

Homeless Link 2017 Budget Representation



Introduction

Homeless Link is the national membership charity for frontline homelessness agencies and the wider housing with health, care and support sector in England. With around 800 members, we work to improve services and campaign for policy change that will help end homelessness and ensure that everyone has a place to call home and the support they need to keep it.

A sustainable home and a job is the best route out of homelessness, and people who are homeless may need a range of support to help them achieve this - improving poor health, overcoming substance use, and moving on from offending. This is why each year a range of homelessness services play a critical role in recovery, helping thousands of people leave homelessness behind and preventing many more losing their homes in the first place. An adequate safety net for those not yet able to work is also essential to prevent them falling into crisis.

By doing this, homelessness and housing-related support services deliver cost savings across public service budgets and as well as better outcomes for vulnerable people. The most comprehensive evaluation of housing-related support services estimated that investing £1.6 billion annually in housing-related support generates net savings of £3.4 billion to public spending.¹ Research estimates that savings can be made to public spending of £9,266 per year for every person prevented from experiencing one year of homelessness.²

The costs of not preventing or relieving homelessness are felt not just by individuals but also our local communities and the different departmental budgets which will deal with the consequences of people not having a home – for example ill-health, higher social care needs, offending, high cost temporary accommodation.

Retaining investment in support for people experiencing homelessness, and increasing the support available to prevent it in the first place, is therefore critical against a backdrop where homelessness is rising across England.³ Rough sleeping has increased by 134% since 2010, and the number of households in expensive, temporary accommodation has increased by 61% since December 2010.⁴ Current spending largely falls on dealing with the aftermath of homelessness, rather than on services which can help prevent and alleviate it. This budget offers an opportunity to invest earlier on, make spending far more efficient, and ensure we protect investment in the solutions that we know can help prevent and tackle homelessness.

Homeless Link welcomes the Government's commitments around ending homelessness and improving access to housing, but achieving these ambitions will require significant strategic investment across a range of policy areas. We have outlined some of the key areas below.

¹ Capgemini for Communities and Local Government (2009) [Research into the financial benefits of the Supporting People Programme](#)

² Pleace N & Culhane D.P. (2016) [Better than Cure? Testing the case for enhancing prevention of single homelessness in England](#)

³ National Audit Office (2017) [Homelessness](#)

⁴ DCLG (2017) [Statutory homelessness and homelessness prevention and relief, England: January to March 2017](#)

Co-ordinated, strategic and ongoing funding to prevent and respond to homelessness

A co-ordinated approach to funding

The current commissioning and funding landscape for homelessness and supported housing services is complex and uncertain. While the Government has announced specific spending to tackle homelessness in recent months, this money is often only available on a short-term, cyclical basis which does not allow commissioners or providers to plan for the future. Funding pressures meant that despite increasing need, we have seen disinvestment in recent years such as the 59% decrease in housing-related support since 2010.⁵ The current system promotes working in silos at a national and local level, which means that people can fall through gaps in support and priorities in one area, such as homelessness reduction, can be undermined by reforms in other areas, such as welfare.

A more holistic, long-term and strategic approach to funding would allow substantial pieces of work to take place locally and ensure sustainability of vital homelessness and supported housing services. Funding for services should be reliable and long term in order for services to confidently build on their practice, offer service users the longer term support that some need, and ultimately for services to remain available.⁶ Given the current upward trend in homelessness, and future projections,⁷ the ability to take a long-term, cross-agency approach has never been more urgent. This must be facilitated by national and local budgeting processes which support a more strategic approach to funding. Homeless Link has long called for a national cross-government strategy to address homelessness and we were pleased to see this recommended in the National Audit Office's recent report on homelessness.⁸

Recommendation 1: A co-ordinated, long-term and strategic approach to spending on homelessness prevention and relief at a national and local level, informed by a cross-government strategy to tackle homelessness

Recommendation 2: Ensure continued investment in a range of effective services for people who are homeless and vulnerably housed including emergency services, hostels and supported housing provision.

Homeless Link is one of partners in the *Making Every Adult Matter* (MEAM) coalition with Mind and Clinks, formed to improve policy and services for people facing multiple needs. The MEAM Approach helps local areas design and deliver better coordinated services for people with multiple needs. It's currently being used by partnerships of statutory and voluntary agencies in 15 local areas across England. MEAM is asking the government to commit to tackling the problem of multiple needs – showing leadership through a process of cross-governmental collaboration. It must challenge local areas to take the necessary action, and provide them with flexible investment so they can find their own solutions.⁹ MEAM is also making a Budget representation that sets out in more detail how the Budget can support an effective response to multiple needs and we support the calls made in their submission.

Recommendation 3: The Budget should support departments to work together on multiple needs, provide secure, long-term funding for local areas to address multiple needs and protect funding to key services that prevent people's needs from escalating.

⁵ National Audit Office (2014) [The Impact of Funding Reductions on Local Authorities](#)

⁶ Homeless Link (forthcoming) Move On report

⁷ Bramley, Professor G. (2017) [Homelessness projections: Core homelessness in Great Britain](#)

⁸ National Audit Office (2017) [Homelessness](#)

⁹ MEAM (2017) [Multiple needs: Time for political leadership](#)

Adequate funding for homelessness prevention and relief

The prevention and alleviation of homelessness delivers significantly better outcomes for vulnerable people and cost savings to public service budgets. Data from the evaluation of the London rough sleeping social impact bond showed an average value over 5 years of £37,000 for each person on cohort, once criminal justice, employment, accommodation and other costs had been taken into account.¹⁰

We welcome the Government's recognition of the importance of homelessness prevention through the implementation of the Homelessness Reduction Act. We also welcome the commitment to invest in burdens funding. However, local authorities have expressed concerns that the funding available will not be enough and there are also concerns about the longevity of funding. The main funding is based on assumptions that are difficult to predict, e.g. how many people will come forward to access the new duties and what the impact of the Bill will be on different groups over time.

We welcomed the Government's 2015 commitment to protect the homelessness prevention grant up to 2019/20. In the ten years up to 2015, the homelessness prevention grant had provided over £1 billion to local authorities across England. The grant funds a critical part of each local area's homelessness prevention work and other front line services - enabling families and individuals to avoid homelessness. There will still be people who experience homelessness once the Act comes into force, and it is therefore critical that funding is not diverted into its implementation in a way that leaves others at risk. It is also important the more upstream, non-housing aspects of homelessness prevention, such as a robust welfare safety net, are adequately funded.

Recommendation 4: Allocate ongoing funding to local authorities to implement the Homelessness Reduction Act and adjust allocations as needed, informed by the post-implementation review

Recommendation 5: Protect existing funding through the Homelessness Prevention Grant to ensure individuals not supported through the Act still have access to services

Recommendation 6: Ensure that other elements of homelessness prevention, such as mental health services, substance misuse services, domestic violence services, welfare safety net etc. are adequately funded

Sustainable supported housing funding model

Homeless Link coordinates the Supported Housing Alliance, a dedicated policy programme that supports those of our members providing accommodation services. We work with providers, commissioners and experts by experience across our membership to champion the vital contribution supported housing makes to some of the most vulnerable groups in society. We welcome the Government's acknowledgement of this contribution, but have significant concerns about the current proposals for the future funding of the sector. The proposals as they stand risk undermining other national priorities, such as reducing homelessness.

The application of the Local Housing Allowance (LHA) to the supported housing sector is inappropriate and damaging to the future sustainability of supported housing. The LHA bears no relation to the higher costs in the supported housing sector as it was designed for the

¹⁰ Cabinet Office (2012) [London Rough Sleeping Social Impact Bond](#)

private rented sector, and the regional differences could have a significant impact on the distribution and provision of services.¹¹

Recommendation 7: The Local Housing Allowance should not be applied to the supported housing sector from April 2019

There are concerns in the sector about how the level of funding for a new system will be calculated and allocated to local areas. The current estimate of a £4.12 billion on Housing Benefit in the supported housing sector from the Government's evidence review has been questioned given the 48% response rate to the review.¹² A more robust assessment of the funding is required before any new system is introduced.

Basing any future system on current provision is also problematic as research from Sitra on behalf of the National Housing Federation indicates there is already a shortfall of 16,692 supported housing units. This resulted in a cost to the public purse of £361 million in 2015/16. By 2020/21, if no action is taken, this gap in provision is expected to have more than doubled to 35,166 places, with an expected cost to the taxpayer of £668m.¹³ The research shows that much of the current expense to the public purse of the shortfall in supported housing is as a result of people with mental health or learning disabilities being unable to leave hospital or other acute settings because of a lack of available provision in the community.¹⁴

Recommendation 8: Any future funding model for supported housing must ensure there is adequate funding to meet both current and future need, and further work is needed to assess this as current estimates lack robustness

The current proposals also deal solely with housing costs, when the sector has experienced significant cuts to housing-related support funding (previously Supporting People funding) in recent years. Following the removal of the Supporting People funding ring-fence in 2009, this funding has been included as part of the Revenue Support Grant from central to local government. As it separated out as its own budget line, it is difficult to track this investment post-2009, although a report from the National Audit Office found that planned expenditure on the programme reduced by 45.3% between 2010/11-2015/16.¹⁵ Homeless Link's recent Annual Review found that the primary source of funding for more than half of projects (56%) was housing-related support. 47% of accommodation projects reported a decrease in funding in the past year.¹⁶

This is a clear indicator of how reliant this part of the sector is on housing-related support funding and the pressures they are facing. Housing-related support funds services that enable people to live more independently, preventing the need for more costly residential services and improving outcomes for people in areas such as health, wellbeing and employment. Investment in housing-related support also leads to savings in other parts of the system. The most comprehensive evaluation of Supporting People found that a £1.6 billion investment generated net savings of £3.4 billion to the public purse. This included avoiding £315.2 million health costs, £413.6 million costs of crime and criminal justice and £96 million costs of homelessness.¹⁷ To create a truly sustainable sector, there has to be

¹¹ Homeless Link (2017) [Future Focus: A framework to shape the funding of sustainable supported housing services](#)

¹² DWP and DCLG (2016) [Supported accommodation review: The scale, scope and cost of the supported housing sector](#)

¹³ National Housing Federation/Sitra (2017) [Strengthening the case for supported housing: the cost consequences](#)

¹⁴ National Housing Federation/Sitra (2017) [Strengthening the case for supported housing: the cost consequences](#)

¹⁵ National Audit Office (2014) [The Impact of Funding Reductions on Local Authorities](#)

¹⁶ Homeless Link (2017) [Single Homelessness Support in England: Annual Review 2016](#)

¹⁷ Capgemini for DCLG (2009) [Research into the financial benefits of the Supporting People Programme](#)

assurances about levels of support funding to meet current and future need, as our members report that further reductions in support funding will place the existence of some services in jeopardy.

Recommendation 9: Investment in housing-related support funding (previously Supporting People funding) should match local need and be clearly identified in local authority accounts so the investment can be tracked

Ensuring access to affordable housing across a range of tenures

Support with housing costs: welfare reform

An effective welfare safety net is a key element of both homelessness prevention and supporting people to move on from homelessness. Homeless Link and our members are concerned that this safety net has been significantly eroded in recent years. This includes changes to entitlement for EEA migrants which our members are concerned is contributing to increased levels of rough sleeping for this group. The recent National Audit Office's report on homelessness illustrated that recent changes to welfare have directly contributed to an increase in homelessness and highlighted the lack of any comprehensive review by Government of this impact.¹⁸

Recommendation 10: Conduct a review of the impact of welfare reform on homelessness, including changes to entitlement for migrant groups

In terms of support with housing costs from the welfare system, the Local Housing Allowance has been frozen for four years since 2016 and it is proposed it will apply to social and supported housing from April 2019. This freeze has contributed to an ever-increasing gap between people's incomes and the rents in their areas. This is a particular challenge in areas with high LHA rates and a very competitive rental market, such as London and the South East. It has a significant impact on affordability of housing, which can both lead to homelessness and restrict people's options when moving on from homelessness services. In our Annual Review, 30% of clients were ready to move but were not currently able to do so and 34% of services reported a lack of affordable accommodation as the main barrier.¹⁹

Recommendation 11: Reverse the freeze on the Local Housing Allowance and review levels so that they reflect the reality of the local rental market.

From April 2017, 18-21 year olds have no longer had an automatic entitlement to housing costs under Universal Credit. Although there are many exemptions, this causes complexity in administration, a delay in accessing support as receiving an exemption involves a meeting with a Work Coach, and it pushes young people through the homelessness system in order to qualify for an exemption. It also makes it more difficult for young people to find a landlord willing to let to them. A young person at risk may have no accommodation during the waiting period and even afterwards, they will have to secure a tenancy and then be assessed for housing costs. In practice, this does not work. 18-21 year olds, unlike estranged 16/17 year olds, have no statutory homeless protection and are not automatically in priority need. Studies suggests that given the increased risk of homelessness as a result of this policy, and the costs associated with this, the projected savings will only be, at most, £3.3 million²⁰.

Recommendation 12: Reinstate entitlement to the housing cost element of Universal Credit to 18-21 year olds

¹⁸ National Audit Office (2017) [Homelessness](#)

¹⁹ Homeless Link (2017) [Single Homelessness Support in England: Annual Review 2016](#)

²⁰ C. Leishman and G. Young (2015) [Lifeline not lifestyle: an economic analysis of cutting housing benefit for young people](#)

People who are homeless face specific problems caused by the current design and delivery of Universal Credit, and many others are being left at risk of becoming homeless as they transition to the new system. Many aspects of Universal Credit, including the payment schedule, delays in administration and the seven-day waiting period mean that people are at risk of struggling to meet housing costs and falling into rent arrears. A recent study from the Department of Work and Pensions showed that 77% of families in arrears reported that this was their first time they had been in arrears in their current accommodation (this rose to 82% in the second wave of the study). The five week wait for the initial payment was highlighted as being a key factor in causing arrears.²¹

Recommendation 13: Pause the roll-out of Universal Credit

Recommendation 14: All individuals identified as homeless should be granted Alternative Payment Arrangements under Universal Credit from the beginning of their claim

Recommendation 15: A money management package, including exemption from the seven day waiting period, should be provided for those individuals identified as homeless or at risk of homelessness at the beginning of a Universal Credit claim

Recommendation 16: Protect Discretionary Housing Payments and ensure they are available to mitigate the negative impacts of Universal Credit

Supporting access to a range of tenures

The Government has committed to deliver a million homes by the end of 2020, and a further half a million by the end of 2022. The lack of truly affordable housing, i.e. housing at sub-market rents, currently both contributes to homelessness and causes significant challenges for individuals looking to move on from homelessness. This is driven both by the lack of available social housing and barriers to accessing the private rented sector, including the high cost of rent compared to benefit income, shared accommodation rates, a shortage of one bedroom properties and few incentives for private landlords to let to people claiming benefits.²²

Recommendation 17: Increase the supply of truly affordable housing, including rents at sub-market levels and upfront grant funding to kick start house building.

Recommendation 18: Seek interim housing solutions to more immediately tackle the housing crisis while houses are being built, such as bringing empty homes back into use and explore the viability of modular housing provision, e.g. Y Cube model

Homeless Link runs Housing First England, a national project created to develop and support a national movement of Housing First services across England. Housing First is an internationally evidence-based approach shown to be successful at supporting people experiencing multiple disadvantage due to the most complex needs (homelessness, mental ill health, substance misuse, contact with the criminal justice system and experiences of violence and abuse). Individuals supported by Housing First do not need to prove 'housing readiness' and access to stable accommodation is not conditional on them addressing other needs. Instead they are enabled to access a tenancy with the appropriate support to sustain it, and address other needs when they wish to do so.

Homeless Link welcomes the Government's commitment to Housing First through its announcement of pilots in the manifesto. However, we believe there is already a significant body of evidence that supports the roll-out of Housing First for the cohort of people for which it has been proven effective.²³ This should be part of a wider investment in a range of

²¹ DWP (2017) [Universal Credit Test and Learn Evaluation: Families](#)

²² Homeless Link (forthcoming) Move On report

²³ See [Housing First England's research and evaluation resources for more information](#)

services for people who are homeless and vulnerably housed, including emergency beds, hostels and other services.

Recommendation 19: Invest in the roll-out of Housing First for those who would benefit from it, including capital investment, revenue funding for support elements and transitional funding for services that develop Housing First schemes.

Improved access to employment support

While the Government already invests substantial funding into improving skills and employment opportunities, much more could be done to ensure this reaches homeless and other vulnerable groups. 80% of people who have experienced homelessness or housing issues want to work, however, only 10% of people who are homeless are in work and only 23% are in education or training programmes.²⁴

Our experience tells us that the programmes designed to address these gaps are hard to access and often exclude clients with additional support needs. This reflects findings from an evaluation of the Work Programme, which was found to have largely failed to address the problems faced by jobseekers – including homeless people – who face more serious obstacles to finding a job.²⁵ While the Health and Work programme is set to increase employment access for vulnerable people, this is not designed for those who require more specialist and intensive support. The result is the hardest to help job seekers, including homeless people, are yet again being overlooked.

Recommendation 20: Target existing skills funding to groups that are in greatest need of skills training and development, including homeless people. Spending already committed should be tracked to ensure it is reaching those who are homeless.

Recommendation 21: Invest more in pre-employment programmes to help homeless people who are the furthest from work to prepare for work. This can complement the Health and Work Programme but specifically needs to support those who require more intensive, specialist support.

²⁴ Homeless Link (2014) [Making the Difference: the strategic plan to end homelessness 2015-2020](#)

²⁵ Work and Pensions Select Committee (2013) [Can The Work Programme Work For All User Groups?](#)

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