

# Breaking the Cycle

Supported Housing as an  
Enabler of Mental Health  
Hospital Discharge and  
Community Mental  
Health Service  
Delivery



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# Acknowledgements

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## Defining supported housing

There are varying and distinct types of supported housing and supported living. In this paper, supported housing is used as an umbrella term for types of accommodation where residents can receive care, support and/or supervision to live independently. Supported housing service users can include older people, people at risk of homelessness, people recovering from drug or alcohol dependence, autistic people, people with learning disabilities, and people with mental ill health, as well as other groups. These accommodations may be permanent or short term to support people to transition to living independently.



# Glossary of terms

- **Capital grant:** amount of public money awarded for building new housing or infrastructure and (for NHS) updating equipment or facilities.
- **Clinically ready for discharge (CRFD):** a person is determined to be clinically ready for discharge when the healthcare team supporting them concludes that they do not require any further assessments, interventions or treatments that can only be provided in an inpatient setting. The primary cause of delayed discharge from mental health inpatient settings is waiting for suitable housing.
- **Forensic mental healthcare:** services focusing on treatment of people with a mental disorder who have criminal histories or are currently undergoing legal proceedings.
- **Housing Associations (also known as Private Registered Providers, or Registered Social Landlords):** Housing associations are not-for-profit social landlords that provide homes and support for around six million people all around England.
- **Housing Benefit:** welfare benefit that usually covers residents' rent in supported housing.
- **Integrated Care Board (ICB):** NHS organisation that brings together the health-related services in a local area, such as hospitals and GP services.
- **Integrated Care System (ICS):** wider group of partners in a region including local authorities, community organisations, and sometimes housing providers. Each ICS contains one ICB.
- **NHS Foundation Trust:** semi-autonomous organisational units within the NHS, which operate with a level of autonomy and independence from the Department of Health and Social Care. they are governed by publicly elected councils of governors from the local area, giving the community more control and ownership of their hospital.
- **Out of Area Placement (OAP):** an OAP in mental health services occurs when someone who requires inpatient care is admitted to a unit that is outside their usual local network of services. An inappropriate OAP occurs when the patient is placed out of area due to a lack of local bed availability. It means that the person cannot receive regular visits from their care coordinator and may hinder their continuity of care. The government set a national deadline to eliminate inappropriate OAPs in mental health services for adults of March 2021, which was not met.
- **Provider Collaborative:** a partnership that connects two or more NHS trusts (public NHS service providers include hospitals and mental health services) to work together at scale for their populations.
- **Rent Standard:** Rules set by the Regulator of Social Housing in England governing how social landlords set and increase rents for social housing properties, ensuring that rents are affordable and aligned with government policy. The standard applies to most social housing, but there are exceptions (including for Specialised Supported Housing, see below).

- Revenue funding: funding from the local authority or the NHS to pay for staff delivering care or support services.
- **Severe mental illness (SMI):** a diagnosis of mental illness or illnesses that impair a person's ability to engage in the activities of daily life without support or care.
- **Specialised Supported Housing (SSH):** A specific type of supported housing designed or adapted for people (including those with mental health needs) who require specialised services so that they can live independently rather than in a care home, and where the level of ongoing support provided is high and approximately the same as that provided by a care home. It is a sub-category of supported housing that is exempt from usual social rent setting requirements as set out in the Rent Standard (these are requirements for registered providers in England in relation to social rent setting) and the Government's Policy statement on rents for social housing.
- **Step-down:** short-term transitional support and accommodation for people who have been discharged from hospital.
- **VCSE:** Voluntary, Community, or Social Enterprise organisation.

# Executive Summary

Supported housing is key to supporting England's mental health care system, yielding savings for the NHS and better outcomes for patients. Thousands of people who are clinically ready to leave hospital remain in inpatient settings because there is nowhere suitable for them to go. Others are discharged prematurely into inappropriate or unstable housing, triggering relapse and readmission in a damaging and costly "revolving door" cycle.

This paper proposes a set of recommendations for local NHS and local authority decision makers and national government to better integrate housing into mental health pathways, and to scale the supply of mental health supported housing.

## The Scale of the Problem

- **Delayed discharges:** In **February 2026**, patients waiting for supported housing accounted for **23% of all mental health delayed discharge days**—equal to **12,210 lost bed days**.<sup>1</sup>
- **Financial impact:** In **2024/25**, delayed discharges due to housing caused **121,695 additional hospital bed days**<sup>2</sup>, costing the NHS around **£102 million**<sup>3</sup>, caring for people in hospital who did not need to be there.
- **High bed occupancy:** Over **95%** of urgent and emergency mental health beds are occupied across England, far exceeding the recommended RCPsych standard of 85%.<sup>4</sup>
- **Private sector reliance:** Between 2019 and 2024, the NHS spent more than **£1.4 billion** on private mental health beds, a **68% increase** over the time period.<sup>5</sup>

The shortage of supported housing drives up the cost of caring for people by keeping people in hospital or in out of area placements. It can also worsen outcomes by keeping people in an overly restrictive environment longer than needed and separating them from support networks which can increase the risk of relapse into mental ill health.

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<sup>1</sup> NHS Digital. Mental Health Monthly Statistics February 2026. Dataset MHS26. April 2026

<sup>2</sup> NHS Digital. Mental Health Monthly Statistics. Dataset MHS26. 2025-2026.

<sup>3</sup> NHS England. National Costings Collection 2024/25. 2025

<sup>4</sup> NHS England, Operational Performance Update, 5 December 2024.

<sup>5</sup> Every Doctor. August 2024.

## Why Supported Housing Matters

Supported housing is both more effective and more cost-efficient than hospital care in supporting people who no longer need to be in hospital. A supported housing place costs roughly one-third of an inpatient bed<sup>6</sup>; having enough mental health supported housing could generate the NHS cost savings of between £53m-£65m per year<sup>7</sup>. Stable housing is a core determinant of mental health recovery—enabling independence, stability, and reintegration into community life.

## Current Systemic Failures

Despite statutory duties under the NHS Act 2006 and Care Act 2014 to coordinate post-discharge care, system partners struggle to implement effective pathways. Barriers include:

- Severe shortages in supported housing supply (estimated shortage of over 91,000 units to support working aged adults alone; between 179,600 and 388,100 total shortage).<sup>8</sup>
- Financial fragility in the supported housing sector, with one in three providers closing schemes in the past year.<sup>9</sup>
- Insufficient NHS focus on housing despite it being a primary determinant of health outcomes.
- Cumbersome discharge processes and poor data-sharing between NHS, local authorities, and housing providers.

## Evidence of What Works

Several case studies show that integrated, partnership-based approaches can deliver dramatic improvements both to individual outcomes and operational and financial performance:

- **East London Foundation Trust (ELFT) & Look Ahead Care and Support (Newham):** A 10-bed supported discharge service helped to eliminate private bed use and temporary accommodation costs yielding in-year savings and improved patient experience.

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<sup>6</sup> Europe Economics, “The financial case for integrated mental health services and supported housing pathways”, 2021.

<sup>7</sup> National Housing Federation, *The financial benefits of supported housing*, April 2025.

<sup>8</sup> Ministry of Housing Communities and Local Government, *Supported Housing Review 2023*, 4 November 2024.

<sup>9</sup> National Housing Federation, *Supported housing closures survey 2025*, August 2025.

- **Hampshire & Isle of Wight “Step Out” Pathway:** Cross-sector collaboration accelerated discharge by three months on average, saved at least £25,000 per patient, and achieved zero readmissions.
- **Sussex Mental Health and Housing Strategy:** Embedding housing roles into clinical teams reduced discharge delays from 25% to below 10% and delivered a near to 5:1 return on investment.

## The Way Forward

Building an NHS fit for the future requires housing to be recognised as a primary determinant of health outcomes. Integrating housing expertise into multi-disciplinary teams and ensuring sustainable funding for supported housing will reduce hospital operational pressures, improve recovery, and deliver substantial savings.

## Regional Recommendations for ICBs, Trusts and Local Authorities

1. **Develop place-based Mental Health and Housing Strategies** led by ICBs and local authorities.
2. **Embed housing specialists** within NHS community and acute teams.
3. **Include housing assessments at admission** to hospital to plan for safe and timely discharge.

## National Recommendations for Government, Homes England and the GLA

1. **Commit to long-term, sustainable funding** for support services in supported housing.
2. **Increase rent flexibility**—allow up to **20% above formula rent** for supported housing.
3. **Remove the “no public assistance clause”** for specialised supported housing.
4. **Adapt capital grant schemes** to reflect the true costs of developing and running supported housing.
5. **Integrate housing within neighbourhood health policy**, ensuring “every decision about care is a decision about housing”.
6. **Integrate health into housing policy**, ensuring that planned, funded homes meet population needs.

## Conclusion

Supported housing is essential infrastructure for a functioning mental health system. It saves money, reduces hospital pressures, and—most importantly—supports people to recover and thrive. National and regional leaders must act now to stabilise and expand supported housing supply, embed housing into health policy, and deliver a truly integrated system where housing, care and health services work together to support the people they serve.

## NHS context

The lack of or delayed access to quality housing, including supported housing, has significant impacts on people's physical and mental health.<sup>10</sup> Remaining in an inpatient setting whilst clinically ready for discharge is damaging to people's mental health, as is being discharged into homes unequipped to meet an individual's needs or far from their families and care systems.<sup>11</sup> This increases bed occupancy rates in mental health inpatient settings. Exacerbated by a lack of community mental healthcare, this leaves people in need of treatment with nowhere to go, often forcing them to wait for care until the point of crisis and accessing services through A&E.

Increasingly, a parallel problem is worsening – patients are being discharged without being clinically ready, to increase flow and reduce bed occupancy. Professor Asif Zia, Executive Director for Quality and Medical Leadership at Hertfordshire Partnership University Foundation Trust, says

“we are seeing more people being discharged from mental health inpatient services while still unwell.”

This problem is exacerbated by insufficient supported housing supply. As people return to their communities too quickly, they are more likely to experience further mental ill health and return to inpatient settings in a “revolving door” readmission cycle. This further increases the pressures on the system and potential for harm to the individual.

The cycle can look like this: a patient in a mental health inpatient facility faces delayed discharge due to the lack of appropriate supported housing options. This may cause their mental and physical health to deteriorate. When they are discharged, it may be to an out of area or temporary housing scheme with insufficient support to meet their needs. These types of supported housing options are often short-term, and they are moved from this accommodation when the OAP or temporary housing scheme's timeframe ends, rather than when they are ready, and sometimes without an ongoing care plan. They must then find their own way. They might return to their previous housing situation, which could have been unstable or hostile. They might apply for social housing through their local housing authority, certainly joining a long housing waiting list – with no guarantee of securing a social home, even after a long wait. Or they might attempt to find a place to live on the private rental market, which can be difficult or impossible for people without a solid rental history or the financial

<sup>10</sup> The Lancet, “Housing: An overlooked social determinant of health”, 2024, 403: p. 1723.

<sup>11</sup> British Medical Journal, “Delayed discharges harm patients, staff, and health systems alike”, 2023, 380: p. 459.

stability to put forward a deposit. Jon van Niekerk, chair of RCPsych's General Adult Faculty, says:

*“the revolving door of repeat admissions is one of the most harmful and demoralising patterns in our mental health system. Each cycle chips away at a person's hope and signals a system failure, not an individual one. Breaking the cycle means treating housing as healthcare, not an afterthought.”*

Barriers to stable housing, combined with the associated health stresses, can be significant enough to precipitate a mental health crisis. They may be (re)admitted to an inpatient mental health hospital, sent to an inappropriate OAP, or, if there is no room available, they may feel forced to go to A&E despite its unsuitability for their needs. This further increases the stress on the health system and demand for inpatient beds. While complex and multifaceted, this cycle is exacerbated at all points by the current lack of flexible, readily available supported housing. It is expensive for the taxpayer and for systems, and it is deeply harmful to the people who become stuck in it and their loved ones.

This cycle is inefficient and costly at system level. It also damages the mental wellbeing and care progress of people who use services, ultimately hindering the sector's ability to provide the very care that is expected and needed from it.

- On average, bed occupancy on urgent and emergency mental health wards is over 95%, well above the 85% safe standard rate advised by the Royal College of Psychiatrists.<sup>12</sup> This occupancy rate is in part due to patients ready for discharge who do not have a supported housing unit to be discharged into.
- In February 2026, waiting for supported housing was the largest reason for delayed discharges from mental health inpatient settings, accounting for 12,210 additional hospital bed days or 23% of all delayed discharge days across NHS mental health inpatient wards in that month.<sup>13</sup>
- In 2024/25, in mental health inpatient settings alone, there were 121,695 days of delayed discharge due to patients waiting for supported housing.<sup>14</sup> This cost the NHS approximately £102 million caring for people in hospital beds who no longer needed to be in hospital.<sup>15</sup>

Delayed discharges in mental healthcare have knock-on negative impacts, including increasing the number of inappropriate OAPs. Without sufficient

<sup>12</sup> NHS England, Operational Performance Update, 5 December 2024.

<sup>13</sup> NHS England, Mental Health Services Monthly Statistics. Dataset MHS26, April 2026.

<sup>14</sup> NHS Digital. Mental Health Monthly Statistics. Dataset MHS26. 2025-2026.

<sup>15</sup> NHS England. National Costings Collection 2024/25. 2025.

hospital capacity, trusts have increased the number of inappropriate OAPs, often spending millions of pounds per year on private hospital beds to care for people who need to be in hospital. Independent sector providers currently play a vital role in maintaining national capacity by providing short-term spots caused by lack of bed capacity. These placements can harm patients by increasing their distress, separating them from their family and slowing their recovery.<sup>16</sup> The government set a national goal to end inappropriate OAPs in mental health services by the end of 2020/21. This goal has not yet been met, however a target for 'reducing or maintaining at zero' the number of inappropriate OAPs by 2028/29 has been outlined in the Medium Term Planning Framework.<sup>17</sup>

- At the end of March 2024, there were active adult acute 805 inappropriate OAPs in England.<sup>18</sup>
- In 2023/24, the NHS spent £164 million on adult acute inappropriate out of area placements.<sup>19</sup>

Freedom of Information requests by the advocacy group EveryDoctor revealed that between 2019 and 2024, the NHS spent £1.4 billion on private mental health beds, with spending increasing by 68% within this time period. Some individual trusts are seeing much higher figures: Surrey and Borders Partnership NHS Foundation Trust spent 10 times as much on private mental health beds in 2024 as it did in 2019.<sup>20</sup> This money could, and should, be better spent on appropriate supported accommodation.

On average, a stay in even the most intensive supported housing scheme is significantly more cost-effective than a stay in hospital. Recent research by Rethink Mental Illness demonstrated that the cost per day is still only one third of the cost in an inpatient mental health setting.<sup>21</sup> On average, the supported housing sector in England saves the public purse approximately £3.5 billion every year. If they were not in supported housing, 17% of people with mental ill health would be in hospital, costing an average of £687 per person per night.<sup>22</sup> Treating people in the community has the dual benefit of being more financially efficient and much better for patient wellbeing.

The obligation to support patients to move into supported housing efficiently has been codified in the NHS Act 2006 and the Care Act 2014.<sup>23</sup> In particular, the Care Act 2014 states that where a relevant NHS Trust is responsible for an adult hospital patient and considers that the patient is likely to require support on discharge, that trust must take any appropriate steps to involve the patient and (where

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<sup>16</sup> Royal College of Psychiatrists, "Shameful practice of Out of Area Placements devastating for mental health patients", 11 April 2022.

<sup>17</sup> NHS England. Medium Term Planning Framework – delivering change together 2026/27 to 2028/29, 24 October 2025.

<sup>18</sup> NHS Digital. Out of Area Placements in Mental Health Services – March 2024. May 2024.

<sup>19</sup> Ibid.

<sup>20</sup> Big Issue, "NHS spending on private mental health beds soars to £1.4bn in five years", 5 August 2024.

<sup>21</sup> Rethink Mental Illness, *The long journey home: understanding and improving the supported housing system for people living with mental illness*, 2024.

<sup>22</sup> National Housing Federation, *The financial benefits of supported housing*, April 2025.

<sup>23</sup> National Health Service Act 2006, s. 82.

relevant) their carer in discharge plans.<sup>24</sup> This requires integrated and communicative cooperation between NHS services, local authorities (including social care commissioners, local housing authorities and local planners), housing providers, and service users to plan a pathway for post-hospital care.<sup>25</sup> The Act lists housing as a health-related intervention: investing in it now, and providing clear pathways to efficiently discharge people into appropriate settings, will quickly yield positive health and financial outcomes. Alongside these obligations, new legislation also places new requirements on local housing authorities to develop Strategic Supported Housing Plans every 5 years, under the Supported Housing Act 2023 (while led by local housing authorities, this work should be delivered in partnership with local health and social care strategic partners, and other community stakeholders).

The 2024 statutory guidance on discharge from mental health inpatient settings sets out that organisations across the healthcare system must cooperate to ensure effective discharge planning and the best possible outcomes for people being discharged from mental health inpatient care.<sup>26</sup> The principles set out in this report, including discharge planning from the moment of admission and ongoing communication between hospital teams and community services (including local housing partners and experts), are vital to support a person's smooth transition between hospital and the community. However, partners struggle to fulfil these obligations. This is due to operational pressure on both the NHS and local authorities, challenges in sharing data and information, the wider housing crisis and, sometimes, the cultural shift required to facilitate true partnership working. Across England, there are already examples of systems bringing NHS bodies, housing providers, local authorities, and relevant VCSEs together as partners to triage, assess, plan, and support people to move into appropriate supported housing settings under a jointly planned housing strategy. An example case study is included here.



<sup>24</sup> Care Act 2014, s. 74(20).

<sup>25</sup> Supported Housing (Regulatory Oversight) Act 2023.

<sup>26</sup> Department of Health and Social Care, *Statutory guidance: Discharge from mental health inpatient settings*, 26 January 2024.

# Strategic commissioning: East London Foundation Trust

In June 2024, Newham East London Foundation Trust commissioned a supported housing discharge service of 10 beds in the borough of Newham. This aimed to alleviate the pressure that delayed discharge was placing on its services. At the peak of the pressures, 24% of patients in inpatient settings were clinically ready for discharge. In the same month, there were 31 instances where someone was waiting in A&E for longer than 12 hours to be admitted into inpatient care. In February 2024, 58% of delays for people clinically ready for discharge were related to housing.

As a result, the Trust was spending an average of £376,471 a month on out of area beds during the first six months of 2024. At the same time, the directorate was spending an average of £8,641.36 a month on bed and breakfast beds (e.g. Travelodge) for people who were clinically ready for discharge with no ongoing care need but awaiting more appropriate housing.

ELFT partnered with Look Ahead Care and Support to provide a 10-bed discharge service for the 112-bed Newham psychiatric ward. Ibis House offers a 7-day community-based service to support people leaving hospital. Look Ahead does not have a clinical infrastructure, drawing instead on the clinical expertise of ELFT's Community Mental Health Team. There are three additional units where 'bed and breakfast' alternative beds will be offered within the adjoining building for those who have lower support needs when they leave hospital.

The support model at Ibis House consists of the following features:

- **Psychologically Informed Environment** that will support recovery, taking into consideration soft furnishings, plants, choice of paint colour, etc. Each person has a 1-bedroom flat with a separate living area, fully equipped kitchen and bathroom. The flats are furnished with a bed, table and chairs and a sofa.

- **Referral and Assessments** are processed within 4 hours to assess suitability, with staff available 24/7 to respond to new referrals.

- **Inductions** take place when customers first arrive. They receive a welcome pack with toiletries, bedding and towels, and an introduction to the service with everything they need to know including facilities, activities, house rules and local connections.

- **Support** is provided by two members of staff on duty at all times (so-called 'double cover') and each service user is allocated a key worker. Customers receive

tailored support to enable them to find onward accommodation, apply for benefits, take their medication and engage with ongoing mental health services provided by the Community Mental Health Team. Look Ahead's co-produced person-centred approach enables residents to shape their support, improve their engagement and prepare for independence.

The strong partnership between Look Ahead and ELFT clinicians means that customers' support is both coordinated and clinically informed. Look Ahead staff benefit from ELFT's clinical input, enabling a consistent approach across services and supporting Look Ahead to meet each individual's needs and manage any challenging behaviours.

In the first six months of ELFT's partnership with Look Ahead, the Trust saw its monthly spend on private beds for patients clinically ready for discharge drop from over £370,000 to £0. Spend on bed and breakfast-style temporary accommodation also dropped to £0. The partnership has been financially successful for the Trust and has had knock-on positive impacts for the acute sector services in the area, helping keep people out of hospital as well as helping people leave hospital.



# Supported Housing context

Some of the most effective supported housing schemes are delivered through cross-sector partnerships, combining NHS clinical governance with the independent sector's agility and housing associations' deep community roots. The 2023 Supported Housing Review found that there are approximately 535,400 supported homes of all types for rent in England, the majority of which are owned or managed by not-for-profit providers.<sup>27</sup> It is also estimated that between 179,600 and 388,100 more homes are needed to meet the current levels of unmet need in England, between 88,600 and 297,000 of which for working adults.<sup>28</sup> Recent years have seen the amount of public grant funding per home diminish, making it more difficult to develop new and specialist supported housing schemes (including "Specialised Supported Housing" as well as other types of supported developments).

The sector is in financial crisis, with schemes closing across the country, due to a perfect storm of funding cuts and rising cost pressures in recent years. Many housing providers are now at breaking point, with the recent increase in National Insurance Contributions wiping out already tight operating margins. A National Housing Federation (NHF) survey in 2024 found that 1 in 3 (32%) supported housing providers in England had closed schemes in the previous 12 months, due to financial pressures.<sup>29</sup> Without urgent action from the government both to increase funding and to improve the levers enabling delivery, providers responsible for a fifth (18%) of all supported homes have said they may have to stop providing services altogether. This would mean the loss of 70,000 supported homes across the country.<sup>30</sup>

The NHF's 2023 supported housing development survey found that of 54 surveyed housing providers, fewer than 4 in 10 had plans for further development at the time of responding. Respondents listed low capital grants, social and affordable rent being too low to make projects viable at available grant rates, and a lack of other funding opportunities as key barriers to developing more supported housing supply.<sup>31</sup> The updated 2024 version found that in addition to the risk of supported housing schemes closing, there are considerable challenges to developing new supported housing. It is vital to protect the future supply of supported housing both to meet future increasing demand, and to ensure supported homes remain updated to the best possible standards for quality and energy efficiency. However, current conditions mean that providers report facing considerable risk and uncertainty, with one provider describing this environment

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<sup>27</sup> Ministry of Housing Communities and Local Government, *Supported Housing Review 2023*, 4 November 2024.

<sup>28</sup> Ibid.

<sup>29</sup> NHF, *Supported Housing Survey, 2024*.

<sup>30</sup> National Housing Federation, *Supported Housing and Older People's Housing Development Survey, 2024*.

<sup>31</sup> National Housing Federation, *Supported Housing and Older People's Housing Development Survey, 2023*.

as “extremely hostile”. 78% of respondents believed that capital grant to develop new supported housing was too low, while 58% believed that supported housing rents were too low for future development to be financially viable. This is on top of increased costs associated with building safety, energy efficiency and decarbonisation.

Further challenges included a lack of strategic planning or engagement from local authorities, concerns about the implications of the new licensing regime which will come into force with the implementation of the Supported Housing (Regulatory Oversight) Act 2023; issues which housing providers face in terms of the highly variable approach of local housing benefit teams to the agreement of supported housing rents, and the current Rent Standard Exemption for Specialised Supported Housing (SSH) limits access to public subsidies, forcing providers of SSH to rely heavily on private capital, in turn restricting the number of units that can be delivered. However, 87% of respondents would have ambitions to develop supported housing if these barriers were removed.

Housing providers also face difficulties integrating with health services, often due to lack of precedent for establishing and fostering these collaborations. Concerns about equitable relationship building between housing providers and NHS organisations, alongside other relevant bodies and partners such as local authorities, must be addressed so that partnership working can be achieved as part of a neighbourhood health approach. Where partnerships are operating, there are a variety of arrangements and funding routes which are available to support the collaboration including section 75 (NHS Act 2006) agreements, the Better Care Fund, and either the ICB or Trust commissioning accommodation-based support directly.

Revenue funding to pay for staff to deliver support services is also a key component of scaling new supported housing. The government’s announcement of £39bn of capital funding for social housing over 10 years from 2026 in the June 2025 Spending Review and a 10-year rent settlement are very welcome, although the lack of ring-fenced supported housing funding and building targets are concerning.<sup>32, 33</sup> Local housing strategies (whether at local housing authority, or regional Combined Authority level) should clearly include and specify the local housing need for supported housing, as well as general needs housing types. Local health and social care commissioners should commit to the revenue funding which is needed to ensure people’s care and support can be paid for (ensuring that supported housing developments are not left empty due to a lack of resources for the support which people need in order to be able to live there).

There are two distinct, interconnected aspects to addressing the issue of supported housing funding and supply. England’s supply of supported housing is already insufficient and dwindling. This causes delays to discharge. People ready to leave inpatient services wait in hospital beds until an appropriate supported

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<sup>32</sup> Ministry of Housing Communities and Local Government, *Social and Affordable Homes Programme 2026 to 2036*, 10 November 2025.

<sup>33</sup> Ministry of Housing Communities and Local Government, *Delivering a decade of renewal for social and affordable housing*, updated 28 January 2026.

housing unit can be made available (which might require homes to be built from scratch, retrofitted or simply to become vacant). People in community mental healthcare in need of supported housing cannot access appropriate accommodation, be it short term crisis accommodation or longer-term housing depending on their needs - which can result in them requiring inpatient care. At the same time, the process of identifying appropriate supported housing and getting a person through the approval process from hospital into a housing scheme is often cumbersome, slow, and complicated, with relationships between the key stakeholders across health, housing and social care often non-existent, weak, or hampered by the multiple and often competing pressures on individuals working in the system. This further obstructs the pipeline from inpatient to supported housing settings.

Commissioning routes for supported housing are usually specific: schemes can be limited to providing housing for people from a certain local authority or in a certain age group. These limitations often result in mismatches between supply and demand: people not being the right age or from the right area, or for being too sick or not sick enough for the scheme's capacities. This can lead to supported housing vacancies while people wait in hospital to be discharged. It also jeopardises the government's ambition to reduce waiting times for treatment, as people experiencing mental health crisis and unable to access a bed often resort to emergency services, where they face long waits for care. Existing government guidance demonstrates awareness of and willingness to tackle discharge pressures, but these guidelines cannot have their desired impact without addressing the supply-side pressure of limited supported housing availability and the lack of truly integrated approaches to including and prioritising housing as an area of responsibility in the health sector.

We know that a stable and affordable home with appropriate support is fundamental for people to improve their mental health and recover. It is a stepping stone to achieving critical wellbeing factors such as financial stability, involvement in the community, and for many, the opportunity to return to work or employment. Creating supported housing initiatives can still be realised despite the challenges. Building an effective housing pathway requires sustained strategic engagement and commitment from health, social care, and housing partners at both local and regional levels to map available stock in high-demand areas and pinpoint shortages. This clarifies capacity and need, and—through genuine collaborative working—establishes clear responsibilities that recognise housing is only one of several factors influencing discharge planning and whether a patient can access the right treatment, care, and support in the right place at the right time. Housing is a key determinant of health: everyone should have access to a home that meets their support needs and enables them to feel safe and live as independently as possible. Coordinated partnership working between health, social care and housing sectors must be a central element of the new vision of neighbourhood health.

# Partnership working: Hampshire and Isle of Wight NHS Foundation Trust's Step Out Pathway

In Hampshire, the obligation to provide housing rests with districts and boroughs, while the county council holds the social care obligation. This two-tier authority setup has often resulted in people falling through the gaps: local authorities might deem someone too high risk for general social housing, while social care providers might consider them below the threshold for supported housing. Jon Pritchard, now the Associate Director of Population and Health Equity at the Hampshire and Isle of Wight Healthcare NHS Foundation Trust, saw this as an urgent area for improvement:

“*it's wrong to have a system that requires people to get sicker in order to access services they need.*”

To address this need, the Trust (then known as the Southern Health NHS Foundation Trust) partnered with a housing provider and a housing management organisation to co-create the Step Out pathway.

The pathway focused on the area's mental health rehabilitation units, where people were staying in hospital for a prolonged period and often did not have easy access to housing upon discharge. People in this position rarely qualified for the Care Act eligible need threshold that would help them access care pathways. This cohort had to turn to general social housing or private rental housing. In the worst cases, people were leaving hospital into homelessness or homes detrimental to their recovery. To address this, Step Out agreed an arrangement between the Trust, support provider and housing managing organisation. The support provider leases properties from the housing association, and these properties are managed by the managing organisation, with the Trust nominating people to fill the units. The Trust provides people on this pathway with an intensive rehabilitation programme and then connects them to community mental health support. The managing organisation oversees rents and maintains the units.

The housing association is supportive of this arrangement, because the people in the units are well supported and have regular contact with support/care workers. The risk of rental arrears is low as rent is paid for by the housing benefit. And the

pathway is designed to be long term: these units are available for as long as the occupant requires them. When all parties agree that a person no longer needs this level of support, they can remain in place as a tenant. This is because the agreement allows for the unit to be returned to the housing association's stock and replaced with another empty property.

This system works in part because of the nomination rights of Southampton's local authority: the housing association has the right to do what it wishes with approximately 5% of their housing stock, which is where the partnership draws its supply from. However, many local authorities have 100% nomination rights over their housing stock (meaning housing associations must take all their referrals from the council and cannot work with other referral sources) so there are challenges to expansion. The partnership was based in part on existing relationships between the Trust and housing provider. It also required partners to approach the scheme equitably and brainstorm solutions that used all their strengths.

The project has been a huge success in Southampton. The team evaluating the scheme found that Step Out accelerated discharge speeds by approximately three months. It also generated savings of approximately £25,000 at minimum per patient and has so far seen no hospital readmissions among its cohort. Sending people into inappropriate housing to remove them from the ward accelerates the readmission cycle. Conversely, this pathway provides the opportunity to settle with long-term support, breaking the cycle. This has had a positive impact on the wellbeing of this population, as well as leading to significant cost savings for the Trust.



# Joint housing strategy: Sussex Mental Health and Housing Strategy

The Sussex Health and Care Partnership recognised in 2019 that low-quality housing, homelessness, and other housing issues were negatively impacting their population's mental health. The Sussex ICS developed the Sussex Mental Health and Housing Strategy to ensure that housing was given its rightful priority as a cornerstone for improving mental health outcomes in the region<sup>34</sup>. In 2020 during the COVID-19 pandemic, partners from the NHS, social care, housing and community sectors were brought together to produce a truly integrated strategy for providing housing options for people using mental health services. The Strategy aims to deliver several different projects by planning services at ICS level and delivering them through partnership working at ICP level.

The Strategy focuses predominantly on adults with SMI who require support. Of the approximately 1.7 million people in Sussex, around 21,000 people between 18-64 are in contact with mental health services, and 14,000 are on the SMI Register as of 2020. SMI in Sussex is 5% higher than the national average. The Partnership saw people with complex needs being admitted into inpatient care when their housing requirements could not be met with the current supply, worsening delays and the burden on the system. One key element of the Strategy is the Discharge to Assess (D2A) programme, which launched pilots in West Sussex and Brighton and Hove in 2020. This intervention aims to deliver supported housing services for people requiring further support and match them with appropriate services in their area.

## **The Strategy has five objectives:**

- to create mental health and housing plans for each place in East Sussex, West Sussex, and Brighton and Hove;
- to ensure housing expertise is embedded within the model for community mental health services being developed across the partnership;
- to pilot and extend its Discharge to Assess models, and build on shared learnings from each pilot to optimise outcomes;
- to deliver the ambition of creating new integrated supported housing models for people with complex needs and reduce inappropriate OAPs;
- and to drive forward the integration of housing, social care, and mental health services by supporting partnership working between NHS bodies and housing providers.

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<sup>34</sup> Sussex Health and Care Partnership, "Mental health and housing: A strategic plan for integrating housing and mental health across Sussex", July 2020.

By focusing on place-based interventions and integrated partnership working, the Strategy can move flexibly towards what works and adapt to each area's specific needs, while still aligning with the broader vision of the ICS.

As of 2023, Sussex Partnership NHS Trust launched an initiative to integrate housing roles into clinical teams. This allows clinical teams to quickly identify the housing needs of any person using their adult mental health services and connect them with a team of housing specialists. This housing specialist team, established by local authority housing partners, collaborates with the clinical team to deliver advice and support an individual's needs, as well as directing them to services where relevant. Peter Molyneux, Chair of the Trust, said in 2023 that "we are already seeing positive results including people's housing outcomes significantly improving".<sup>35</sup> The Trust estimates that the introduction of the new housing workforce is reducing housing delays in the area to an in-year target of less than 10% of all delays, while previously it was 25%. From a £550,000 investment in the housing roles across the trust, they anticipate a £2.5 million return on investment per year: nearly a 5-fold increase.<sup>36</sup>

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<sup>35</sup> Sussex Health and Care Partnership, "New approaches are improving housing and mental health outcomes for people", 21 November 2023.

<sup>36</sup> Pathway, "Beyond the Ward: Exploring the Duty to Refer in Hospital Settings", January 2024.

# Building an NHS Fit for the Future: the case for homes as healthcare

With the right treatment and support, most people who live with mental ill-health don't require inpatient treatment, remain in their communities, and live full, independent lives. The government has identified the integration of health and housing as an opportunity to improve patient outcomes, as well as NHS operational and financial performance.

The [10 Year Health Plan](#) focuses on implementing a neighbourhood health service with multi-disciplinary teams, bringing partners from different sectors together to work holistically for the local population's care needs - this should focus on creating more equitable partnership working through stronger communication. Creating space to embed housing in health will improve transitions between inpatient and community care when necessary, removing the current barriers to accessible housing – whether that be at the point of discharge or as preventative care to support people to remain in the community.

In practice, this means ensuring that housing specialists are part of multi-disciplinary teams working in hospitals to provide housing expertise and insight. These specialists can help to navigate the local housing market to find suitable accommodation for people when they need it.

As systems are asked to grow relationships outside NHS bodies, local authorities, social care and housing teams and providers must be among the priority groups to forge equitable partnerships – for the benefit of service users and the NHS itself. In learning from the neighbourhood 24/7 mental health pilots and publishing guidance on how these should and could be emulated around the country, DHSC must place a focus on the importance of housing.

Our recommendations for next steps to improving these systems and cementing housing as a crucial element of neighbourhood care are below. Lived experience expert Abdul, who fed into the making of this report, says implementing these will

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*“make it easier for people to get the right support more quickly, which could improve recovery”.*

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To truly succeed in our shared goal of building an NHS fit for the future and a population that lives well equitably, housing providers must be equal partners in the neighbourhood health model from the beginning.

# Regional Policy Recommendations for ICBs, Trusts and Local Authorities

At the moment, systems are facing financial constraints and changes to their governance that may make adjusting working strategies more difficult. Our recommendations aim to support long-term system goals for population mental health outcomes and work with the government's neighbourhood health focus.

1. **Develop place-based Mental Health and Housing strategies led by ICBs and local authorities:** to integrate housing at a strategic level into neighbourhood health plans and commissioning strategies.
2. **Embed housing specialists within NHS community and acute teams:** to provide expertise and help to address housing issues for patients when they arise.
3. **Include housing assessments at admission:** to help plan for discharge from the point of admission within trusts, to enable people to return to the place they call home.



# National Policy Recommendations for Government, Homes England and the GLA

System-level partners in charge of population health and social care have a great deal of responsibility and a broad range of duties to enact. Changes to their operations and culture such as those suggested in this report require national-level support and input. The average cost of a mental health hospital stay is £4300 per week per person, compared to approximately £365 per week for supported housing for a person with mental health needs.<sup>37</sup> Financial investment in supported housing supply, while required at the outset, will be recouped by the decrease in pressure on NHS services. Our recommendations focus on fiscally responsible and easily adapted decisions that will provide strong return on investment and tangibly improve patient outcomes.

1. **Commit to long-term, sustainable funding** for support services in supported homes.
2. **Increase rent flexibility:** we propose an increase in the permitted rent uplift for supported housing from 10% to 20% above Local Housing Allowance rates. This change would allow rents to more accurately reflect the higher costs of delivering safe, sustainable, and effective supported housing.
3. **Remove the ‘no public assistance clause’** for specialised supported housing (the most costly and bespoke types of supported housing), to unlock new funding opportunities across multiple sectors for people who need more bespoke housing solutions
4. **Adapt capital grant schemes to reflect the true costs of developing and running supported housing:** we ask that Homes England and MHCLG adopt a more flexible approach to grant rates and funding terms for supported housing to reflect the higher costs of building and running supported housing schemes.
5. **Integrate housing within neighbourhood health policy:** As work develops on Neighbourhood Health Services, we urge that housing be explicitly included in policy and guidance. To make a reality of the adage that “every

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<sup>37</sup> National Housing Federation, *The financial benefits of supported housing*, April 2025.

decision about care is a decision about housing”, housing must be integral to health and care delivery at neighbourhood level.

6. **Integrate health into housing policy** to ensure that the homes which are planned, funded and delivered meet the needs of the whole population, including people who have additional needs for specific types of housing, including supported housing, in order to live positive and healthy lives in the community.



# Conclusion

Building an NHS fit for the future and truly embracing community and neighbourhood healthcare requires housing to be recognised as a primary determinant of health outcomes. Integrating housing expertise into multi-disciplinary teams and ensuring sustainable funding for supported housing will reduce hospital operational pressures, improve recovery, and deliver substantial savings.

Supported housing is essential infrastructure for a functioning mental health system. It saves money, reduces hospital pressures, and—most importantly—supports people to recover and thrive. National and regional leaders must act now to stabilise and expand supported housing supply, embed housing into health policy, and deliver a truly integrated system where housing, care and health services work together to support the people they serve.



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## **Breaking the cycle:**

Supported Housing as an Enabler of Mental Health  
Hospital Discharge and Community Mental Health  
Service Delivery