



## Local authority spending on homelessness

2020 update

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## About WPI Economics

WPI Economics is a specialist economics and public policy consultancy. We provide a range of public, private and charitable clients with research, modelling and advice to influence and deliver better outcomes through improved public policy design and delivery.

## About St Mungo's

St Mungo's vision is that everyone has a place to call home and can fulfil their hopes and ambitions. As a homelessness charity and housing association our clients are at the heart of what we do. We provide a bed and support to more than 2,850 people a night who are either homeless or at risk, and work to prevent homelessness. We support men and women through more than 300 projects including emergency, hostel and supportive housing projects, advice services and specialist physical health, mental health, skills and work services. We work across London and the south of England, as well as managing major homelessness sector partnership projects such as StreetLink and the Combined Homelessness and Information Network (CHAIN). We influence and campaign nationally to help people to rebuild their lives.

## About Homeless Link

Homeless Link is the national membership charity for frontline homelessness services. 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.

## About the authors

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### Matthew Oakley, Director

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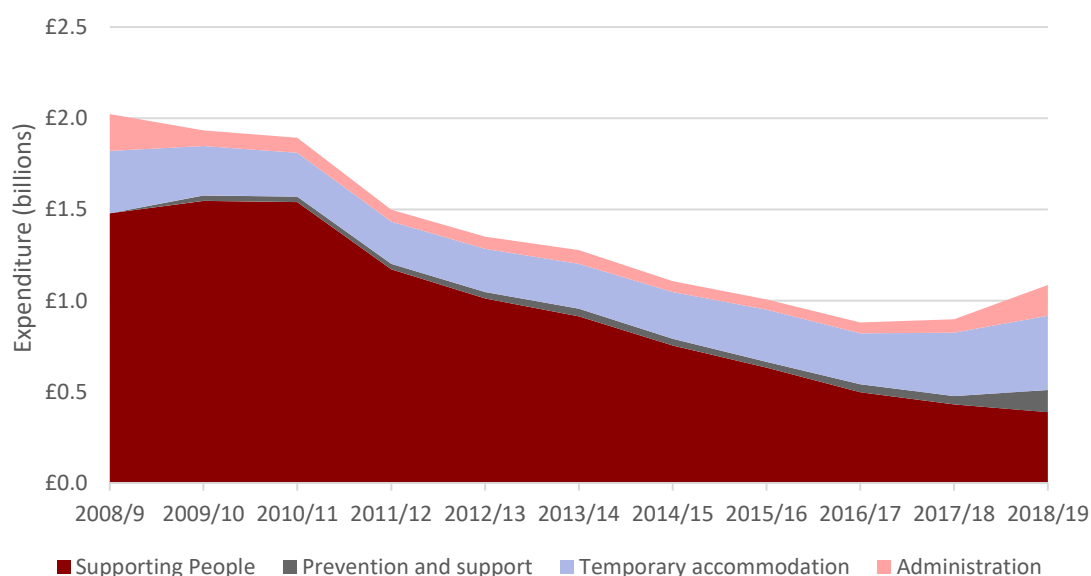
## EXECUTIVE SUMMARY

Over the past decade, there has been increased demand for homelessness services in England; levels for both homeless households placed in temporary accommodation and those sleeping rough are considerably higher than they were ten years ago. Meanwhile, in the same period, local authorities – which play a key role in tackling homelessness – have been hit by Central Government funding cuts, posing a significant challenge to their ability to provide and commission services to assist those who are, or are at risk of becoming, homeless. In this context of reduced financial resource and greater need, the introduction of the Homelessness Reduction Act (2017) (HRA), which came into force in 2018, has expanded councils' legal duties to households who are homeless or are at risk of homelessness. The HRA has ensured a wider pool of people receive support from local authorities in relation to their homelessness. However, it is widely acknowledged that the challenging external context means the impact of the HRA on overall levels of homelessness and rough sleeping is still limited.

This report, commissioned by St Mungo's and Homeless Link, examines changes in local authority expenditure on homelessness-related services over the past decade and looks into the impacts that these changes have had on the ground. Our findings, based on local authority revenue outturn data, show that despite a number of funding announcements from Central Government targeting specific areas of homelessness, **local authority expenditure on homelessness-related services has reduced significantly as compared to expenditure ten years ago; in 2008/9, £2.9 billion (in current prices) was spent on homelessness-related activity, while in 2018/19, £0.7 billion less was spent.**

The expenditure on single homelessness (single households referring to those without dependent children, including multi-adult households) has been particularly impacted by reductions in spending, as prior to the HRA, most single households were not owed a duty. This is not to say that prior to the HRA, work to prevent and relieve homelessness was not done outside of the statutory duty; Local authorities deploy a range of approaches and support services outside of the statutory framework to help those who are homeless, or at risk of homelessness. However, their capacity to do this has been significantly challenged. **In 2018/19, nearly £1 billion less was spent on support services (Supporting People, prevention and support) for single homeless people than was spent in 2008/9.**

**Figure 1: Components of spending on single homelessness, 2018/19 prices**



Source: WPI Economics analysis of MHCLG data<sup>1</sup>

The housing-related support services funded by the Supporting People, Prevention and Support expenditure lines are those which help vulnerable people sustain a tenancy; these services provide a package of support beyond providing accommodation, such as addressing complex needs and reasons people become homeless, to ensure people are adequately supported to remain in accommodation and avoid becoming homeless. This is essential preventative work which, subject to vast expenditure reductions as seen above, local authorities have had reduced capacity to provide, driving demand for later-stage crisis interventions.

To inform our statistical analysis and get a sense of the impacts these clear reductions have had on councils' ability to deliver support services to reduce and prevent homelessness, we have also spoken with local authority staff and others involved in homelessness services. It is also clear from these discussions that, over time, preventative work has taken a considerable hit, and that there has been a growing trend of people presenting to homelessness services at crisis point.

We also discussed the impact of the HRA, which has vastly increased the pool of households to whom councils legally owed a duty to include those not considered as being in 'priority need' for settled housing (table 1).

*Table 1: Single and family households owed a duty by duty type, 2017/18 and 2018/19<sup>ii</sup>*

	2017/18		2018/19	
	Single	Family	Single	Family
<b>Main housing duty</b>	15,610	40,990	9,930	20,090
	28%	72%	33%	67%
<b>Prevention duty</b>	-*	-*	83,350	62,440
			57%	43%
<b>Relief duty</b>	-*	-*	90,520	28,740
			76%	24%
<b>All duties</b>	15,610	40,990	183,800	111,270
	28%	72%	62%	38%

Source: MHCLG

Notes: \*prevention and relief duties were legislated for in 2017 and came into force in April 2018.

Under the Act, all households, regardless of priority need, are owed a duty to prevent or relieve homelessness which includes advice and mediation, and frequently does not mean securing accommodation for a household; as such, the services councils are under a duty to provide under the HRA are distinct from the primary prevention services, which come under the remit of Supporting People, Prevention and Support funding streams. As well as these new duties, as before, some households will be owed a main housing duty. We heard a mixed response from local authorities regarding the impacts of the Act. We explore this further in Section 2 of the report.

The Government has committed to tackle homelessness and to end rough sleeping by 2024.<sup>iii</sup> In this report, we make recommendations for how Government can achieve its own aims through the way it funds housing-related support activities, based on three principles; **sufficiency** to ensure local authorities receive the right amount of funding to carry out the different activities, **certainty** by

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guaranteeing funding in the longer term, and **direction** to ensure funding reaches homelessness activity and isn't diverted towards other local priorities.

It is important that changes to funding take the three principles together to ensure changes are effective; if 'sufficiency' is addressed and funding is increased but there is no mechanism to ensure it is spent on homelessness-related activities, additional funding risks being used for other council priorities. If funding is guaranteed to be spent on homelessness-related activity but is not guaranteed beyond the very short term, this limits councils' ability to formulate effective programmes. The considerations informing our principles and recommendations in full can be found in Section 3 of the report.

## INTRODUCTION

Over the past decade, there has been a considerable rise in people experiencing homelessness. Alongside this, local authorities have been subject to increasing pressures on their resources, not only because of rising levels of various types of homelessness, the increasing complexity of cases and legislative changes which have significantly increased their legal obligations, but crucially from considerable reductions in Central Government funding.

In 2019, WPI Economics analysed local authority revenue outturn data to take a closer look at the picture of homelessness expenditure beyond funding announcements from Central Government. Our analysis showed that, compared with what would have been spent on single homelessness had expenditure continued at 2008/9 levels, over £5 billion less had been spent between 2008/9 and 2017/18. This had been particularly focussed on reductions in spending on housing-related support services (which had come under the remit of Supporting People expenditure)<sup>1</sup> and was having a significant and tangible effect on local authorities' ability to help households not owed a statutory duty sustain their tenancies.

Alongside this, we conducted interviews with those involved in the delivery, commissioning and reporting of homelessness services to understand the experience of services beyond what the figures could tell us. Our qualitative work showed how this sustained reduction had negatively impacted on homelessness charities and others involved in provision, commissioning or delivery.

We recommended that funding for homelessness be based on three principles to address some of the key issues faced by those tasked with tackling homelessness;

- **Sufficiency** of funding to allow local authorities to better meet demand;
- **Certainty** of funding so that providers can deliver longer term strategies that effectively address homelessness; and
- **Direction** of funding to ensure funds do not instead go towards funding for statutory duties and other priorities.

### This year's update

This report builds on last year's work. With an extra year of data on homelessness and homelessness spending published, it examines changes in spending on homelessness over the past decade, both nationally and regionally. It then outlines how these changes have impacted on local authority and third sector homelessness activity, informed by our interviews with local authorities and other organisations involved in homelessness services. Finally, we reiterate our arguments that the future model of funding should change to ensure local authorities are able to provide housing-related support services, essential to tackling homelessness at its root.

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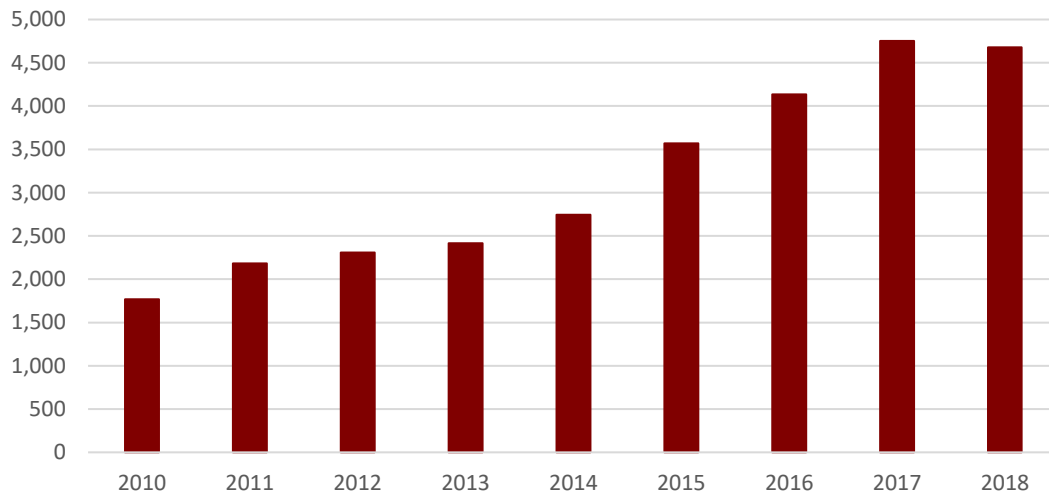
<sup>1</sup> N.B.: Single homelessness throughout this report refers to any household which does not include any dependent children. This includes households comprised of multiple adults.

## SECTION 1: A NEW YEAR OF HOMELESSNESS DATA - WHAT HAS CHANGED?

### Trends in homelessness over the past decade

The last report highlighted the significant increase in homelessness that can be seen across a range of measures. For example, the number of people sleeping rough in 2018 was over two and a half times that recorded when data collection began (figure 2).

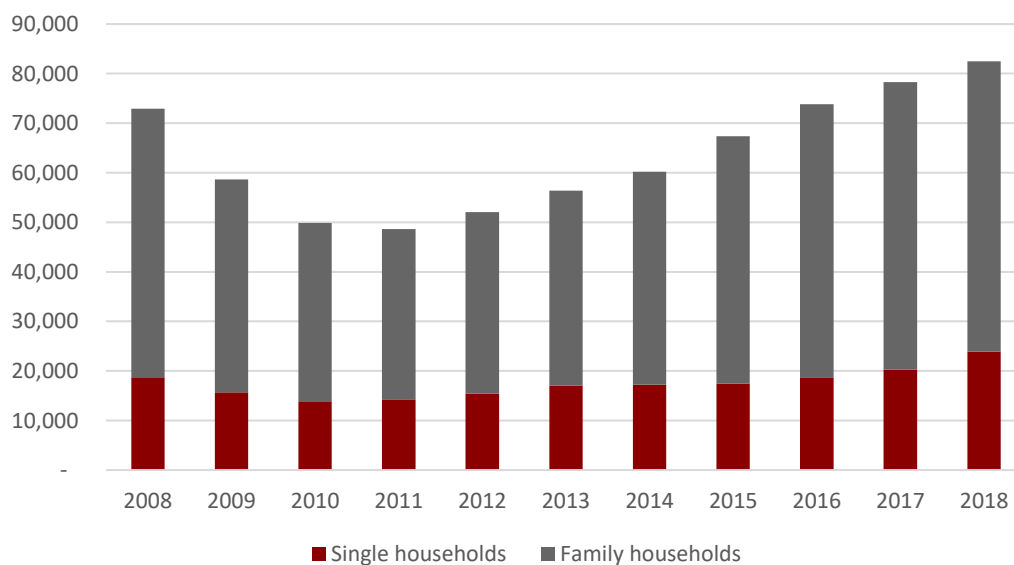
Figure 2: Number of people sleeping rough in England, 2010-2018



Source: WPI Economics analysis of MHCLG data<sup>iv</sup>

After a period of reduction in the number of homeless households in temporary accommodation between the years 2008 and 2011, figures began to increase steadily from 2011. They are now above the level seen in 2008 and 70% higher than in 2011 (figure 3).

Figure 3: Number of households in temporary accommodation by household type, 2008-2018



Source: WPI Economics analysis of MHCLG data<sup>v</sup>



## Government activity on homelessness

These changes have not gone un-noticed by Government, which has taken significant action over recent years to raise the profile of and action towards homelessness. Pledges to end rough sleeping before the next Parliament (as well as address other forms of homelessness) also featured across the 2019 General Election manifestos, acknowledging the prominence and urgency of tackling rough sleeping in particular.

One of the most significant interventions has been the passing of the Homelessness Reduction Act (HRA – see box 1), which came into force in April of 2018. The impacts of this have begun to be felt and have dramatically changed statistics around homelessness since the publication of our first report in 2019; the latest duties and acceptances data (collected through Homelessness Case Level Information Collection, hereafter H-CLIC) now reflect the legislative changes of the Act, which previously we were mainly able to understand through the on-the-ground experience of those involved with delivering services.

### Box 1: The Homelessness Reduction Act 2017

Prior to the Homelessness Reduction Act (HRA), local authorities' statutory duty was confined to eligible households (i.e. subject to immigration status) in priority need who were unintentionally homeless or threatened with homelessness within 28 days, to whom a housing solution of either permanent or temporary accommodation must be provided. 'Priority need' cases included households containing dependent children, care-leavers, and those deemed to be vulnerable (categories included old age, physical or learning disabilities and mental health problems, though fulfilment of these categories did not automatically place you in priority need). Many single homeless households were not considered in priority need and therefore not entitled to help beyond advice. Beyond advice, any help provided to people who did not meet the criteria for the main housing duty was voluntary.

The Homelessness Reduction Act (HRA) came into force in April 2018, following a review of homelessness legislation in England which found a need to improve the approach to preventing and relieving homelessness for all households. Some key changes include:

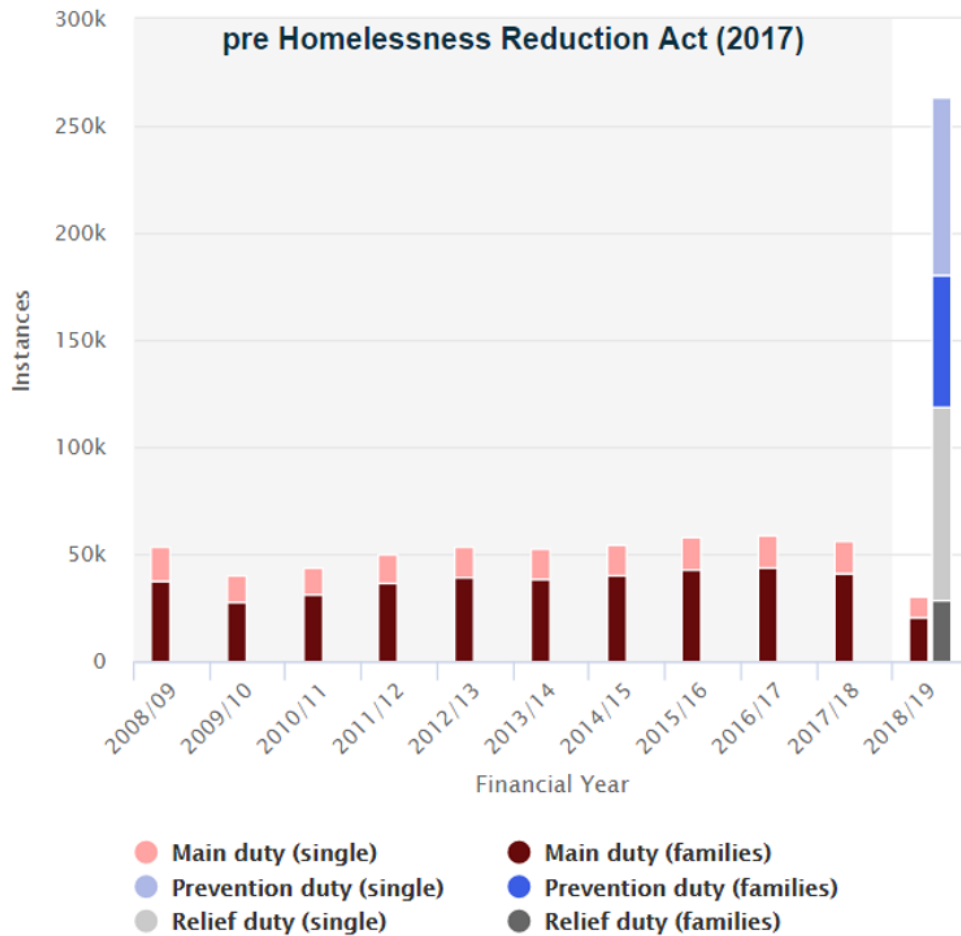
1. Expanding the parameters of eligibility of those owed a duty. Local authorities now have duties to prevent and relieve homelessness regardless of a household's 'priority need', as well as the previous duty to secure accommodation for households in priority need.
2. Extending the period of being 'threatened with homelessness' from 28 days to 56. Statutory action to prevent a household becoming homeless starts sooner.
3. Encouraging more collaboration between different public services through a 'duty to refer'. This means that people who are, or are threatened with, homelessness following a prison sentence or a hospital stay, for example, will be referred to the local housing authority for assistance.

The result is that local authorities must provide help to prevent or relieve homelessness to *all* households that are homeless or threatened with homelessness within 56 days, regardless of whether households fit the priority need criteria. This has meant that a wider pool of households is entitled to assistance from local authorities, including many single homeless households (some of which had previously been helped on a voluntary basis). The two new duties stop short of requiring local authorities to provide accommodation. They are in place in addition to the main housing duty that existed before the Act, which is owed based on the same household criteria as before but applies after a relief duty has ended with a household becoming homeless or threatened with homelessness.

## Impact of the HRA in numbers

The most obvious impact of the HRA is that the number of instances of local authorities owing a homelessness duty have risen significantly. Figure 4 shows how these duties are split between prevention, relief and main duties. Note that this chart shows the total number of acceptances for the different types of duty (and breaks this down by household). All households accepted for a main duty have previously been owed a relief duty, so there is some overlap between the two.

*Figure 4: Instances of households being owed homelessness duties by local authorities in England, 2008/09 – 2018/19*



The figures show a large change in the types of household now owed a homelessness duty as recorded in the H-CLIC data. To help give a sense this impact, table 2 below shows the number of households owed the different duties by household type for the financial year 2018/19, compared with the proportions of households owed a main housing duty the previous year.

The proportions of single and family homelessness in main duty acceptances have remained similar between the two years, but the numbers have changed significantly; fewer households overall are owed a main housing duty, with the vast majority of statutory homelessness acceptances now seen in prevention and relief duties. Given the large proportion of prevention or relief duty acceptances now owed to single households, there has been a significant shift in the overall balance between household types owed a duty; while in 2017/18 single households represented just 28% of households owed a homelessness duty, in 2018/19, this rose to 62%.

Table 2: Single and family households owed a duty by duty type, 2017/18 and 2018/19<sup>vi</sup>

	2017/18		2018/19	
	Single	Family	Single	Family
<b>Main housing duty</b>	15,610 28%	40,990 72%	9,930 33%	20,090 67%
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Source: MHCLG

Notes: \*prevention and relief duties were legislated for in 2017 and came into force in April 2018.

On the face of it, the HRA has led to a significant increase in the statutory help provided to single homeless households to prevent and relieve their homelessness. This is supported by evidence of a significant reduction in the number of people who are being turned away by their local authority with no support or advice at all,<sup>vii</sup> though it is important to note when looking at the vast difference between statutory duties before and after the Act that in many local authorities, a proportion of households now recorded in the *statutory* data were being provided with some *voluntary* prevention and relief work.<sup>2</sup> It is also apparent from consultation with H-CLIC experts that any households recorded as accepted for a main housing duty were first owed a relief duty, and would therefore be recorded in both categories.<sup>3</sup>

While the statistics appear to show a considerable change in statutory activity, there is also evidence that the HRA can only go so far and is, for example, failing to prevent people from sleeping rough.<sup>viii</sup> Of course, the HRA does not exist in isolation. To be truly effective, the HRA must be combined with sufficient structures and resources to enable local authorities to address the issues which cause people to become homeless and the problems facing those who are already homeless, including through the adequate provision of housing related support services.

<sup>2</sup> Data on voluntary prevention and relief work was collected prior to the Act through the 'P1E' data collection but as prevention and relief in P1E data is voluntary, and the H-CLIC data refers to statutory duties, P1E data is not comparable to the data collected in H-CLIC, and therefore not included in our analysis.

<sup>3</sup> For the purposes of examining expenditure, this data works with our approach, as we are interested in the cost of providing support. In doing so, we account for the additional cost of the administration and services carried out for each duty.

## Government announcements on homelessness spending

It is within these trends of rising demand for, and changing duties around, homelessness services that spending on homelessness needs to be contextualised.

Here, both prior to and since the election, a number of government pledges and announcements have been made regarding spending on homelessness. For example, 2019's Autumn Spending Round pledged councils the biggest year-on-year real terms increase in funding in almost a decade for 2020/21, part of which is for homelessness programmes, including the Rough Sleeping Initiative. There is also ongoing funding from previous funding pledges (see Box 2)<sup>ix,x,,xi,xii,xiiixiv,xv,xvi,xvii,xviii,xix</sup>

*Box 2: Central Government Funding Announcements since the last report:*

- **Rough Sleeping Initiative fund:** £112m announced for 2020/21
- **Homelessness Reduction Grant:** £63m for 2020/21
- **Flexible Homelessness Support Grant:** £200m for 2020/21
- **Fund for Jobcentre homelessness outreach:** £30m
- **Public Health England Rough Sleeping Grant:** £1.9m in 2019/20
- **NHS England specialist homelessness mental health services:** £30m for 2019/20-2023/4

Ongoing funding from previous pledges:

- **Cold Weather Fund:** £13m in 2019/20
- **Rapid Rehousing Pathway:** £41m in 2019/20
- **Housing First pilots:** £28m over 2018/19 to 2020/21
- **Rough Sleeping Initiative Fund:** £46m in 2019/20
- **Social Impact Bonds:** £10m over 2017/18 to 2020/21
- **New burdens funding for the Homelessness Reduction Act:** £72.7m over 2017/18 to 2019/20

Though welcome, these funding announcements also have their limitations in tackling homelessness given the relative size of funding when compared with the reduction in expenditure over the past decade. The funding is often limited to specific geographic areas and for restricted purposes (such as the cold weather fund and Jobcentre homelessness outreach grant) or targeted at the crisis symptoms of homelessness rather than preventative work further upstream.

Section 2 uses the most recent data to show how the combination of increased demand, changing duties and spending announcements have impacted on spending on homelessness on the ground, particularly focussing on single homelessness.

## SECTION 2: LOCAL AUTHORITY EXPENDITURE ON HOMELESSNESS

Our previous report highlighted the complexity in understanding the scale and nature of local authority spending on homelessness in England, particularly when splitting between spending on family and single homelessness. Overall, this report follows the approach developed in last year's report. However, both changes in the data published as a result of the HRA and the overall policy intention of the HRA have meant that we have needed to make small changes to the methodology. Our approach for this year's report is highlighted in box 3. Note that the changes improve the accuracy of this year's results but make little difference to the overall conclusions and findings.

### *Box 3: Methodology in this update*

Data on local authority spending on homelessness is split between the following broad categories:

- Temporary accommodation;
- Supporting People;
- Support and prevention; and
- Administration

To understand the differences in the evolution of spending on single and family homelessness, we need to be able to split each of these categories between single households and families. However, this is not straightforward because the data is not presented in this way. As such, we use the following approximations for the splits between family and single homelessness spending:

- **Temporary accommodation:** Data exists that shows the split of single / families residing in each type of TA, and this is used to split the spending by the same proportions. This makes the assumption that, for example, temporary accommodation for a family costs the same as for a single household. Whilst this is unlikely to be true, it presents the most pragmatic, transparent and robust approach to splitting the data.
- **Supporting people:** Has been assumed to be focussed solely on single people, based on evidence gathered from interviews with commissioners and service providers.
- **Support and prevention:** No data exists on the balance between single and families using services funded by spending in these expenditure lines. There is also a lack of consistency and clarity on the types of services and support that are provided by expenditure recorded in these lines. As such, we use an approximation based on the overall splits between single and families that are owed one of the three duties (prevention, relief and main duties). This is based on a pragmatic assumption that spending in these lines is broadly spread across all household types owed a duty. In practice, these expenditure lines are relatively small, so this assumption makes little impact on the overall results.
- **Administration:** We use an approximation based on the overall splits between single and families that are owed one of the three duties. This is based on the assumption that administration costs are predominantly attached to those owed a duty and that the relative scale of these costs is broadly consistent across each of the duties.

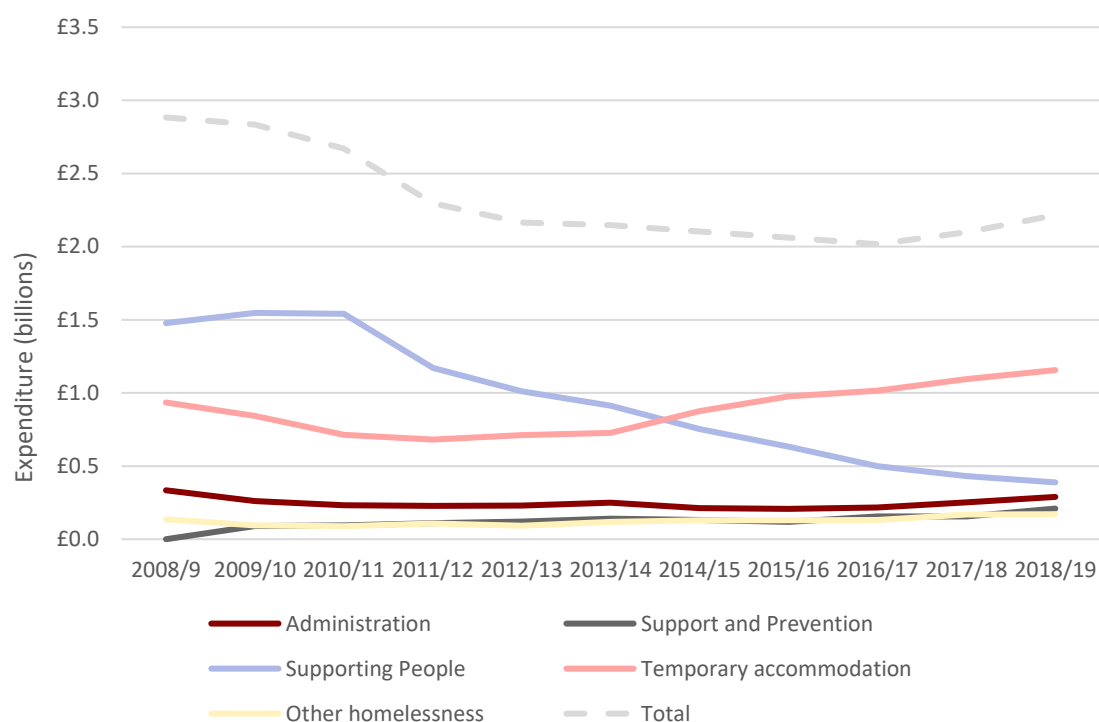
This approach produces estimates rather than precise figures – but we believe that this is the most pragmatic and balanced approach to present figures that are as robust as possible.

Note that there are also some items of spending that we have not been able to split by 'single' or 'family'. These are not included in either primarily single or primarily family homelessness category, but are included when we reference total spending on homelessness-related activities. See annex.

## Overall spending on homelessness

As noted above, since 2018, the Government has provided some new targeted funding to local authorities for tackling homelessness and rough sleeping. Our analysis shows that there has been an increase in expenditure in the past year (as well as the year before). However, when compared to the expenditure on homelessness a decade ago, these increases, though welcome and needed by councils, have only made a small step towards closing the gap with expenditure levels in the past; in 2008/9, local authorities spent £2.9bn on homelessness-related activities, meanwhile in 2018/19, they spent £2.2bn.<sup>xx</sup> There has only been an increase in the past couple of years of expenditure data; when looking over the decade as a whole, there was a sustained decrease between 2008/9 and 2016/17. Our findings show that as a result of spending reductions in the past decade, £6.2 billion less has been spent between 2008/9 and 2018/19 than would have been spent had expenditure remained at 2008/9 levels.

Figure 5: Local authority expenditure on homelessness-related activity, 2018/19 prices



Source: WPI Economics analysis of MHCLG data

This shows a £0.7bn reduction in homelessness spending when compared with expenditure from a decade ago. The gap has begun to close (the real-terms difference in spending between 2008/9 and 2017/18 was £0.8bn), which is an encouraging step towards previous expenditure levels, but is still considerably short of them.

### Box 4: Supporting People

Supporting People was a government programme launched in 2003 to develop and maintain a person's ability to live independently, either in their own home or in supported accommodation. It brought together several existing streams of funding and was ringfenced until 2009.

Although the funding stream no longer exists, local authority spending data still contains an expenditure line for Supporting People activity.

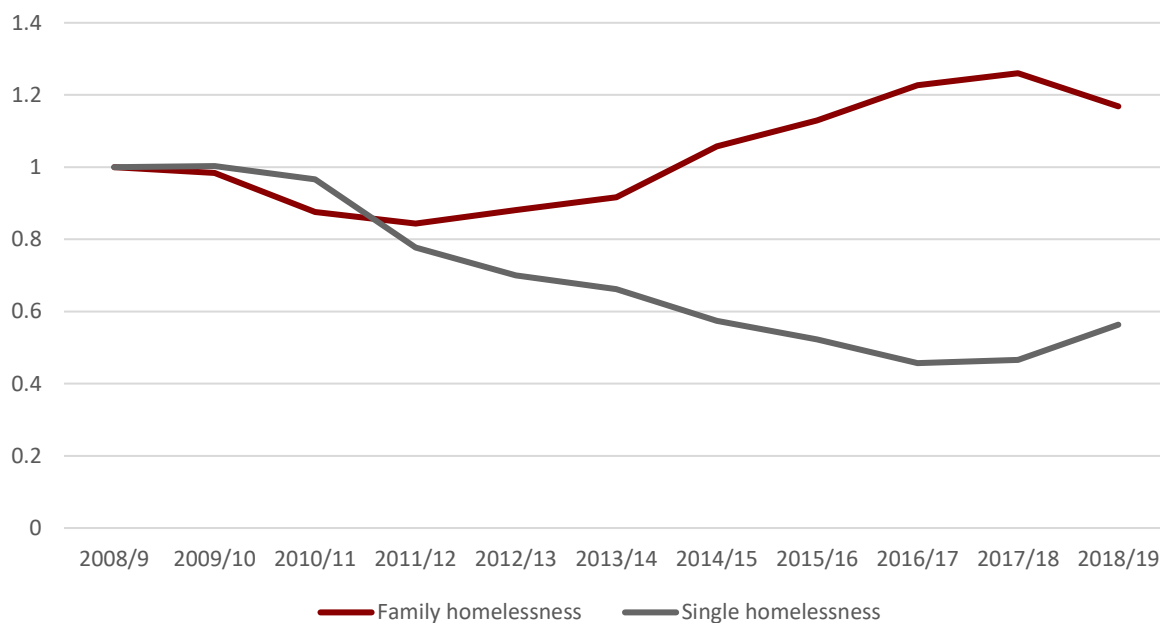
It is important to note when considering the specific expenditure lines the significant increase of around 60% on spending on Temporary Accommodation since 2013/14, which reflects an increase in need of around 46% over the same period (the change in spend on Temporary Accommodation since 2008/9 has been 23%). In contrast, spending on Supporting People has continued to fall, and is now 74% lower than in 2008/9.

## Single and family homelessness expenditure

Within these trends in expenditure, the trajectories of the family and single homelessness components of spending are quite different. Whilst both components fell initially, spending on family homelessness started increasing from 2012/13 and surpassed 2008/9 levels in 2014/15. Spending on family homelessness is now more than 25% higher than it was in 2008/09, which is down to an increase in spending on temporary accommodation.

In contrast, spending on single homelessness fell over the whole period from 2008/09 to 2016/17, staying virtually level for a year, and has only begun to rise again in 2018/19, the most recent year for which data is available. However, despite this recent rise, real terms spending on single homelessness stands at over 40% less than it was in 2008/09.

Figure 6: Change in real terms spending on single and family homelessness over time



Source: WPI Economics analysis of MHCLG data<sup>xxi</sup>

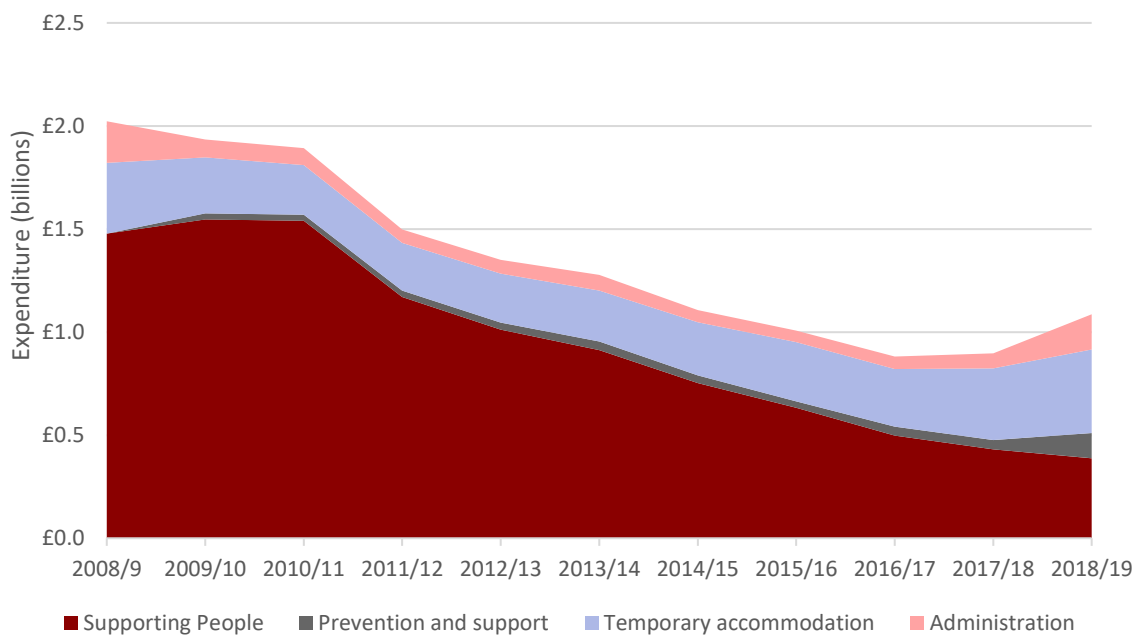
As in our previous report, it is important to reiterate that this fall in expenditure on single households is not as a result of a fall in demand for services. For example, as shown in Section 1, there has been a considerable increase in rough sleeping, which is virtually entirely comprised of single homeless households and the latest statutory homelessness statistics show demand for assistance from single homeless households is high.

It must also be noted that the increase in spending seen in the most recent year of data is welcome. However, in the context of new duties imposed by the Homelessness Reduction Act and rising complexity of need (demonstrated through our qualitative research), it is clear both that this rise does little to move spending towards that seen in a decade ago and that it is unlikely to be enough.

This reduction in spending on single homelessness can also be broken down into its constituent parts. Figure 7 shows that the reduction in spending on single homelessness is nearly all accounted for by a large reduction in spending that falls under the category of Supporting People. Ringfenced funding was in place for Supporting People (a programme which aimed to support people to live independently) until 2009. Supporting People enabled local authorities to provide accommodation-based and 'floating' tenancy support services to help sustain housing for people with complex needs who were at risk of homelessness. The funding stream no longer exists, but expenditure is still recorded under the Supporting People category in revenue outturn data to cover some activities that previously came under the remit of the programme.<sup>xxii</sup>

In contrast, spending on Temporary Accommodation remained relatively flat between 2008/09 and 2016/17 and has risen significantly since then. Overall this demonstrates that, within a significantly smaller budget, the balance of spending has had to be shifted away from upstream, preventative activities (Supporting People, prevention and support) and towards dealing with crises when they emerge (Temporary Accommodation). **This is best demonstrated by the fact that, in 2018/19, nearly £1 billion less was spent on support services (Supporting People, prevention and support) for single homeless households compared to 2008/9.**

Figure 7: Components of spending on single homelessness, 2018/19 prices



Source: WPI Economics analysis of MHCLG data<sup>xxiii</sup>

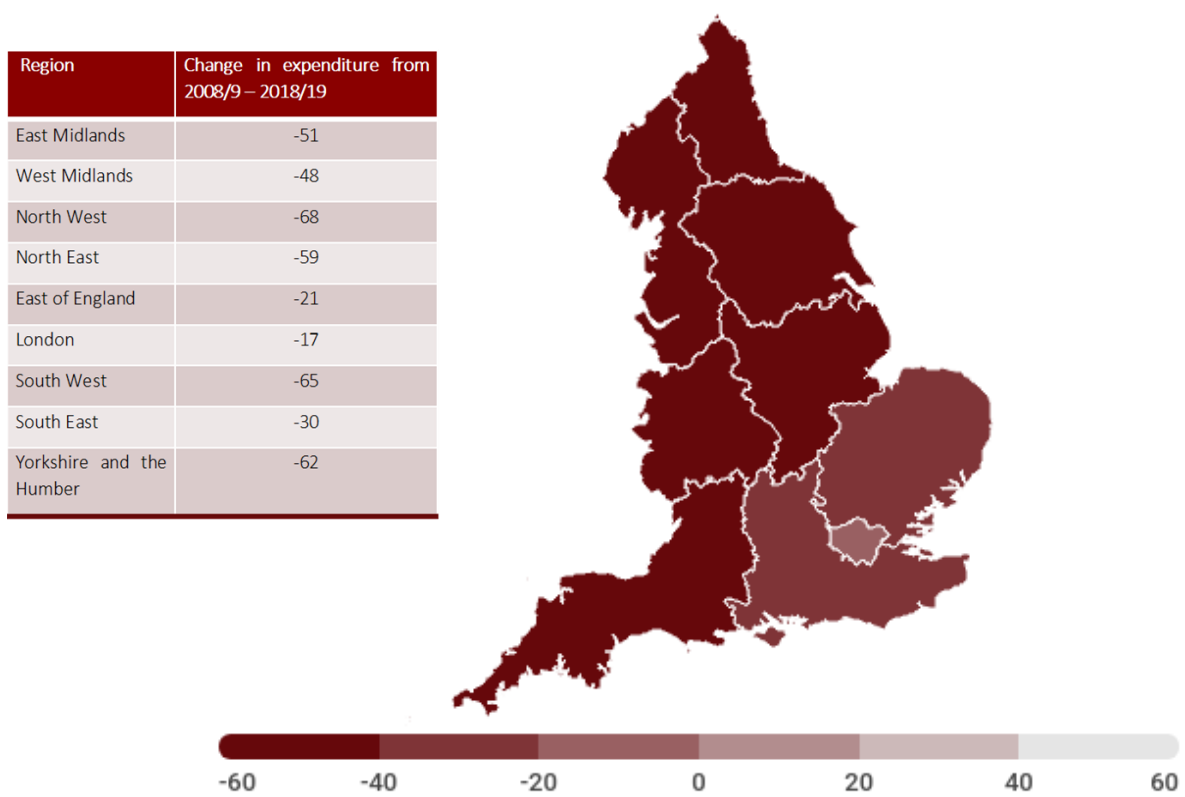


## Regional differences in spending on homelessness

There is considerable regional variation in how spending has changed over the last decade.

Within single homelessness expenditure, figure 8 shows that each region has experienced a reduction. As the map shows, the extent of this reduction varies significantly; London has experienced a 17% reduction from 2008/9 levels, while spending in the North West has fallen by 68% over the same time period.

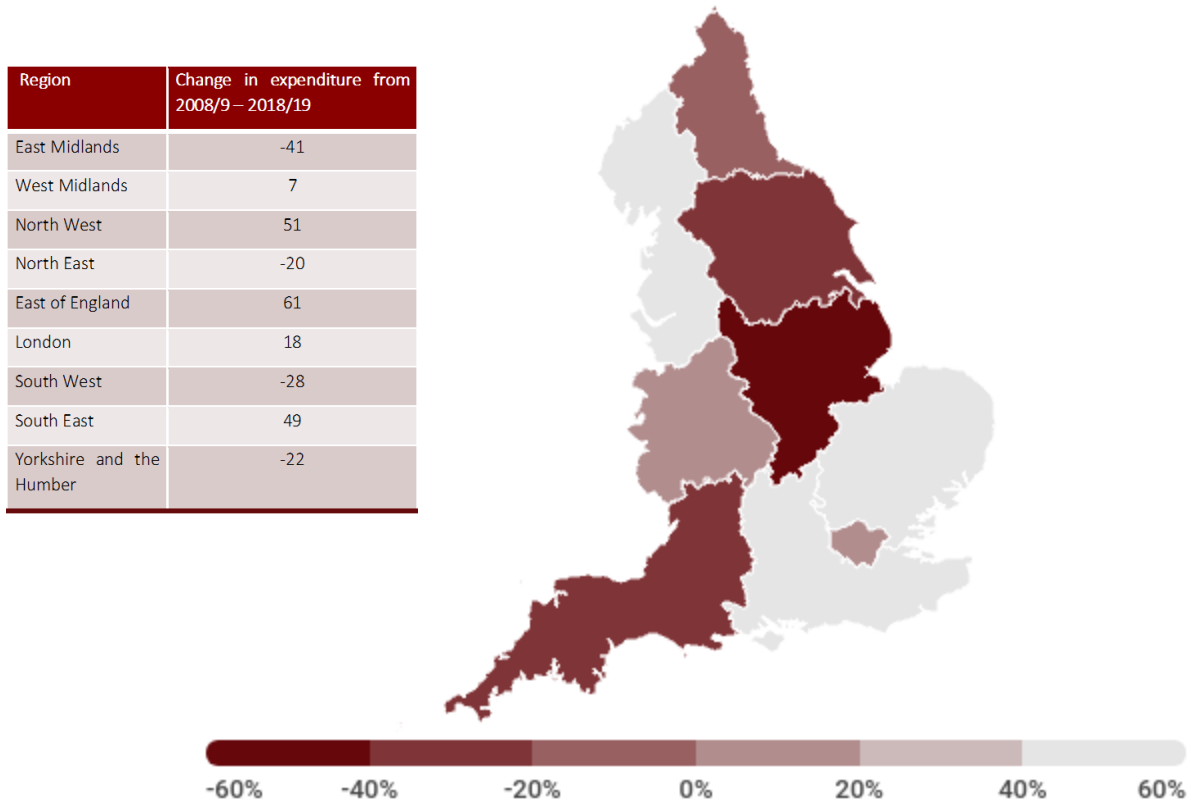
*Figure 8: Change in local authority spending on single homelessness (2008/09 – 2018/19), by region. 2018/19 prices*



Source: WPI Economics analysis of MHCLG data<sup>xxiv</sup>

In contrast, spending on family homelessness looks very different and some regions have seen spending on family homelessness rise. For example, while spending in the South West, the North East and Yorkshire and the Humber fell by between 20% and 30% and fell by 41% in the East Midlands (the region experiencing the largest reduction in family homelessness expenditure), spending in the North West, London and East of England rose significantly.

Figure 9: Change in local authority spending on family homelessness (2008/09 – 2018/19), by region. 2018/19 prices



Source: WPI Economics analysis of MHCLG data<sup>xxv</sup>

## SECTION 3: THE IMPACT OF CHANGES ON LOCAL AUTHORITIES AND PROVIDERS

This section summarises the findings of qualitative research undertaken in 2019, as well as updated interviews undertaken in early 2020. We spoke with those involved in homelessness services delivery and commissioning to build an understanding of:

- What this sustained reduction in spending had meant for local authorities, homelessness charities and others involved in provision, commissioning or delivery.
- The impacts of the HRA, the extent to which increased duties had been met with increased funding and how that money was being spent; and
- How the system could be improved so that a sustained reduction in homelessness could be achieved.

A full account of the qualitative research can be found in our 2019 report. A summary of the key themes from this year's interviews and recent evidence is summarised below.

### Funding

As outlined in Section 1, additional funding has been announced since 2018, with overall expenditure on homelessness increasing considerably relative to previous year-on-year increases. This is understandably welcome given our findings both in last year's report and in this year's updates in Section 1. However, it is also clear that more needs to be done. Our interviewees consistently highlighted both that this increase did not get close to meeting the increased demand in services, the impact of the new duties that had been placed on local authorities or the increasing complexity of issues being faced by people presenting as homeless. As such, they argued that much more needed to be done, both in terms of the amount of funding available as previously discussed and also in the system by which it is granted to local authorities.

As was a problem before, funding announcements are frequently only confirmed for the coming year, or otherwise short-term. There are still a considerable number of streams which need to be bid for. This means that existing challenges to local authorities that stem from the short-term nature of and the need to apply repeatedly for funding remain; interviewees noted not only the difficulty in delivering effective prevention work when funding is uncertain, but also the question over quality of contracted services when the short length of contracts discourages providers from pitching, as well as problems recruiting and retaining staff. When local authorities do receive funding, issues present when they are expected to spend it within a short time frame, which does not always allow for its most effective deployment; in some cases money is being put into services out of necessity to spend it rather than as part of a more strategic plan (were the timeline of funding extended).

However, some stakeholders we have spoken to are feeling positive that post-election, the Government are thinking in terms of the next five to 10 years rather than the next few months, so they are hopeful for some change to funding systems to reflect this longer-term thinking.

## Homelessness Reduction Act (HRA)

Interviewees and the wider literature around the HRA highlight both a great deal of positivity about the ambition behind the legislation, and frustration on the ground about the challenge in meeting this ambition within existing budgets, resources and skill sets.

### *Expanded duties*

A frequently mentioned positive impact of the Act has been the ‘cultural change’ it has prompted, and the creation of a more level playing field in terms of those owed a duty. Rather than local authorities’ first question being whether an eligible household is owed a duty or not, the answer at the first stage is automatically a yes; survey entries in Crisis’ Annual Homelessness Monitor note the disappearance of the statutory/non-statutory divide and increased proactivity by local authorities when it comes to all homeless households.<sup>xxvi</sup>

However, in practice, there are also some significant issues. While personalised housing plans require local authorities to take into account the preferences of the household from the start, some stakeholders have told us that many households on personalised housing plans have unsatisfactory outcomes. This is also echoed in some entries in the Crisis Homelessness Monitor, where one respondent states that the time-consuming plans had not “resolved, prevented or relieved a single case of homelessness” in the six months they had been in place.<sup>xxvii</sup> There is also limited improvement for certain groups, such as those experiencing entrenched rough sleeping; households with multiple complex needs require a comprehensive package of interventions to support them, not just a housing solution, and there are still difficulties in the system of funding allowing for this joined-up support.

### *Administration*

A key aspect impacting councils is the increased administration and bureaucracy stemming from the HRA. Crisis’ Homelessness Monitor survey sheds light on this issue, and our interviews with local authority officers gave us further insight into the detail of this.

Understandably, in local authorities where voluntary provision was lacking prior to the HRA, the Act has induced a sea-change in activities. However, we have mentioned in previous discussion of the Act in this report that there was already some non-statutory provision for single homeless households in place. Some participants felt that due to their considerable non-statutory provision prior to the Act and the flexibility of recording systems in place, there wasn’t a substantial increase in administrative work, while others who also had established systems of provision for single homelessness felt the additional HRA administration responsibilities were posing a significant challenge. Specific issues included that officers now have less control over their own data post-HRA implementation and are therefore able to do less with available resources. As well as this, two years post-implementation new monitoring requirements are still a source of difficulty in some councils, showing that the issues are beyond teething problems.

While the HRA came with New Burdens funding to account for increased administration, in practice these funding allocations do not necessarily cover the actual costs of staffing and administration, meaning that fulfilling the HRA obligations requires pulling money away from other local authority resources to the detriment of service provision (raised in our interviews, as well as the Crisis Homelessness Monitor). A participant told us that in their experience, the HRA funding is so small compared to the costs the HRA imposes, that how it is recorded in revenue outturn data is immaterial.

A more direct impact of administrative requirements on service users is the requirement on local authorities to inform households of the details of each stage of the duty process to facilitate plan

reviews. While this requirement is reflective of a good principle (more involvement of households in their plan, which would ideally lead to a higher success rate) we are told that in practice, the letters are i) time-consuming for local authority officers and ii) ineffective, as people would rather discuss the plan in person, particularly as letters are technically, not intuitively, worded.

HRA may not have helped supply or resources significantly, or may have even added more pressure to these, but it has helped change the spirit of local authority housing options.

### *Need*

The intentions of the HRA mean that statutory caseloads have increased, as table 2 in Section 1 shows. Local authority stakeholders informed us that the sharp reduction in the number of main duty acceptances (from 55,600 to 33,020) between 2017/18 and 2018/19 was a product of households passing through the prevention and relief stages first, delaying main duty acceptances, rather than a vast improvement in need for main housing duty.

Findings from our interviews as well as from those of the Crisis Homelessness Monitor show that while local authorities may agree they are helping a larger number of single homeless households, this applies to a lesser extent to people sleeping rough. In the Crisis Homelessness Monitor, 65% of survey respondents felt single homelessness was positively impacted by the Act, while less than half (42%) felt this was the case with rough sleeping. Our discussions with local authorities have echoed this, with participants saying that while Central Government is providing specific funds for tackling rough sleeping, this focus is being directed towards the crisis-stage, whereas attention that focusses on the upstream issues that often lead to rough sleeping is needed.

It is also important to note that there is an ongoing issue with housing supply which undermines improvements in funding and drives need. While there are new duties, without additional supply of housing, it is difficult to change the landscape of homelessness beyond a certain point. As well as this, Local Housing Allowance rates are failing to cover the rent for the cheapest third of properties in the private rented sector, decreasing the affordability of housing for the lowest-income households; the National Audit Office, among others organisations has highlighted this as a key factor driving homelessness.<sup>xxviii</sup>

## SECTION 4: WHAT NEEDS TO BE DONE

Our research and analysis for this year and last year's reports has led us to draw the following conclusions on what should guide future policy decisions when addressing homelessness.

### Principles for a better funding system

#### ***Principle 1: Funding should be sufficient to meet both immediate need and undertake preventative activity***

Homelessness services face two challenges; relieving existing homelessness and preventing people from becoming homeless in the first place. Both are crucial to tackling homelessness, but when funding is stretched, crisis management takes priority. However, if homelessness is to be effectively addressed, and if people reaching crisis point is to be avoided, preventative activity must not take a back seat, and local authorities must therefore receive sufficient funding to prevent this from happening. The continuing erosion of expenditure on housing-related support services, which are designed to prevent vulnerable people from losing their tenancy, means that activity and expenditure is being directed more and more towards trying to tackle the symptoms, rather than the causes, of homelessness.

#### ***Principle 2: Funding should provide local authorities with certainty***

Preventative work is not only conditional on there being sufficient funding behind it, as outlined above, but also requires a prolonged timescale, both in order for programmes to keep meeting their objective and to begin to see results. However, it has been increasingly difficult to keep up this essential work throughout a decade of local authority budget pressures and a change to a system of shorter-term funding. Without guarantees of funding – either at all, in the case of grants that must be bid for, or in terms of quantity, as with Central Government funding – it is difficult for local authorities and service-providers to tender for services (as support services usually run on three to five year contracts), plan longer term strategies and to retain staff on permanent contracts. This latter issue results in the loss of expertise as people familiar with the area's services change jobs, and the administrative cost of training new recruits.

#### ***Principle 3: Funding should incentivise activity that genuinely and sustainably reduces homelessness***

The competing priorities within council remits, together with statutory requirements and reduced budgets, has meant that homelessness-related services do not receive the amount of funding required to really reduce homelessness. There are several ways in which this could be addressed:

- i) Ringfencing funding (as with the Flexible Homelessness Support Grant and Supporting People before 2009) to ensure it is put towards support services, rather than being diverted to other pressures such as fulfilling statutory homelessness duties or addressing adult social care.
- ii) Expanding statutory duties and therefore putting further legal obligations to address homelessness, although the Homelessness Reduction Act has already made a significant step in this direction, with some mixed results. It would be important to take into account the impact of the Act's expansion of statutory duties when looking at this option.
- iii) Local performance-based measures, or targets, for reducing homelessness.

### *Improving data collection on homelessness-related expenditure*

Over the course of producing this and last year's analysis, the need for better data has been clear. Consistency between how different local authorities categorise their spending, or between different years of spending within the same local authority, has put some limitations of the depth of analysis we have been able to undertake. An obvious example is that many local authorities are still recording expenditure under a Supporting People heading, despite this funding stream no longer existing; it would be beneficial to see local authorities clearly indicating spending on housing-related support services. We are also limited in how confidently we are able to distinguish expenditure of single and family homelessness, hence our approximations based on proportions of different household types in temporary accommodation and statutory acceptances data. Finally, we do not have a clear idea of the costs of homelessness on other public bodies – such as the NHS and prison service – which would add to the picture of expenditure on homelessness. Improving the consistency, detail and breadth of data collected would be of considerable value and contribute to a much better understanding of the costs of homelessness, which would benefit policymakers, local authorities and others involved in the tackling of homelessness.

## Recommendations

Based on these principles, we believe that the Government should take forward the following recommendations:

**Recommendation 1:** Government should provide greater clarity on its targets to reduce homelessness, and the expected trajectory to those targets.

**Recommendation 2:** Based on those targets, Government should ensure that local authorities are sufficiently funded to achieve them.

**Recommendation 3:** Additional funding should be delivered through the primary sources of local government funding, rather than individual pots.

**Recommendation 4:** Time-limited funding should be reserved for genuine pilots and new initiatives.

**Recommendation 5:** Where time-limited funding is used, there should be adequate time between the announcement of the funding and the bid deadline for local authorities to consider and make bids, and the timescale for the use of that funding should take into account the 'start-up' time for provision.

**Recommendation 6:** Alongside increasing the available funding and the certainty of funding intended for homelessness-related activities, government should ensure that a mechanism is in place to direct that funding to activities that genuinely and sustainably reduce homelessness.

**Recommendation 7:** Government should take steps to improve the consistency of local authority revenue expenditure data to enable data to be broken down more consistently by activity and by how it is spent on different groups of homeless people.

**Recommendation 8:** Government should collect and publish costs of homelessness to other public bodies, particularly organisations in the justice and health systems.

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## CONCLUSION

Rising rates of homelessness mean that tackling the issue is increasingly important. However, significant increases in statutory duties, coupled with often very significant reductions in funding focussed on meeting existing demand and new burdens, mean that it is apparent that local authorities are being required to do more with less. A combination of short timeframes between confirmation of Central Government funding and the date by which it needs to be spent, local authorities' growing reliance on bidding for one-off or short-term grants and, ultimately, a reduction in funding over the past decade (a trend only beginning to reverse in the past two years) has made it increasingly difficult for local authorities to deliver services that can sustainably and effectively reduce homelessness and prevent households from becoming homeless in the first place.

However, there are also some reasons to be optimistic. The most recent two years of data show an increase in expenditure on homelessness, and the Government pledge to end rough sleeping by the next Parliament indicates acknowledgement that homelessness needs urgent attention. Moreover, the Homelessness Reduction Act has demonstrated a legal need to assist a wider range of people at risk of or experiencing homelessness and has inspired a cultural shift in local authority assistance for people facing homelessness. These are all positive steps that could prove transformational for addressing homelessness. However, if that is to happen, these ambitions and positive changes must be backed up with the funding that local authorities need beyond funding to fulfil their new duties; local authorities must be equipped to provide housing-related support services to ensure the most vulnerable households are able to avoid becoming homeless in the first place. Increasing their capacity to provide this primary prevention work would make tangible steps towards ending homelessness. Funding decisions should also be made according to the three principles we have outlined in this report. In addition, we must not lose sight of the need to tackle the housing crisis and the part that plays in preventing homelessness and ending rough sleeping. With the right action, the Government could make considerable progress towards its homelessness goals and make real change for people experiencing homelessness.



## Annex: Methodology and additional results

### *Approach to Local Authority Data*

We have used Revenue Outturn data for the years 2008/9 to 2018/19 for our analysis of local authority expenditure. As part of the research for our previous report, we spoke to people from various organisations with expertise in the Revenue Outturn data – from those working on housing and homelessness in local authorities to public finance professionals – to understand the data better and inform our methodology.

What the Revenue Outturn data tells us is the expenditure on each type of homelessness-related activity and temporary accommodation, but it does not give any information on how this is broken down by type of household. With this in mind, we developed proxies to give a sense of the spend on single and family homelessness using two sources of data (see section 2). There are also some items that it was not possible to develop robust assumptions for splits between family and single homelessness and, as such, these only appear in total spending lines. See table A1 for more detail.

*Table A1: Categorisation of local authority expenditure lines*

Group	Contains...	
Primarily single / non-family homelessness	Supporting People. Administration, Prevention and Support expenditure by number of households without dependent children owed a prevention, relief or main housing duty. Temporary accommodation expenditure by number of households without dependent children in each type of temporary accommodation.	Total LA spending on homelessness
Primarily family homelessness	Administration, Prevention and Support expenditure by number of households with dependent children owed a prevention, relief or main housing duty. Temporary accommodation expenditure by number of households with dependent children in each type of temporary accommodation.	
Other homelessness	Rent allowances / rebates Other welfare	

As with last year, all figures have been converted to real terms using the HM Treasury deflators (updated this year to use the 2018/19 deflator).<sup>4</sup> This means that some figures from last year's report will differ from figures here, even when measuring the same thing.

<sup>4</sup> Deflator available here: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-december-2019-quarterly-national-accounts>

## Additional data and results: Regional breakdown of change in homelessness expenditure

	Region	Change in expenditure from 2008/9 – 2018/19
<b>Total</b>	East Midlands	-46%
	West Midlands	-35%
	North West	-52%
	North East	-47%
	East of England	-6%
	London	-4%
	South West	-54%
	South East	0%
	Yorkshire and the Humber	-55%
<b>Single</b>	East Midlands	-51%
	West Midlands	-48%
	North West	-68%
	North East	-59%
	East of England	-21%
	London	-17%
	South West	-65%
	South East	-30%
	Yorkshire and the Humber	-62%
<b>Family</b>	East Midlands	-41%
	West Midlands	7%
	North West	51%
	North East	-20%
	East of England	61%
	London	18%
	South West	-28%
	South East	49%
	Yorkshire and the Humber	-22%

- <sup>i</sup> MHCLG (various). Local authority revenue expenditure and financing. Available here: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>
- <sup>ii</sup> Rough sleeping statistics England autumn 2018: tables 1, 2a, 2b and 2c <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2018>
- <sup>iii</sup> MHCLG (2019), *Prime Minister pledges new action to eliminate homelessness and rough sleeping*. Available here: <https://www.gov.uk/government/news/prime-minister-pledges-new-action-to-eliminate-homelessness-and-rough-sleeping>
- <sup>iv</sup> MHCLG, *Rough Sleeping Statistics England autumn 2018: tables 1, 2a, 2b and 2c*. <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2018>
- <sup>v</sup> MHCLG, *Live tables on homelessness*. <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>
- <sup>vi</sup> Rough sleeping statistics England autumn 2018: tables 1, 2a, 2b and 2c <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2018>
- <sup>vii</sup> Crisis (2019), *The Homelessness Monitor; England 2019*. Available here: [https://www.crisis.org.uk/media/240419/the\\_homelessness\\_monitor\\_england\\_2019.pdf](https://www.crisis.org.uk/media/240419/the_homelessness_monitor_england_2019.pdf)
- <sup>viii</sup> St Mungo's (2019), *St Mungo's response to call for evidence on the Homelessness Reduction Act*. Available here: <https://www.mungos.org/app/uploads/2019/10/St-Mungos-response-to-MHCLG-call-for-evidence-on-the-implementation-of-the-Homelessness-Reduction-Act-2017.pdf>
- <sup>ix</sup> MHCLG (2016). £40 million homelessness prevention programme announced. Available here: <https://www.gov.uk/government/news/40-million-homelessness-prevention-programme-announced>
- <sup>x</sup> MHCLG (2017). Homelessness Reduction Act: new burdens funding. Available here: <https://www.gov.uk/government/publications/homelessness-reduction-act-new-burdens-funding>
- <sup>xi</sup> MHCLG (2018). James Brokenshire announces £30 million immediate support for rough sleepers. Available here: <https://www.gov.uk/government/news/james-brokenshire-announces-30-million-immediate-support-for-rough-sleepers>
- <sup>xii</sup> MHCLG (2018). *Rough Sleeping Strategy*. Available here: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733421/Rough-Sleeping-Strategy\\_WEB.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733421/Rough-Sleeping-Strategy_WEB.pdf)
- <sup>xiii</sup> *Public Health England and Department of Health and Social Care (2019)*. Grant announced to help improve the health of rough sleepers. Available here: <https://www.gov.uk/government/news/grant-announced-to-help-improve-the-health-of-rough-sleepers>
- <sup>xiv</sup> NHS (2019). *The NHS Long Term Plan*. Available here: <https://www.longtermplan.nhs.uk/publication/nhs-long-term-plan/>
- <sup>xv</sup> MHCLG (2019). *Prime Minister pledges new action to eliminate homelessness and rough sleeping*. Available here: <https://www.gov.uk/government/news/prime-minister-pledges-new-action-to-eliminate-homelessness-and-rough-sleeping>
- <sup>xvi</sup> MHCLG (2019). James Brokenshire confirms funding to help people off the streets. Available here: <https://www.gov.uk/government/news/james-brokenshire-confirms-funding-to-help-people-off-the-streets>
- <sup>xvii</sup> MHCLG (2019) <https://www.gov.uk/government/publications/rough-sleeping-initiative-2020-to-2021-funding-allocations>
- <sup>xviii</sup> MHCLG (2020) <https://www.gov.uk/government/news/jobcentres-to-receive-new-3-million-fund-to-support-homeless-people>
- <sup>xix</sup> MHCLG (2019) <https://www.gov.uk/government/publications/flexible-homelessness-support-grant-and-homelessness-reduction-grant-2020-to-2021>
- <sup>xx</sup> For details of our analysis, please see Appendix. NB; in last year's report, the figure stated for 2008/9 overall expenditure on homelessness-related activity was £2.8bn. This is because the figures stated are real-terms, and this year we have used 2018/19 prices according to HMT deflators.
- <sup>xxi</sup> MHCLG <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing#2018-to-2019>
- <sup>xxii</sup> Jarrett, T. (2012). *The Supporting People programme*. House of Commons Library. Available here: <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/RP12-40>
- <sup>xxiii</sup> MHCLG (various). Local authority revenue expenditure and financing. Available here: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

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<sup>xxiv</sup> MHCLG (various). Local authority revenue expenditure and financing. Available here: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

<sup>xxv</sup> MHCLG (various). Local authority revenue expenditure and financing. Available here: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

<sup>xxvi</sup> Crisis (2019), *The Homelessness Monitor; England 2019*. Available here: [https://www.crisis.org.uk/media/240419/the\\_homelessness\\_monitor\\_england\\_2019.pdf](https://www.crisis.org.uk/media/240419/the_homelessness_monitor_england_2019.pdf)

<sup>xxvii</sup> Crisis (2019), *The Homelessness Monitor; England 2019*. Available here: [https://www.crisis.org.uk/media/240419/the\\_homelessness\\_monitor\\_england\\_2019.pdf](https://www.crisis.org.uk/media/240419/the_homelessness_monitor_england_2019.pdf)

<sup>xxviii</sup> NAO (2017), Homelessness. Available at <https://www.nao.org.uk/wp-content/uploads/2017/09/Homelessness.pdf> p.10