



Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
Chief Secretary's Office
1 Horse Guards Road
London SW1A 2HQ

18 November 2020

Dear Chancellor,

Invest to eliminate homelessness

Homeless Link is the national membership charity for frontline homelessness services. We represent over 700 organisations across England, providing supported housing and homelessness services throughout the country. We work to improve services through research, guidance and learning, and campaign for policy change that will ensure everyone has a place to call home and the support they need to keep it.

As you will know, at the end of last year the [Prime Minister pledged to eliminate rough sleeping and homelessness](#). In many obvious ways, much has changed since then, not least your appointment as Chancellor and the advent of a worldwide pandemic.

With the Everyone In directive in March the Government showed great leadership and demonstrated that when people experiencing homelessness are seen first and foremost as fellow human beings, we can act decisively and end rough sleeping within days. There can be no doubt that the government's swift action and determination saved hundreds of lives. As well as the Everyone In directive, we welcome the additional £700m the government has invested this year and we are delighted to have played our part in supporting you through the dissemination of £6m of grants over six weeks during the Summer, as well as the current £2m Winter Transformation Fund.

Yet, like the Prime Minister, we want to keep our eyes on the prize of eliminating rough sleeping and homelessness for good. That is why we ask that next week's Spending Review is used to further bolster and build upon recent emergency investment in homelessness and rough sleeping, throughout 2021/22. Now we have all seen what can be done, it would be an absolute tragedy to let this opportunity slip away.

However, there are already worrying signs. Despite the investment and steps taken to prevent evictions, [our members are reporting growing numbers of rough sleepers, largely people who are new to the street](#). The [latest statistics](#) for rough sleeping in London are higher than this time in 2019, particularly for under 25s, who now make up more than a tenth (11%) of the capital's rough sleepers.

As you will no doubt know, the IFS project a local authority in-year shortfall in funding of £3.1bn. Further still, councils are forecasting the loss of £12bn in unpaid business rates and £1.5bn less in council tax.ⁱ In many areas, local authorities are already making plans for savings and cuts to balance their books. The homeless charities we represent fear that, without a significant injection of central government funding, the axe will fall on the support services they provide to people experiencing or at risk of homelessness.

This comes at a time when very many people need the support of the homelessness sector to help them to retain or move on to secure accommodation. Just this year, we published research that showed that the sector already faced an annual shortfall of £1bn needed to support single homeless people before the pandemic.ⁱⁱ If the sector is to maintain the strength and depth necessary to help deliver on the Prime Minister's commitment to eliminate rough sleeping and homelessness, our members need to be funded adequately and sustainably.

We understand that due to this year's extraordinary circumstances, the settlement will be for one year rather than the long-term, guaranteed funding that we truly need. Nonetheless, we ask you use the spending review for 2021/22 to bring the much needed additional £1bn to prevent and end homelessness and that you take steps to ensure that homelessness services are protected from the cuts that local authorities may need to make in their budgets.

As we know, people are pushed into homelessness by a combination of issues. Issues to do with rates of welfare support, a fragmented support system that can cause people who are multiply disadvantaged to struggle to survive and a lack of truly affordable housing. As you said in September, the steps taken by government to protect jobs and businesses through the pandemic cannot continue indefinitely and you will not be able to save every job. According to the [Bank of England](#), the projected rise in unemployment will be the sharpest for at least 50 years.

Given this, we believe this spending round must also see changes to welfare provision. The benefit cap is having a perverse effect and runs counter to Government's ambition to end homelessness, by forcing people into rent arrears and other forms of problem debt and so putting them at high risk of homelessness. We ask that Government remove the cap in areas of high affordability pressure areas immediately and commit to adjusting the benefit cap levels such that they align with the Minimum Income Standard (MIS).ⁱⁱⁱ Leaving the cap in place penalises claimants for living in areas where they have local connection and support networks, where rents happen to be high.

Another boost to the affordability of housing would be maintenance of the Local Housing Allowance rate to cover at least the 30th percentile of local rents beyond the financial year 2021/22 and the £20/week uplift to UC and for this uplift to be extended to legacy benefits. In increasing LHA and UC, you yourself, Chancellor, recognised that the pre-pandemic rates were too low. Without an adequate safety net there is a very real risk that the projected sharp growth in unemployment will lead to a sharp growth in homelessness.

We commend your plans to extend Shared Accommodation Rate exemptions to homeless under-25s, care leavers aged 22–24 years old and victims of domestic violence and modern slavery aged under 35, from October 2023. However, recent research we conducted with young people with experience of homelessness has underlined the urgent need for this measure to be brought forward immediately. Even more since the pandemic, many young people are being forced to choose between food and rent and are unable to meet their basic needs. Bringing forward this measure will

be an important step to prevent further youth homelessness and reaffirm your government's commitment to protecting disadvantaged young people through this difficult time.

Even with your package of financial support, Chancellor, very many people will have built up debt in the form of unavoidable rent and mortgage arrears. Just this month, the Joseph Rowntree Foundation have found that c. 2.5m households are worried about paying their rent this winter and getting on for three quarters of a million are already in rent arrears. The research suggests that arrears could already total £400m in England and Wales.^{iv} Again, to mitigate the high risk of homelessness, we believe Government should make grants - not loans – available to all whose income has been affected by the pandemic and need help meeting housing costs.

Looking to the longer term, we know that safe, stable and sustainable accommodation that those with a history of homelessness can move on to, is essential. Without this, those who've experienced homelessness once, are at high risk of doing so again. The planned provision of affordable home ownership is a positive for those who can and want to step on to the property ladder. But for many, this will not be a viable option. And for many of those in high affordability pressure areas, 'affordable' housing is simply unattainable. That is why, notwithstanding this week's social housing white paper, Government must heed Parliament's own Housing, Communities and Local Government Select Committee and commit to funding 90,000 new social homes - at social rents - in England each year, to 2023.

We, like you, want to realise the Prime Minister's ambition to end homelessness for good and we look to you to ensure that ambition is fulfilled.

I enclose our original submission to the Spending Review consultation earlier this year, which sets out our proposals in more detail. We would be delighted to meet to discuss these proposals further.

Yours sincerely,



Rick Henderson
Chief Executive

ⁱ Ogden K et al (September 2020) COVID-19 and English council funding: what is the medium-term outlook? IFS

ⁱⁱ WPI Economics (2020) Local authority spending on homelessness, 2020 update

ⁱⁱⁱ Davis A et al (2020) A Minimum Income Standard for the United Kingdom in 2020 JRF

^{iv} <https://www.jrf.org.uk/press/25-million-households-worried-about-paying-rent-over-winter-700000-already-arrears-and-350000> accessed 17 November 2020

Let's end homelessness together

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