was mainly based on the agency's reputation for innovation and good practice.
- A Domestic Violence (DV) agency and program: the selected agency, Supported Accommodation and Homelessness Services Shoalhaven (SAHSSI), receives SHS and other funding and has established itself as resilient to changes in the funding of DV services in NSW.
- An Alcohol and Other Drug (AOD) treatment and mental health service: St Vincent's Homeless Health Service was selected because it builds on a long history of health services to the homeless in Sydney by its auspice, St.Vincent's Hospital.
- Social enterprises working with homeless people; a composite case study was compiled based on four different homelessness-related examples—the Women's Property Initiative, HomeGround, The Big Issue and STREAT.
- A Youth Foyer: an Education First foyer managed by Launch Housing and the Brotherhood of St Laurence was selected mainly because it was (a) not atypical in terms of size, and (b) operated by agencies not unlike any of the other agencies that would be likely to operate foyers if the foyer sector in Australia expanded.
- Street to Home and Housing First programs: Street to Home in Brisbane was selected because, according to ABS census figures for rough sleepers in the CBD, Brisbane was the only capital city where rough sleeping was found to have declined (Coleman, MacKenzie et al. 2013).

- The case study of impact investing and social benefit bonds is a discussion based on several known examples because no single instance could meaningfully be selected on the grounds that the approach is relatively new and there are very few well developed examples.

Of these nine case studies, three case studies were undertaken in Victoria; three case studies in New South Wales; one case study in Queensland, and two case studies used a range of data from several different instances.

The selected case studies are single instances of particular service models, organisation forms and new models of service provision funding. The case study evidence in this report is not derived from a cross-site comparative analysis of cases of a particular type. The evidence from the case analysis adds insight and detail to some of the issues exposed in the *AHURI Australian Homelessness Funding and Delivery Survey* (Flatau, Wood et al. 2016) as well as providing a position from which to reflect on some broader arguments. However, it would be analytically unwarranted for the case study evidence to be over-generalised and the discussion of findings has taken care to avoid this.

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- Mission Australia
- North East Support and Action for Youth (NESAY)
- Supported Accommodation and Homelessness Services Shoalhaven (SAHSSI)
- St. Vincent's Homeless Health Service
- Women's Property Initiatives
- Launch Housing
- The Big Issue
- STREAT
- Micah Projects

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