



# Homeless Link 2017 Budget Representation

## Introduction

1. Homeless Link is the national membership body for frontline homelessness agencies and the wider housing with health, care and support sector. We represent over 700 organisations providing supported housing and homelessness services across England. We work to improve services through research, information, training and guidance, and to promote policy change that will ensure everyone has a place to call home and the support to keep it.
2. 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 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.
3. 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 home – for example ill-health, higher social care needs, offending, high cost temporary accommodation. 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.<sup>1</sup>
4. Retaining investment in support for people experiencing homelessness, and increasing the support available to prevent it in the first place, is critical against a backdrop where homelessness is rising across England.<sup>2</sup> Rough sleeping has increased by 73% over the past three years, and the number of households in expensive, temporary accommodation has increased by 66% since December 2010.<sup>3</sup>
5. Homeless Link has welcomed Government's commitments to end homelessness by 2027 and improve access to housing, and some of the measures the Government has already committed to take. In particular, we welcome commitments to maintain costs for the rental element of supported housing within the benefits system, and announcements within the Rough Sleeping Strategy such as new funding for rough sleeping navigators, establishing a work coach homelessness expert in every Jobcentre and piloting a new *Somewhere Safe to Stay* service.<sup>4</sup>
6. However, achieving the Government's ambition to end homelessness will require significant strategic investment in removing the structural drivers of homelessness, for example, providing an adequate safety net for those not yet able to work to prevent them from falling into crisis. Last

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<sup>1</sup> Pleace N & Culhane D.P. (2016) Better than Cure? Testing the case for enhancing prevention of single homelessness in England

<sup>2</sup> National Audit Office (2017) Homelessness

<sup>3</sup> MHCLG (2018) Statutory homelessness and homelessness prevention and relief, England: January to March 2018

<sup>4</sup> MHCLG (2018) Rough Sleeping Strategy

year's budget announcement of a 2-week Housing Benefit run-on for claimants transitioning to Universal Credit was welcome in this regard. We hope that this budget will go further, capitalising on the opportunity to invest early on, make spending far more efficient, and protect investment in the solutions that we know can help prevent and tackle homelessness.

7. We outline below two key areas where efficient spending will support Government meet its aim to end rough sleeping; through developing a sustainable supported housing funding model and strategic investment in removing the structural drivers of homelessness.

## **Ensuring sustainable support funding for supported housing and Housing First projects**

8. Homelessness and housing-related support services deliver cost savings across public service budgets and as well as positive outcomes for vulnerable people. Services 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.<sup>5</sup>
9. We have welcomed the Government's acknowledgement of the vital contribution of homelessness and housing-related support services, and the Government's proposals to not apply the Local Housing Allowance (LHA) to the supported housing sector and maintain Housing Benefit for all supported housing. We are also looking forward to working with Government on their commitment to undertake a review of housing related support services and develop a robust oversight regime.
10. However, there have been 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.<sup>6</sup> This reduction in spending has continued.
11. Homeless Link's recent Annual Review found that the primary source of funding for more than half of the sectors accommodation projects (55%) was housing-related support, and 39% of accommodation projects reported a decrease in funding in the past year.<sup>7</sup> 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.
12. To create a truly sustainable sector, there has to be 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.

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<sup>5</sup> Capgemini for DCLG (2009) Research into the financial benefits of the Supporting People Programme

<sup>6</sup> National Audit Office (2014) The Impact of Funding Reductions on Local Authorities

<sup>7</sup> Homeless Link (2018) Single Homelessness Support in England: Annual Review 2017

**Recommendation: 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.**

13. 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).
14. Homeless Link welcomes the Government's commitment to Housing First through the pilots it is delivering across Liverpool, Manchester and the West Midlands. 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.<sup>8</sup> This should be part of a wider investment in a range of services for people who are homeless and vulnerably housed, including emergency beds, hostels and other services.

**Recommendation: 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.**

### Strategic investment in removing the structural drivers of homelessness

15. Current spending on homelessness largely falls on dealing with the aftermath of homelessness rather than on services which can help prevent and alleviate it. For example, in 2011/12 local authorities were spending around £1290m on preventive housing services compared to £610m on crisis support; five years later this has been reversed, with spending on preventive services reduced by £590m (46%) to try to accommodate for a 58% increase on crisis spending to £970m.<sup>9</sup>
16. A far more effective way of funding would be to ensure that people have access to housing, and an effective safety net, to prevent the high costs associated with crisis support. The lack of truly affordable housing, i.e. housing at submarket rents, 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 levels the shared accommodation rate, a shortage of one bedroom properties and few incentives for private landlords to let to people claiming benefits.<sup>10</sup>

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

17. An effective welfare safety net is a key element of 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.

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<sup>8</sup> See Housing First England's research and evaluation resources for more information <https://hfe.homeless.org.uk/>

<sup>9</sup> New Policy Institute (2018) A Quiet Crisis: Local Government Spending on Disadvantage

<sup>10</sup> Homeless Link (2018) Moving on from homelessness: How services support people to move on

18. We welcome that the Government has committed to an evidence review on ‘the broad range of factors that might influence levels of homelessness, from the housing market to welfare systems,’<sup>11</sup> and commitment to gather evidence from the homelessness sector as to the challenges around affordability in local areas and options to address them.
19. The Local Housing Allowance has been frozen since 2016, contributing to an ever-increasing gap across most of England between people’s incomes and the rents in their areas. Recent research has highlighted that in 123 out of 152 areas in England, less than 20% of one-bedroom properties within the private rented sector is affordable within LHA rates. This rises to 136 out of 152 areas in England for families trying to access two-bedroom properties.<sup>12</sup> This 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, 73% of respondents identified the lack of affordable housing as preventing people from moving on from their services.<sup>13</sup>

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

20. Homeless Link supports the principles behind Universal Credit (UC) to simplify the benefit system, and to help more people move into and progress in work while supporting the most vulnerable. We have welcomed the 2-week Housing Benefit run-on for claimants transitioning to Universal Credit, movements to reform Advance Payments, and local work, such as that in Merseyside, undertaken between JobCentre Plus and the homelessness sector to bring about positive change to people’s lives.
21. However, our evidence has highlighted that UC is not currently meeting its aims for people experiencing homelessness, leading instead to serious hardship in some cases. Our evidence shows that people are waiting in excess of five weeks to receive payment due to errors within the operation of UC and the requirements placed on people throughout the process of making a new claim. Although the Government has recognised that the initial five week wait for a UC payment is unmanageable for some people and revised their advance payments mechanism,<sup>14</sup> this deduction applied on top of other deductions with high repayment rates, makes managing outgoings impossible. Some financial advice services are now advising people not to take out an advance payment due to the inevitable increase in debt.

**Recommendation: Pause the roll out of UC, including both natural and managed migration, until identified issues faced by people with a history of homelessness in making and managing a Universal Credit claim are fully addressed.**

**Recommendation: Review the advance payments system, with a view to offering greater levels of legacy benefit run-ons in addition to the current two weeks of Housing Benefit, thus reducing the amount that must be borrowed by claimants.**

**Recommendation: Reduce the total level of deductions that can be made from an award to 25 per cent rather than 40 per cent of the standard allowance.**

22. Individuals who require money management and digital support to make and maintain a UC claim are entitled to Universal Support. However, many people with a history of homelessness and complex support needs, for example, may not be able to manage their on-going claim as they

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<sup>11</sup> MHCLG (2018) Rough Sleeping Strategy

<sup>12</sup> Crisis (2018) Everybody In: How to end homelessness in Great Britain

<sup>13</sup> Homeless Link (2018) Single Homelessness Support in England: Annual Review 2017

<sup>14</sup> Currently, claimants can access up to 100 per cent of their award immediately after making a claim and pay this loan back over 12 months, with the potential for repayments to be delayed for up to three months.

have limited literacy and numeracy skills and face barriers to accessing or using the internet, so they are not receiving the required support within the current provision. Currently, Universal Support in practice only offers rudimentary support, and access to this provision is very limited.

**Recommendation: Ensure that people experiencing homelessness who are making or managing a Universal Credit claim receive a package of support that is tailored to their individual requirements.**

23. The Government is currently planning to migrate large numbers of individuals to UC from early 2019. We are not convinced that the proposed mechanism is sophisticated enough to ensure that all claimants are fully aware of their responsibilities to make a new claim (for example, individuals who are sofa surfing may not receive their initial notification), or that the DWP will be capable of identifying all vulnerable claimants as such. As a result, there is an increased risk of vulnerable claimants falling through the cracks and being unable to make a claim. The proposals currently present an unacceptable risk of leaving very vulnerable people with no income.

**Recommendation: Amend current proposals for managed migration so that the onus for identifying and supporting vulnerable claimants is the responsibility of the DWP. Migration should never result in any claimant's legacy benefits being stopped until it is confirmed that they no longer need welfare support.**

For more information, please contact either:

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