



## Future-Proof the Roof

The case for sustainable investment to tackle homelessness and rough sleeping post-COVID-19

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[www.wpieconomics.com](http://www.wpieconomics.com)



[info@wpieconomics.com](mailto:info@wpieconomics.com)



[@wpi\\_economics](https://twitter.com/wpi_economics)



[www.salvationarmy.org.uk](http://www.salvationarmy.org.uk)



[public.affairs@salvationarmy.org.uk](mailto:public.affairs@salvationarmy.org.uk)



[@salvationarmyuk](https://twitter.com/salvationarmyuk)



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## Foreword

The impact of coronavirus (COVID-19) on life across the UK has been immense. It has posed a series of challenges for individuals and families, as well as the public, private, faith and charitable sectors, which are likely to be among some of the most the significant we ever face.

Yet, despite the magnitude of these challenges, there are countless examples of people coming together to support those worst affected by the pandemic and to achieve real and meaningful change. This is especially true of our collective efforts to tackle rough sleeping in recent months.

Recognising the severe risks posed by COVID-19 to those without access to safe and secure accommodation, the Government wrote to all local authorities in England on 26 March 2020 outlining its ambition to safeguard as many people as possible by “bringing everyone in” to appropriate accommodation.

Following this letter, we have seen unprecedented action from government departments, local authorities, support services, faith and community groups, and volunteers to make that ambition into a reality. As a result, according to government estimates, close to 15,000 people have been supported into emergency accommodation in a matter of weeks.

Whether staffing emergency hotel accommodation, helping people to remain safe and healthy in our supported housing, Housing First, floating support, and church-based community services, The Salvation Army is proud and privileged to have played its part in this effort.

However, as a church and charity that has worked with people with experience of homelessness and rough sleeping for over 150 years, we know how difficult the challenge ahead remains, as we look to sustain and build upon this recent progress.

As the Government begins to remove temporary safeguards, such as the ban on evictions from rented housing, and the wider economic consequences of COVID-19 become clearer, sadly a very real risk remains that the numbers of people who find themselves homeless or rough sleeping will once again increase.

But this is far from inevitable, provided the Government and its partners make the right long-term policy decisions.

Our new research, *Future-Proof the Roof*, aims to begin a conversation about the need for a new long-term approach to investment in the homelessness and rough sleeping system. At the heart of this conversation is a pressing need to replace an outdated style of short-term investment, characterised by yearly rounds of time limited funding, with an approach that prioritises sustainability.

Based on analysis by WPI Economics, The Salvation Army believes that this new approach to investment can be achieved through a series of simple steps, including:

- improving data collection on the level and types of rough sleeping especially in the worst affected urban areas. The sheer number of people helped during the outbreak of COVID-19 has again called into question the accuracy of the annual rough sleeping count. Unless we can accurately quantify the scale of the problem, investment will continue to struggle to match actual need;
- maintaining or increasing the level of investment in 2020/21 (around £650m) across every year of the current Parliament. Beyond this, the Government should look to introduce the simple

fiscal rule that if rough sleeping numbers remain steady or increase, central government funding cannot decrease from the previous year's expenditure;

- introducing new and innovative measures to increase accommodation options for people with experience of rough sleeping, as The Salvation Army has done with its new modular housing service, Project Malachi. As we move towards the expansion of housing-led approaches like Housing First, it is essential that we stimulate and maintain a steady supply of housing from as many different sources as possible; and
- address the present restrictions for EEA nationals and those with No Recourse to Public Funds. The Government has pledged to end rough sleeping by the end of this Parliament. However, the legal limits on the housing, social security, and related support available to people, depending on their immigration status or nationality, means this is currently an impossible task.

Using these recommendations, The Salvation Army aims to present a framework capable of maintaining consistently low levels of homelessness and rough sleeping for many years to come.

We hope that the Government will give this framework serious consideration at the upcoming Comprehensive Spending Review. This major fiscal event will provide the first real test of the Government's ambition to sustain and build upon the vital work that has occurred during the COVID-19 pandemic.

The efforts of the last few months have provided us with a once in a lifetime opportunity. We must not waste it.

**Commissioner Anthony Cotterill**

**Territorial Commander**

**The Salvation Army, United Kingdom Territory with the Republic of Ireland**

August 2020

## About The Salvation Army

The Salvation Army is a church and registered charity. The Salvation Army operates a wide variety of residential and community-based support services across a range of sectors, including homelessness, employment, and debt advice, throughout the UK and Ireland. Our network of over 640 corps (church-based community centres) offers support to local people in need of practical assistance. The Salvation Army is also the prime provider of the Government's Victim Care Contract, which supports victims of modern slavery in England and Wales.

The Salvation Army's homelessness provision includes supported housing, Housing First, floating support, and specialist addictions services. The organisation currently works with around 3,000 people daily across these services

## About WPI Economics

WPI Economics is an economics and public policy consultancy. We are driven by a desire to make a difference, both through the work we undertake and by taking our responsibilities as a business seriously. We provide a range of public, private and charitable clients with research, economic analysis and advice to influence and deliver better outcomes through improved public policy design and delivery.

## About the authors

### Steve Hughes, Associate Economist

Steve was previously the Head of Economic and Social Policy at the think tank Policy Exchange, and published reports on increasing savings rates and reducing youth unemployment. Before Policy Exchange he worked at the Bank of England, where he helped manage the regulatory system that governs cash distribution in the UK. He has previously worked an economist at the British Chambers of Commerce where he advised on tax, international trade and SME finance policy, and in Parliament, where he researched HM Treasury and Department for Work and Pensions legislation as it passed through the House of Commons.

### Christina Bovill Rose, Junior Consultant

Christina joined WPI Economics during an MSc in International Public Policy at UCL's School of Public Policy, which she completed in 2019. During her studies she was a research assistant to a Professor in Public Policy. She has previously worked in policy and research in the charity sector, with a focus on youth and community work and education. During her Portuguese and French BA at King's College London, Christina participated in a study abroad programme, spending a semester at the Institute of Political Studies in Lyon followed by six months at the Federal University of Rio de Janeiro.

## Executive Summary

Greater and more sustained investment in England's homelessness and rough sleeping system can materially improve its outcomes. This was true before COVID-19. It is now even more essential if the negative economic consequences arising from the pandemic are to be offset.

Without this investment, the risk is a return to the homelessness and rough sleeping trends that followed the 2008 financial crisis. The number of households that councils assessed as being in priority need of accommodation increased by 41% between 2009/10 and 2017/18. Snapshot rough sleeping figures increased from 1,768 people in 2010 to a peak of 4,751 people in 2017. There are many more examples besides.

It would be an abject failure of policymaking if history were to repeat itself in the decade ahead.

This is not an unrealistic prospect. The Chancellor is preparing a Comprehensive Spending Review with the nation's finances in a dire position. Constraints on public expenditure could reduce investment in the homelessness and rough sleeping system.

This report therefore calls for the Government to commit to adequate funding – and certainty of funding – for the homelessness and rough sleeping system.

The Government has set out ambitions for long-term, well-resourced and well-reasoned investment in the national infrastructure. The same principles should be applied to investment in the homelessness and rough sleeping system, future-proofing it to withstand increased demands post-pandemic and to achieve consistently low levels of homelessness and rough sleeping for many years to come.

Not doing so would undermine the positive homelessness and rough sleeping policy interventions that have been made in the last few years. The Homelessness Reduction Act, commitment to ending rough sleeping by the end of this Parliament and the emergency COVID-19 response (including the 'Everyone In' initiative) are encouraging foundations for a better homelessness and rough sleeping system.

## A framework for investment in the homelessness and rough sleeping system

Investment means the use of resources to deliver better outcomes. The types of investment required to successfully address homelessness and rough sleeping are relatively well established. For instance, data collection, a welfare safety net, specialist support services, flexible housing options and prevention activity are all necessary – and complementary – interventions to focus upon.

When investment in these interventions is inadequate homelessness and rough sleeping outcomes will deteriorate, creating three types of costs:

1. **Homelessness and rough sleeping services costs.** For example, more resource needed to house homeless households in temporary accommodation.
2. **Human costs.** For example, poorer health outcomes (which will have a knock-on effect on the resources of health services).
3. **Economic costs.** For example, the costs of unemployment and greater calls on public resources (such as the welfare system and the criminal justice system).

Policymakers need to answer the following questions to reduce and minimise these costs:

- **How much investment is necessary?**

- Where in England is investment necessary?
- What type of investment is necessary?

These questions should be used as a framework for policymakers trying to make decisions about investment in the homelessness and rough sleeping system moving forward.

## The investment landscape for the homelessness and rough sleeping system

It is possible to illustrate what more investment in the homelessness and rough sleeping system could achieve, for example:

- **More accommodation options could be provided for the rough sleeping population.** Every English region has at least two vacant properties that are local authority-owned for every person counted in its snapshot of rough sleeping. At one extreme, the North East has 29 local authority-owned vacant properties for every person counted in its snapshot of rough sleeping. At the other, the South West has two local authority-owned properties for every person counted in its snapshot of rough sleeping.

In England there are 225,845 long-term vacant properties of all ownership types. In the North East there are 271 long-term vacant properties for every person counted in its snapshot of rough sleeping. In London there are 22 long-term vacant properties for every person counted in its snapshot of rough sleeping.

This demonstrates that there is potential for more housing options to be created from existing stock.

- **Thousands more households across the country can be prevented from becoming homeless.** If the five poorest performing combined authorities at securing accommodation for homelessness prevention cases were to improve to the levels of the five strongest combined authorities, then it would have meant 2,183 fewer households becoming homeless in 2019. If London's prevention performance were to match that of the best performing combined authority, it would have meant that an additional 5,012 households were prevented from becoming homeless in 2019. Looking at relief duties with the same analysis, it would have meant 7,599 fewer households nationally going on to have a Main Homelessness Duty owed to them in 2019.

The following analysis describes some of the defining features of homelessness and rough sleeping across England, providing important context for answering the preceding questions:

- **How much investment is necessary? The size and characteristics of caseload need consideration.** The council areas with higher homelessness caseload numbers tend to have higher caseloads in every part of the system. There is a high correlation coefficient between the households threatened with homelessness and households actually homeless, as there is between the households actually homeless and those that are owed a Main Homelessness Duty. This is important because recent research has suggested there is a point at which council resources to deal with homelessness reach their capacity and the deterioration in homelessness outcomes speeds up after this point. As well as size, the characteristics of the homelessness caseload also has implications for the kind of investment needed to reduce it. The homelessness caseload having specific characteristics that may need specialist support is

not uncommon. The data shows that almost half of all households owed a statutory homelessness duty in 2019 had some type of support need (128,710 households in total).

- **Where is investment necessary? Homelessness and rough sleeping are bigger problems in towns and cities.** It is in the urban economic environments of towns and cities where homelessness and rough sleeping disproportionately occurs. Those councils classified as the most urban are home to roughly 80% of the population, 83% of households owed a homelessness prevention or relief duty, and 96% of all households in temporary accommodation. Even when London is taken out of the equation, urban councils host 78% of the population, but 88% of the households in temporary accommodation. Moreover, the rough sleeping population can mostly be found in England's largest towns and cities.
- **What investment is necessary? Different local needs require different local interventions.** 86 of the 322 councils in the sample fail to get more than half of households owed a prevention duty into secure accommodation for longer than six months. 103 of 311 councils fail to get more than a third of households owed a relief duty into secure accommodation for longer than six months. These numbers suggest that it is generally harder for councils to secure accommodation when addressing relief duties rather than prevention duties. The supply of suitable housing options will be a factor in this – those households owed a prevention duty have an existing home to potentially stay in, which they do over a third of the time across England.

## Recommendations – Future-proofing the homelessness and rough sleeping system

Given the preceding arguments, how should the Government change its approach to investment in the homelessness and rough sleeping system? The below recommendations are made under the headings of the framework set out above.

### How much investment is necessary?

Sustained, multi-year investment is needed to future-proof the homelessness and rough sleeping system, ensuring that it does not regress from the progress that has been made:

- **The Government's 2020/21 expenditure on homelessness should be the minimum in each year over the course of this Parliament.** There should be an inflation-proofed floor to the roughly £650m annual funding until the next general election. The combination of many years of underfunding and the expectation of increased, COVID-19-related demand for homelessness and rough sleeping services means that this funding commitment is necessary.
- **Put a long-term lock to guarantee funding to address rough sleeping.** The Government should adopt the simple rule that if rough sleeping numbers are steady or increasing then central government funding for rough sleeping cannot decrease. This will mean that there will always be a base level of funding commitment within the system, offering funding certainty to the interventions designed to address rough sleeping. Moreover, funding reductions should be limited by a mechanism to guard against severe cuts.
- **Ensure that the local authorities are financially secure so that investment in homelessness can be maintained.** Local authorities are reporting a significant funding shortfall because of COVID-19. It is no good the Government maintaining its homelessness and rough sleeping funding if



local authority resources used to address homelessness and rough sleeping from general funds are squeezed.

- **Ensure the welfare safety-net is sufficient to prevent homelessness.** An inability to pay rent is a major contributing factor to homelessness numbers. The Government should therefore:
  - *Commit to keeping Local Housing Allowance (LHA) rates at the 30<sup>th</sup> percentile of rents indefinitely (and be ready to increase them should the indicators of homelessness caseloads deteriorate).*
  - *Raise the level of the Benefit Cap to ensure that more families can be helped by the LHA increase.*
  - *Ensure that waits for Universal Credit payments do not compound homelessness problems.*

## Where is investment necessary?

Better data on homelessness is critical to being able to allocate investment resources as effectively as possible, and subsequently to being able to improve the outcomes of the homelessness and rough sleeping system:

- **Introduce CHAIN type recording systems in city regions with high levels of homelessness outside of London.** London's CHAIN database records much more comprehensive information about the rough sleeping population than the national rough sleeping dataset of the Ministry of Housing, Communities & Local Government (MHCLG). For example, detailed data on the flow, stock and returners to rough sleeping is recorded, as is the last settled home of individual rough sleepers. Undertaking this kind of exercise in city regions across the country would give these areas better insights into the rough sleeping problems that they have.
- **Focus on improving statutory local authority data.** The Government should take steps to improve the consistency of, and between, local authority revenue expenditure statistics to enable data to be broken down more consistently by activity and by how it is spent on different homeless groups. Given the significant costs that temporary accommodation incurs and how it is an indicator of success in terms of dealing with homelessness, there is a strong argument to say that length of stay in temporary accommodation are statistics that should be collected and published.

## What types of investment should be funded?

Each local area will have different priorities when it comes to the types of investment that they need to make to improve homelessness or rough sleeping outcomes. The below ideas then, represent two types of investment that are needed across the entire homelessness and rough sleeping system:

- **Introduce measures to increase and sustain housing and accommodation options for homeless households and rough sleepers.** A long-term increase in the supply of housing is needed to address homelessness and rough sleeping. In the short term, a better use of the existing stock of housing is required, giving councils more tools to address homelessness and rough sleeping. The following ideas should be considering in this context:
  - *Give greater certainty to the Next Steps Accommodation Programme, specifically on the balance of capital and revenue funding.* Beyond 2020/21, there is no explanation of how the balance of capital and revenue funding will play out over future years. If new

housing assets are to be maintained for the long-term, adequate revenue funding is required.

- ***Incentivise councils to bring empty homes back into use for rough sleepers.*** This recommendation would specifically focus on bringing empty homes back into use for rough sleepers, providing funding for repair and maintenance, but also ongoing support costs.
- ***Consider how new construction techniques can be more widely applied to providing housing options for homeless households and rough sleepers.*** The use of innovative materials, precision manufacturing techniques and digital working – often included in the term Modern Methods of Construction (MMC) – should be part of the response to increasing the supply of housing options for rough sleepers (and people experiencing homelessness more generally).
- ***Give councils first refusal to buy local properties that have been repossessed.*** Every effort should be made to keep people in their homes under threat of repossession. But once the courts have decided that a repossession should take place, it means that an additional property becomes available for councils to add to their stock. Repossessions already involve a relationship between mortgage lender and council. Mortgage lenders that take possession of a property should be encouraged to work with councils to see if a mutually beneficial sale can be brokered in the first instance.
- **Address the restrictions for those with No Recourse to Public Funds (NRPF).** The Government has pledged to end rough sleeping by the end of this Parliament. However, the legal limits on the housing, social security, and related support available to people, depending on their immigration status or nationality, means this is currently an impossible task.
  - ***The Government must take immediate action to temporarily remove restrictions on recourse to Universal Credit and Housing Benefit for all rough sleepers.*** This will allow for emergency accommodation to temporarily be funded by the welfare system, freeing up the resources of local authorities.
  - ***To prevent as many people as possible from being forced to sleep rough in the long term, the Government should also help to support people to regularise their immigration status through the relevant legal means.*** The Government should support EEA nationals to engage with the EU Settlement Scheme and support those from outside the EEA to gain access to the necessary legal counsel. Only when everyone is secure and supported can we protect people from rough sleeping.
- **Give certainty to the funding of employment programmes that help those with experience of homelessness and rough sleeping.** Employment is crucial to providing future financial independence for people with experience of homelessness and rough sleeping. But helping people with experience of homelessness and rough sleeping into employment requires planning and funding. The Salvation Army's Employment Plus service is funded in part by the European Social Fund (ESF). Following Brexit, the Government has pledged to replace this funding with a new programme called the UK Shared Prosperity Fund (UKSPF), with £500m of this fund dedicated to helping disadvantaged people with skills development. However, as of yet, there is no further detail on how the UKSPF will operate or how its funding will be spent.

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## Introduction: The necessity of future-proofing the homelessness and rough sleeping system

This report is about how and why greater and more sustained investment can improve the outcomes of England's homelessness and rough sleeping system. It outlines a framework for how policymakers should think about investment in the homelessness and rough sleeping system. It presents new analysis of England's homeless and rough sleeping population. It sets out a policy blueprint that will help tackle homelessness and rough sleeping in both the short and long term.

This investment has become even more imperative given the massive economic shock caused by COVID-19.

The pandemic has deeply worrying implications for homelessness and rough sleeping. Falling pay packets and higher unemployment will make rent and mortgage payments harder to meet. The frontline presence of voluntary sector organisations is under threat because of falling donations. Councils that address rough sleeping via statutory responsibilities to prevent and relieve homelessness are facing an unprecedented funding crisis (coming after many years of budget cuts).

Within this context, the policymaking mistakes of the last decade should not be forgotten. Something went wrong between levels of investment in, and the outcomes produced by, the homelessness and rough sleeping system in England (see Table One on the following page).

**Table One: Investment and outcomes in the homelessness and rough sleeping system**

Evidence of inadequate investment in homelessness



Previous research by WPI Economics found that councils in England spent nearly £1bn less on services supporting single homeless people compared to a decade ago.<sup>i</sup>



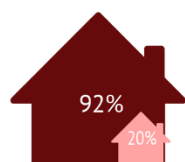
Local authorities end up supplementing Central Government grants with considerable sums from their general funds, which could be used for other council services. For example, London local authorities covered over 20% of the £919m spent on homelessness services in 2017/18 with general funds.<sup>iii</sup>



In a survey of local authority chief executives, leaders and council mayors, 66.5% of respondents disagreed or strongly disagreed that their council had sufficient funding to fulfil the Homelessness Reduction Act's now statutory obligations.<sup>v</sup>



40% of people making homelessness applications to local authorities received no additional benefit from the HRA.<sup>vii</sup>

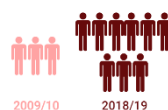


Research by Crisis and the Chartered Institute of Housing found that in 92% of areas in Great Britain, only 20% of private rented sector properties are affordable to single people, couples and small families.<sup>ix</sup>

Evidence of deteriorating homelessness outcomes



The single night snapshot of rough sleeping numbers in England increased from 1,768 in 2010 to 4,266 in 2019.<sup>ii</sup>



The number of people seen rough sleeping in London over the course of a year increased from 3,673 in 2009/10 to 8,855 in 2018/19.<sup>iv</sup>



Councils spent £1.1bn on temporary accommodation for homeless households between April 2018 and March 2019. An increase of 78% in the five years previously.<sup>vi</sup>



Between 2013/14 and 2018/19, hospitals in England saw a 130% rise in hospital admissions for which the primary or secondary diagnosis was homelessness.<sup>viii</sup>



The number of cases where local authorities acted to prevent or relieve homelessness increased by 14% from 2010-11 to 2016-17. The number of households that approached their local authority as homeless and were assessed as being entitled to temporary accommodation grew by 33.9% over the same period.<sup>x</sup>

It would be an abject failure of policymaking if history were to repeat itself in the 2020s.

This could happen again. Just as in the period prior to the 2010s, the public finances are in a parlous position and in need of repair. The Chancellor is preparing a Comprehensive Spending Review for the autumn, which will have consequences for the investment that can be made in the homelessness and rough sleeping system. But underfunding of homelessness and rough sleeping initiatives would be a false economy.

Ultimately, investment is needed to initially reduce homelessness and rough sleeping numbers by maintaining the recent progress made housing and supporting people during the outbreak of COVID-19 through the 'Everyone In' initiative. It is also needed to keep homelessness numbers at a minimum over subsequent years by seeking to mitigate some of the long-term economic pressures caused by the pandemic.

This cannot be achieved by maintaining recent patterns of investment in the homelessness and rough sleeping system. Years of underinvestment followed by immediate, short-term increases in investment followed by further periods of long-term underinvestment should be avoided. Cycles of feast and famine will not produce sustained, long-term progress.

That is not to say that the rise in homelessness and rough sleeping throughout the 2010s following policy decisions made in the aftermath of 2008/09 financial crisis has been ignored. Important and positive policy interventions have been brought in. The introduction of the Homelessness Reduction Act is a step forward. Plenty has been done to get more homes built. Various funding pots targeting the causes and consequences of homelessness and rough sleeping have been introduced. The manifesto commitment to ending rough sleeping by the end of this Parliament is a laudable aim.

The immediate policy response to the COVID-19 crisis will also help to offset any emerging homelessness problems. The resource put into Universal Credit, the temporary ban on evictions and increases in housing benefit are all extremely welcome. Moreover, the rapid rehousing of rough sleepers through the 'Everyone In' initiative at the start of the country's lockdown demonstrated what can be achieved when minds are focused.

Taken together, these recent policy developments are an encouraging foundation. But it is not enough. The principles that underpin other areas of government policy should apply to the homelessness and rough sleeping system in England. Investment in national infrastructure, for instance, has a clear strategy, a pipeline of projects with multi-year funding settlements attached, and a clear rationale for why the projects are necessary.

With a similar approach, the homelessness and rough sleeping system can withstand the increased demands on it that are likely post-COVID-19, allowing it to sustain low levels of homelessness and rough sleeping many years into the future.

A new approach to investment based on these principles is developed in the following chapters via:

- **A framework for investment in the homelessness and rough sleeping system.** Offering evidence of recent inadequate investment, descriptions of the costs that arise from this inadequate investment and a framework for how investment in the homelessness and rough sleeping system should be understood.
- **Insight into the investment landscape of the homelessness and rough sleeping system.** Providing new analysis on homelessness and rough sleeping across council areas in England, as well as illustrative costs arising within this landscape (this report uses the latest available data,

which is pre the impact of COVID-19, but is a useful benchmark for comparison when data covering the crisis becomes available).

- **Recommendations on how to future-proof the homelessness and rough sleeping system.** Setting out ideas for interventions to improve data, housing options, funding and policy.

The research was informed by desk research, discussions with homelessness policy experts, data analysis, and the experience of The Salvation Army as a provider of homelessness and rough sleeping services.

## A framework for investment in the homelessness and rough sleeping system

Investment means the use of resources to deliver better outcomes. The resources invested in the homelessness and rough sleeping system are funding (such as homelessness grants), physical assets (such as the social housing stock) and time (such as voluntary work). The outcomes of this resource investment are fewer homeless households and fewer rough sleepers, and less time for both in the homelessness and rough sleeping system.

The different types of investment required to successfully address homelessness and rough sleeping are relatively well established. For instance, data collection, a welfare safety net, specialist support services, flexible housing options and prevention activity are all recognised as important – and complementary – policy interventions.

As the previous chapter demonstrated, when investment in these interventions is inadequate, homelessness outcomes will deteriorate. The number of households that find themselves without secure accommodation and the number of rough sleepers will be higher than they otherwise would be. The time taken to resolve any kind of homelessness issues will lengthen.

Deteriorating homelessness and rough sleeping outcomes means increased costs. The costs can be direct. For example, councils may have to spend more on the provision of temporary accommodation. The costs can also be indirect. For example, other public services – such as the health system – will have greater demands on their resources.

Just as the types of investment needed to address homelessness are relatively well established, so too are the types of costs – both direct and indirect – that arise from inadequate investment.<sup>xi</sup> These costs can be grouped under three headline categories:

1. **Homelessness services costs.** For example, more resource needed to house homeless households in temporary accommodation.
2. **Human costs.** For example, poorer health outcomes (which will have a knock-on effect on the resources of health services).
3. **Economic costs.** For example, a loss to productivity and output and more call on the public purse (such as the welfare system and the criminal justice system).

Sustained investment is needed to reduce these costs. But there are questions that need to be considered about the nature of this investment, namely:

- **How much investment is needed in the homelessness and rough sleeping system?** The Government has committed a significant amount of additional resource to the homelessness and rough sleeping system (because of both a planned increase in funding and bringing forward funding in response to COVID-19). Around £650m has been made available to tackle homelessness and rough sleeping in 2020/21 (see Table Two, below). To varying extents, councils will supplement this investment, especially where statutory responsibilities cannot be met with central government funding.
- **Where in England should investment in the homelessness and rough sleeping system take place?** Homelessness problems are not evenly distributed across the country. For instance, towns and cities tend to have greater homelessness and rough sleeping problems than rural areas (both in terms of actual numbers of rough sleepers and relative to population size).

Moreover, London has a particularly acute homelessness problem. But the process of determining exactly how much each place needs funding is not an exact science – there are multiple variables in play. Sometimes there is not reliable information available on these variables and more data is needed if the geographic allocations of investment are to have the biggest possible impact.

- **What type of investment should the homelessness and rough sleeping system receive?** There are choices over exactly how additional resources are invested. They could go towards supporting the statutory homelessness duties of councils or be focused on rough sleeping. They could go into specific aspects of each, such as support for new accommodation for rough sleepers (on this latter suggestion, there is also then a decision to be made about the balance of capital and revenue funding).

These questions can never be answered definitively. There will always be some uncertainty around what the return on investment in homelessness and rough sleeping interventions is. The varied local geographic contexts of homelessness will always mean that there are trade-offs to be made over the distribution of homelessness and rough sleeping funding. There will always be a balance between different types of homelessness and rough sleeping interventions – as well as new and innovative ones to try.

But although these questions can never be answered definitively, they offer a guide for how decisions related to homelessness and rough sleeping funding should be considered. At present, the decision-making process around the levels of investment, distribution of that investment and types of investment are unclear (and is informed by data that is of questionable quality).

By beginning a conversation around how best to answer these questions in the wake of COVID-19, there can be some structure to the debate around the future of the homelessness and rough sleeping system.

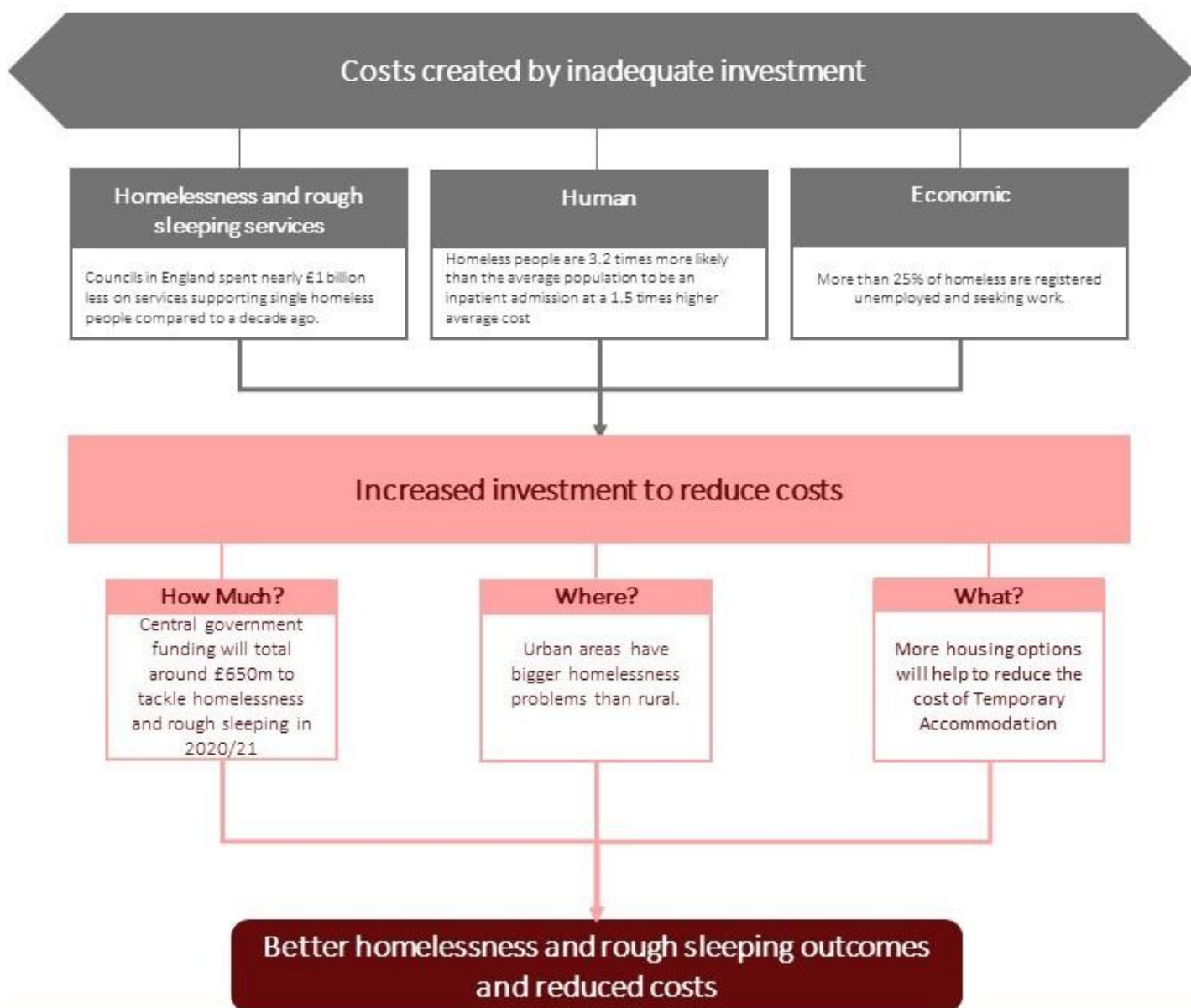
The conclusions of the above discussion can be represented by a framework for thinking about the costs of homelessness and rough sleeping (see next page).

**Table Two: break down of homelessness and rough sleeping funding in 2020/21**

| Spending Component 2020/21   | Amount of expenditure 2020/21 |
|--|-------------------------------|
| Flexible Homelessness Support Grant  | £200m                         |
| Homelessness Reduction Grant   | £63m                          |
| Long-term accommodation options  | £161m                         |
| Rough Sleeping Initiative and Rapid Rehousing Pathway                            | £112m                         |
| New funding for interim accommodation options                                    | £85m                          |
| Local authority emergency accommodation funding                                  | £3.2m                         |
| Drug and alcohol services  | £23m                          |
| Grant for 21 local authorities to support care leavers at risk of rough sleeping | £0.7m                         |
| <b>Total</b>   | <b>£648m</b>                  |



### A framework for thinking about the costs of homelessness and rough sleeping



## The investment landscape for the homelessness and rough sleeping system

Using current levels of homeless and rough sleeping caseloads we can illustrate what investment in the homelessness and rough sleeping system could achieve:

- **More accommodation options could be provided for the rough sleeping population.** Every English region has at least two vacant properties that are local authority-owned for every person counted in its snapshot of rough sleeping. At one extreme, the North East has 29 local authority-owned vacant properties for every person counted in its snapshot of rough sleeping. At the other, the South West has two local authority-owned properties for every person counted in its snapshot of rough sleeping.

In England there are 225,845 long-term vacant properties of all ownership types. In the North East there are 271 long-term vacant properties for every person counted in its snapshot of rough sleeping. In London there are 22 long-term vacant properties for every person counted in its snapshot of rough sleeping.

These statistics demonstrate that there is potential for the more housing options to be created from existing stock.<sup>xii</sup>

- **Thousands more households that are threatened with or currently experiencing homelessness can be found secure accommodation sooner.** Some parts of the country are more successful than others at securing accommodation for households threatened with homelessness. If the five combined authorities that perform least well at converting homelessness prevention cases into secure accommodation were to improve to the levels of the combined authorities that perform the best, then it would have meant 2,183 fewer households becoming homeless in 2019. If London's prevention performance were to match that of the best performing combined authority, it would have meant an additional 5,012 households were prevented from becoming homeless in 2019. Looking at relief duties with the same analysis, it would have meant 7,599 fewer households nationally going on to having a main homeless duty applied to them in 2019.<sup>xiii</sup>

While these statistics show the possibilities of greater and more sustained investment, better homelessness and rough sleeping outcomes require policymakers to answer the questions set out in the previous chapter.

New analysis conducted for this report looks at what factors are important in answering the questions under the following headings:

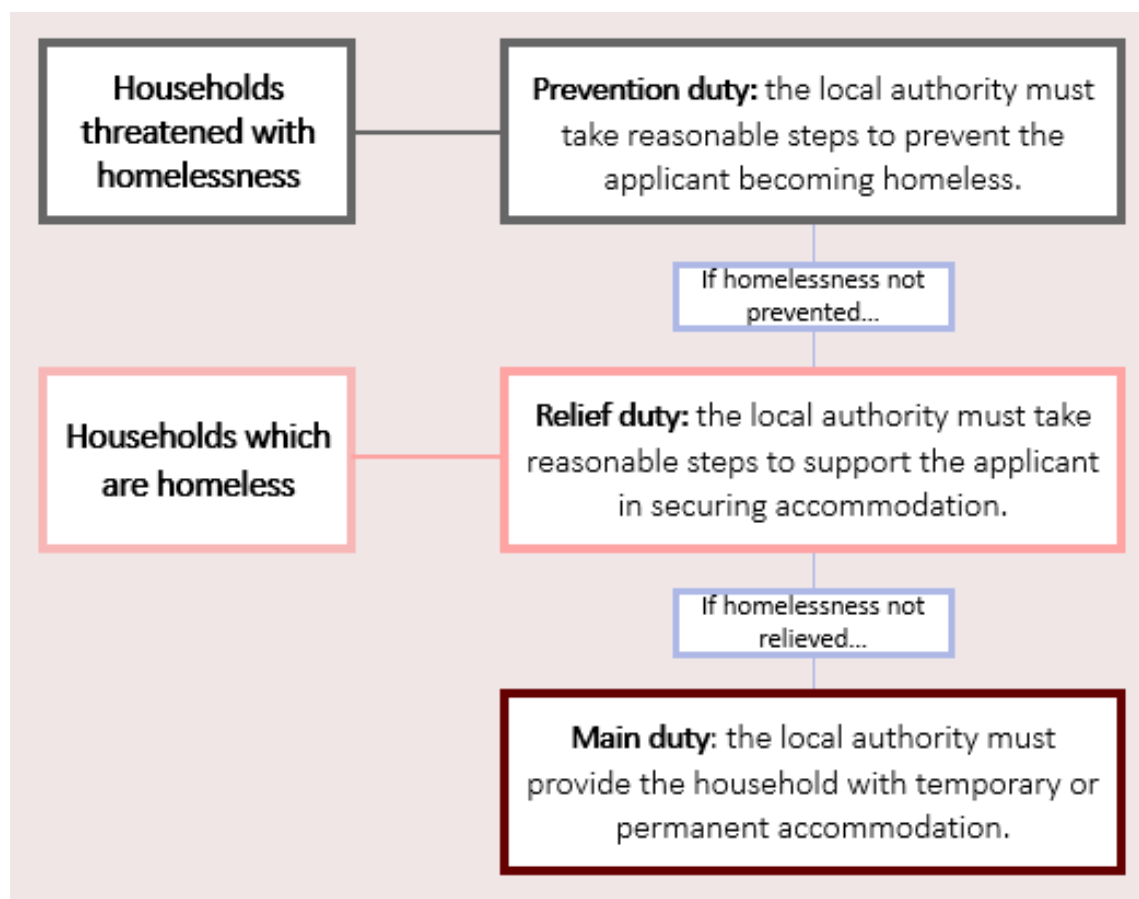
- **How much investment is necessary? The size and characteristics of caseload need consideration**
- **Where is investment necessary? Homelessness and rough sleeping are bigger problems in our towns and cities**
- **What investment is necessary? Different local needs require different local interventions**

The data used in our analysis covers 2019, before the impact of COVID-19. Yet the findings remain relevant. For example, those areas with the largest homelessness and rough sleeping caseloads pre-COVID-19 are highly likely to have the largest homelessness and rough sleeping caseloads post-COVID-19.

The analysis uses terminology that is part of the homelessness and rough sleeping system, referencing specific legal duties that local authorities must undertake. These duties are explained in Box 1, below.

Added information about the sources and approach we used for the analysis in this chapter is set out in Annex I.

**Box 1: Local authority duties since the Homelessness Reduction Act**



**How much investment is necessary? *The size and characteristics of the homelessness and rough sleeping caseload need consideration***

Each case of homelessness or rough sleeping has a cost. Generally speaking, the bigger the homelessness and rough sleeping caseload is, the greater the total cost. But the specific characteristics of caseload can create variations in these costs.

It is no surprise that council areas with more households tend to have higher homelessness caseloads. They will also tend to have higher caseloads of every homelessness type. There is a high correlation coefficient – meaning a strong relationship – between the following variables:

- The number of households assessed as threatened with homelessness and the number of households assessed as actually homeless in each council area (see Chart One, below).
- The number of households assessed as actually homeless and the number of households assessed as being owed the Main Homelessness Duty – where a local authority has to secure accommodation for at least six months – in each council area (see Chart Two, below).

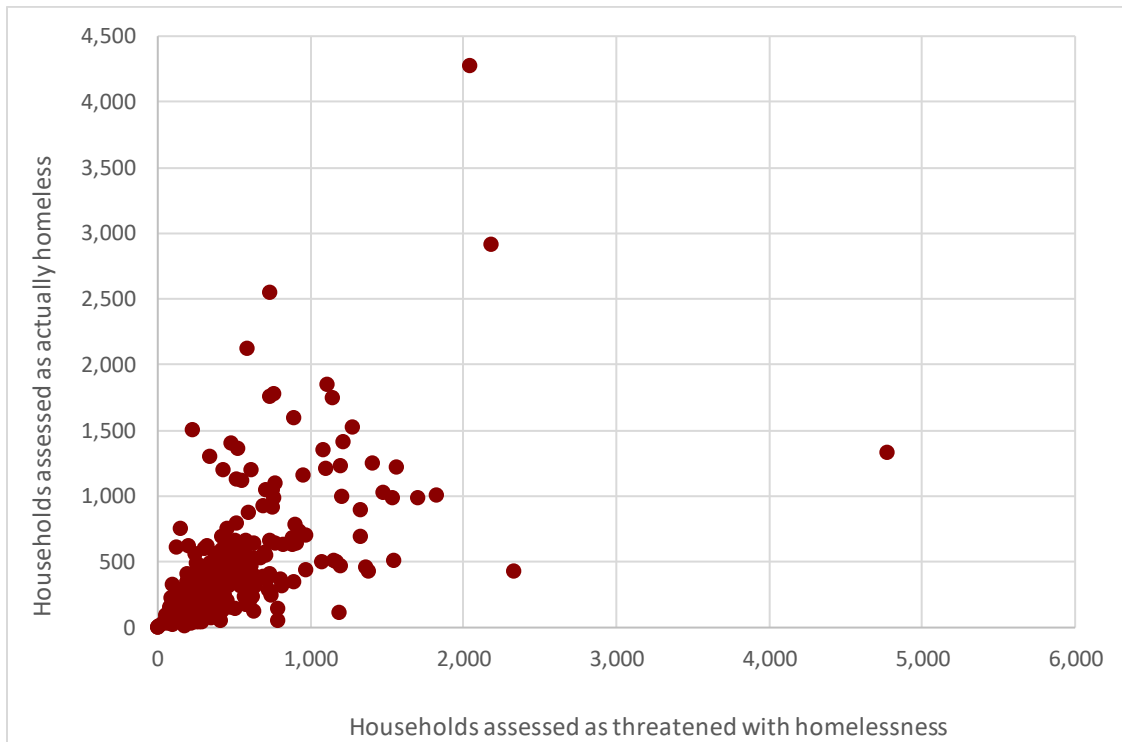
This is important in the context of recent research suggesting that as homelessness caseloads grow there is a point beyond which a council's ability to address homelessness becomes less effective, leading to poorer homelessness outcomes. Contributing factors to these poorer outcomes may be a lack of suitable housing or a lack of financial resource due to high demand for other services.<sup>xiv</sup>

As well as size of caseload, the characteristics of the homelessness and rough sleeping caseload has implications for costs. Estimated unit costs for different types of service provision show this. For example, average annual local authority expenditure per individual rough sleeper has been estimated to be around £9,000, whereas the estimated annual cost of someone living with severe and multiple disadvantages (such as substance misuse and interaction with the criminal justice system) is estimated to be roughly £25,500.<sup>xv</sup>

The homelessness caseload having specific characteristics that may need specialist support is not uncommon. The data shows that almost half of all households owed a statutory homelessness duty in 2019 (47.1%) had some type of support need (128,710 households in total). The five largest categories of support needs were (in order from largest to smallest): a history of mental health problems, physical ill health and disability, at risk of or has experienced domestic abuse, an offending history and a history of repeat homelessness.<sup>xvi</sup>

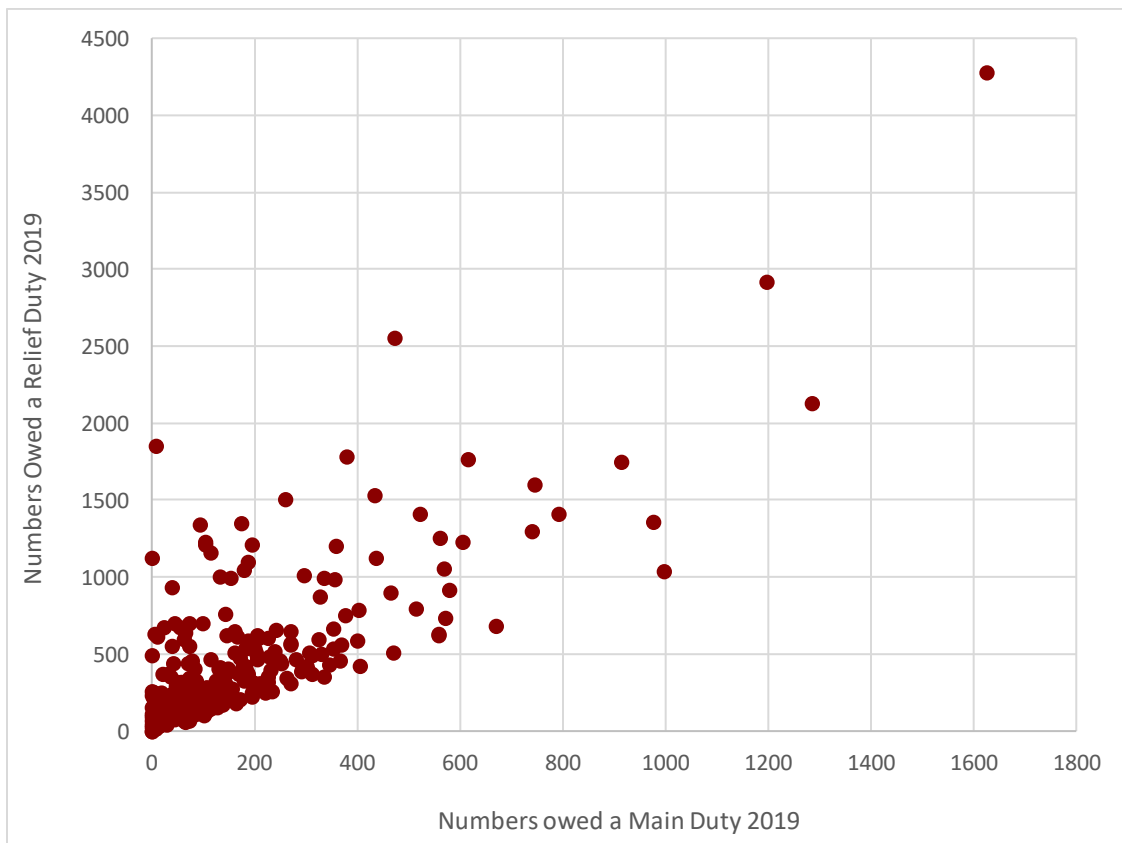
More generally, a quarter (27.6%) of those owed a prevention or relief duty are registered unemployed.<sup>xvii</sup>

**Chart One: Outcome of initial assessments for homelessness (threatened versus actual homelessness) by council area in 2019.**



Source: WPI Economics analysis of MHCLG Live Tables on homelessness

**Chart Two: Number of households owed a homelessness relief duty and main duty by council area**



Source: WPI Economics analysis of MHCLG Live Tables on homelessness

## Where is investment necessary? *Homelessness and rough sleeping are bigger problems in towns and cities*

Some council areas are better equipped to deal with high homelessness caseloads. For instance, each local housing market and each local labour market has unique features that influence homelessness and rough sleeping, i.e. Gateshead local authority owns over 19,000 houses, whereas the neighbouring Sunderland local authority owns zero.<sup>xviii</sup>

These local features are reflected in the allocation of funding for homelessness and rough sleeping. For example, allocations of the Flexible Homelessness Support Grant are adjusted to take account of private sector rental costs.

But funding allocations cannot take account of every single local variation in economic environments.<sup>xix</sup>

Nevertheless, we can say with some certainty that homelessness and rough sleeping disproportionately occurs in the economic environments of our towns and cities.

Our analysis shows that those councils classified as the most urban are home to roughly 80% of the population, 83% of households owed a homelessness prevention or relief duty, and 96% of all households in temporary accommodation. Taking London out of the equation – because it is such an outlier in terms of its size and economic conditions – urban councils are still home to 79% of the population, but 88% of the households in temporary accommodation (see Table Three, below).

The rough sleeping population is also mostly found in England's largest towns and cities. London has a disproportionately large rough sleeping population, making up roughly a quarter of the 2019 snapshot data on rough sleeping. The five areas with the largest snapshot rough sleeping populations outside of London are Bristol, Manchester, Brighton, Bournemouth and Birmingham.<sup>xx</sup> To note, the rough sleeping statistics have quality issues, but they are the best available at a national level.<sup>xxi</sup>

This disproportionate homelessness problem in urban areas was reflected in the allocations of the Flexible Homelessness Support Grant. 15% of the total went to more rural local authorities. 85% went to the more urban. But given that the largest cost councils face in addressing homelessness is temporary accommodation, and urban local authorities have 96% of families in accommodation, this allocation may be too low, and/or the overall funding of the system may be too low.<sup>xxii</sup>

It is also important to highlight the wider funding picture. Councils may only be able to fund homelessness and rough sleeping requirements by diverting resources away from other service areas. And each council will have had to have made different (and difficult) trade-offs about resource allocation for homelessness and rough sleeping services during a period when their funding has been severely constrained. For example, local authority expenditure on planning and development services fell by over £1bn – more than 50% - between 2010-11 and 2016-17.<sup>xxiii</sup>

**Table Three: Population and homelessness proportions, split by rural / urban categorisation**

|                       | % of the total population | % of all households owed prevention or relief duty | % total households in temporary accommodation |
|-----------------------|---------------------------|--|---|
| <b>Rural Councils</b> | 19.7%                     | 16.9%  | 4.1%  |
| <b>Urban Councils</b> | 80.3%                     | 83.1%  | 95.9%   |

Source: WPI Economics Analysis of urban and rural local authorities with statutory homelessness data and rough sleeping snapshot data

### What investment is necessary? *Different local needs require different local interventions*

If the questions of how much investment and where investment should happen can be answered, there is a logical question of what this investment should be spent on?

The straightforward answer is that the majority of homelessness and rough sleeping funding is spent on providing accommodation and paying staff. But beyond this, a wide variety of activity is undertaken. Freedom of Information (FOI) requests undertaken for this research asked how councils spent their Flexible Homelessness Support Grant and Rough Sleeping Initiative allocation. There were references to specific service provisions (such as debt advice and domestic abuse hubs), training and upskilling of staff, work with private sector landlords, IT improvements, website redesign, campaigns and the provision of interest free loans.

More generally, councils will have a clear indication of what investment is required given the data that is recorded on each statutory homelessness duty, as the following analysis demonstrates.

Chart Three below represents the relative performance across councils related to prevention. Each bar in the chart shows the number of councils successfully finding a proportion of households owed a homelessness prevention duty into secure accommodation for six months or more:

- 86 of the 322 councils in the sample fail to get more than half of households owed a prevention duty into secure accommodation for six months or more.
- 57 of the 322 councils in the sample achieve over a 70% success rate in finding secure accommodation for six months or more for those households owed a prevention duty.

Chart Four below represents this relative success across councils related to relief:

- 103 of 311 councils fail to get more than a third of households owed a relief duty into secure accommodation for six months or more.
- Only 25 of 311 councils in the sample get more than two-thirds of households owed a relief duty into secure accommodation for six months or more.

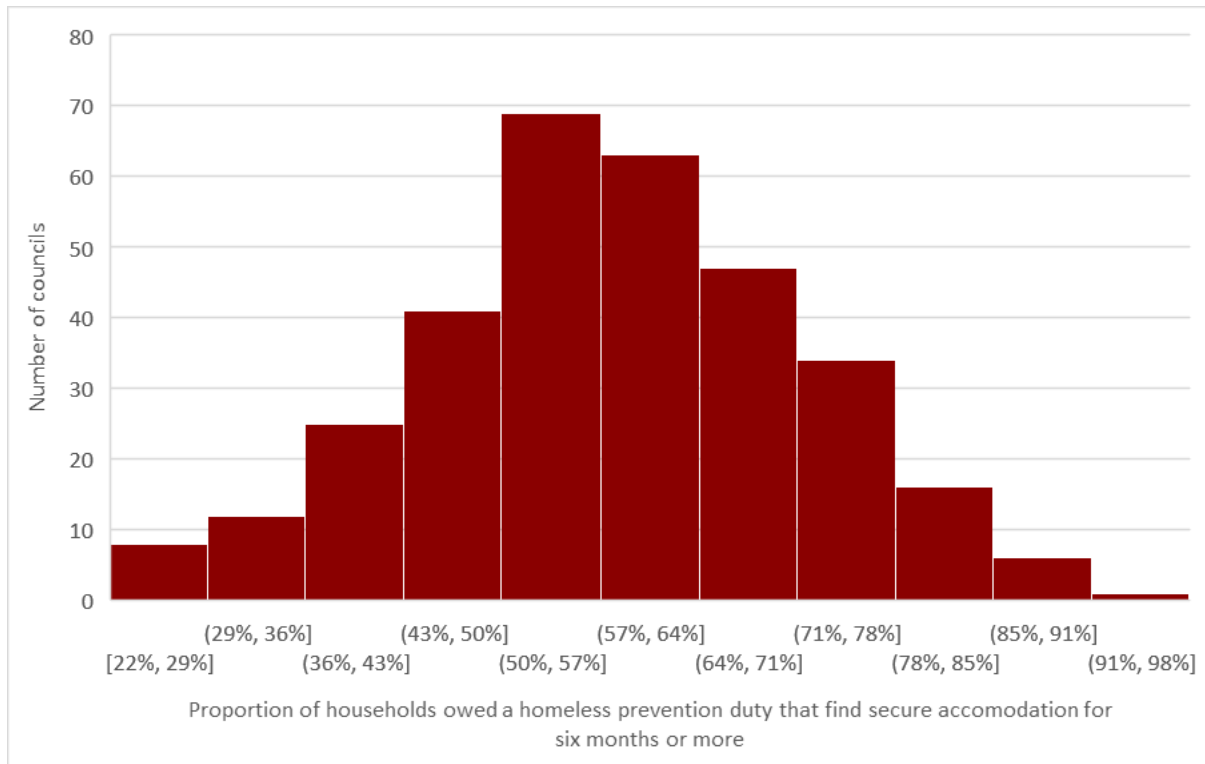
This analysis suggests that it is generally harder for councils to secure accommodation under relief duties than prevention duties. This may be due to those households owed a prevention duty having an existing home to potentially stay in, which they do over a third of the time across England.

The reasons for poorer performance of councils on the above indicators are not unexpected. Reviewing a selection of the poorer performing councils' homelessness strategies suggests that a lack of supply of suitable housing, a lack of resource and the high and increasing complexity of people's needs all play a part. In Birmingham for instance, the high numbers of households owed a relief duty has previously been attributed to a combination of welfare cuts, high rents and a "...total lack of social housing".<sup>xxiv</sup>

The rough sleeping population also has identifiable issues that give a clear steer as to what investment is necessary. At least a quarter of the recorded rough sleepers in the country are non-UK nationals. They require different interventions to find housing, as well as other necessary support. For example, the Government's Rough Sleeping Strategy highlighted that frontline staff require different skills and knowledge to work with non-UK nationals who are rough sleeping, with many having complex immigration cases meaning they are not eligible for statutory services and do not have access to the social security system.<sup>xxv</sup>

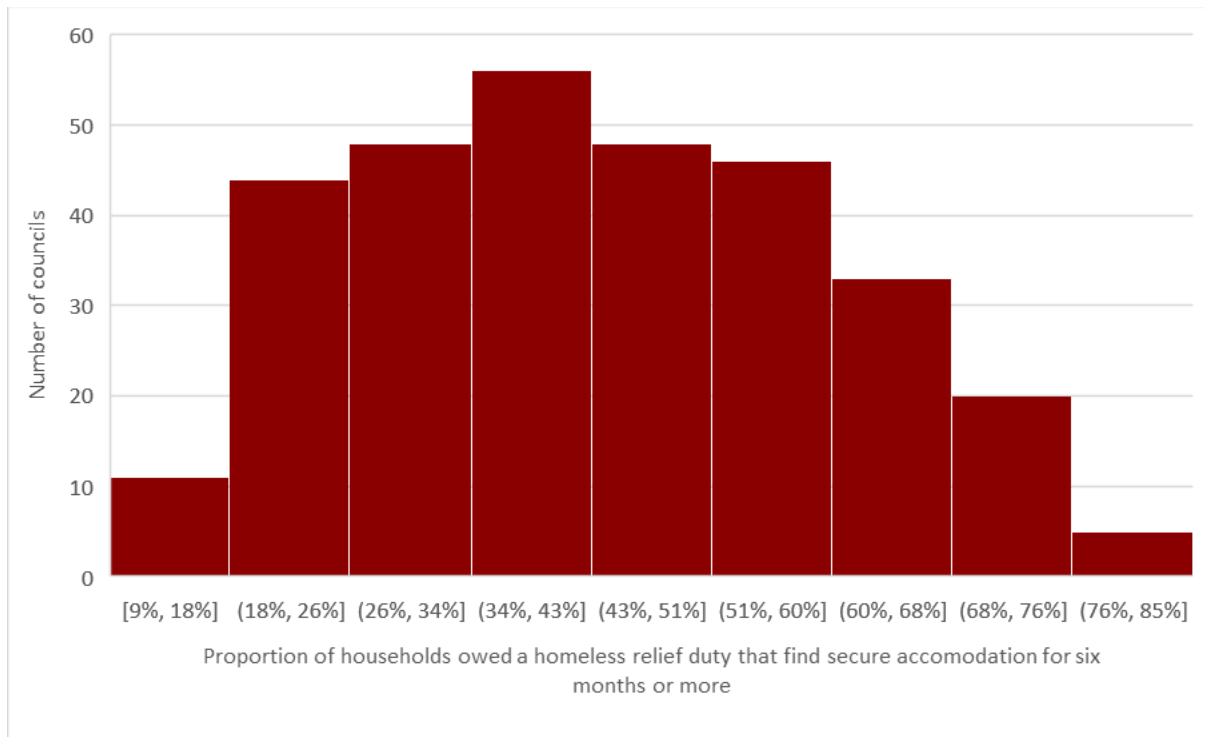


**Chart Three: Percentage of homeless households owed a prevention duty that receive secured accommodation for six months or more, by number of councils, across 2019.**



Source: WPI Economics analysis of MHCLG Live Tables on homelessness

**Chart Four: Percentage of homeless households owed a relief duty that receive secured accommodation for six months or more, by number of councils, across 2019.**



Source: WPI Economics analysis of MHCLG Live Tables on homelessness

## Recommendations: Future-proofing the homelessness and rough sleeping system

The preceding chapters have made the following arguments:

- Investment in the homelessness and rough sleeping system should be thought of in the same way we think about investment in national infrastructure – a clear strategy, a pipeline of projects with multi-year funding settlements attached, and a clear rationale for why the projects are necessary.
- There is strong evidence to suggest that the investment in England’s homelessness and rough sleeping system has been inadequate over the last decade.
- In order for investment to be effective, policymakers need to ask questions about how much investment is required, where the investment will be spent, and on what investment will be spent.
- The potential prize is large, in both human and financial terms – thousands more households may be prevented from becoming homeless and have their homeless relieved quickly and efficiently.

Given the current economic and policy context, a further policy response to the Government’s existing interventions is required. The commitment to end rough sleeping by the end of the Parliament warrants greater interventions if it is to be achieved (and if it is to be sustained over beyond the end of this Parliament). The scale of the economic dislocation that the country is facing because of COVID-19 means that the homelessness and rough sleeping system will likely face increased strain in the coming months and years.

The recommendations come under the three categories of questions that are set out above: ***How much investment is needed? Where is it needed? On what is it needed?***

### How much investment is necessary?

The Government has increased the resources it has put into the homelessness and rough sleeping system. Yet beyond the end of the current financial year, the funding outlook for homelessness and rough sleeping is highly uncertain. More long-term investment is needed to future-proof the system, ensuring that it does not regress to the pattern of the 2010s when homelessness outcomes deteriorated.

The following recommendations are made with this in mind:

- **The Government’s 2020/21 expenditure on homelessness and rough sleeping should be the minimum in each financial year over the course of this Parliament.** A combination of new funding and funding brought forward means that the Government will be spending roughly £650m on homelessness initiatives this financial year. There should be an inflation-proofed floor to this level of annual funding until the next general election. The combination of many years of underfunding, the expectation of increased COVID-19-related demand for homelessness services and the impetus to make the ‘Everyone In’ initiative a success makes this funding commitment necessary. While the specifics of where this money is spent can be flexible – i.e. depending on local need there may be demand for increased expenditure on

accommodation for rough sleepers or to address statutory homelessness – this commitment will offer some certainty to all stakeholders.

- **Put a long-term lock to guarantee funding to address rough sleeping.** The Government should adopt the simple rule that if rough sleeping numbers are steady or increasing then central government funding for rough sleeping cannot decrease. This will mean that there will always be a base level of funding commitment within the system, offering funding certainty to the interventions designed to address rough sleeping. Moreover, funding reductions should be limited by a mechanism to guard against severe cuts, i.e. if there were a 10% drop in rough sleeping numbers, funding to address it could only drop by a maximum 5%.
- **Ensure that the local authorities are financially secure so that investment in homelessness can be maintained.** Local authorities are reporting a significant funding shortfall because of COVID-19 (even after the Government’s emergency funding has been considered).

It will take some time to understand how COVID-19 has affected incomes and local housing markets, but the interaction of these affects could see a massive increase in those households under threat of or becoming homeless. For example, when the ban on evictions is lifted, a bottle-neck of housing-related issues could be unleashed.

And, related to the previous recommendation, it is no good the Government maintaining its homelessness funding if local authorities have to switch from using their general funds that were invested in addressing homelessness to some other part of their services.

A difficult funding environment has meant that local authorities have already had to make difficult decisions about which services to maintain over the last ten years. They should not have to do so again. One specific option would be to apply an increase in Revenue Support Grant over the remaining years of the Parliament, enabling local authorities to have flexibility to manage their increased costs.

- **Ensure the welfare safety-net is sufficient to prevent homelessness.** A shortage of money to pay rent is a major contributing factor to homelessness numbers. Roughly a quarter of those owed a homelessness prevention or relief duty are owed the relevant duty because of an assured shorthold tenancy ending due to rent arrears. This figure is around 70% for those owed a homelessness prevention or relief duty because a social tenancy had ended.<sup>xxvi</sup> Indeed, there is a large body of evidence that points to reduced welfare payments as being a big contributing factor to increased homelessness cases. The Government should therefore:
  - ***Commit to keeping LHA rates at the 30<sup>th</sup> percentile of rents indefinitely (and be ready to increase it should the indicators of homelessness caseloads deteriorate).*** Numerous reports highlight how the difference between LHA rates and market rents have a negative impact on homelessness. This means that LHA rates are an important lever to reduce the risk of homelessness, and increases to it can be introduced quickly, providing almost immediate relief for struggling households. More generally, increasing the generosity of the LHA will help to meet the housing costs of private market properties that are used in housing-led initiatives to address rough sleeping.
  - ***Raise the level of the Benefit Cap to ensure that more families can be helped by the LHA increase.*** If the benefit cap results in homelessness for families, then the financial costs of temporary accommodation could be large. The Government should therefore ensure that the cap is not adding to the costs and incidence of homelessness.

- **Ensure that waits for Universal Credit payments do not compound homelessness problems.** The Government should remove the five-week wait for a first payment of Universal Credit for people moving from a recent position of rough sleeping into accommodation-based services of any kind, replacing it with a system of targeted grants.

## Where in England is investment necessary?

Better data on homelessness is critical to being able to calculate and allocate investment resources as effectively as possible, and subsequently to being able to improve the outcomes of the homelessness and rough sleeping system. The collection of homelessness data has changed in recent years, with an expansion of the information recorded under the Homelessness Case-Level Information Collection system (indeed, some of the datasets containing this information has been used in the analysis in this report). Despite it being the best data available, there are still some question marks over the quality of some homelessness and rough sleeping data.

The following recommendations would help to deliver better data and, therefore, better homelessness and rough sleeping outcomes:

- **Introduce CHAIN type recording systems in city regions outside of London.** An example of questionable accuracy in homelessness data comes from the ‘Everyone In’ initiative. Using a snapshot estimate conducted in April 2020, the Government claimed that 6,000 rough sleepers were on the streets at the start of the COVID-19 pandemic. Yet, the snapshot estimates collected as part of the 2019 rough sleeping snapshot count suggest that rough sleeping numbers were at 4,266. This is around a 40% discrepancy. Some of this discrepancy could be accounted for by the ebb and flow of rough sleepers on the streets on different nights, but this still serves to highlight that there are gaps in our knowledge about rough sleeping. The CHAIN database records much more comprehensive information about the rough sleeping population in London than the national statistics of MHCLG. For example, detailed data on the flow, stock and returnees to rough sleeping is recorded, as is the last settled home of individual rough sleepers. Undertaking this kind of exercise in city regions across the country would undoubtedly give these local authorities – and policymakers – greater insight into the rough sleeping population.<sup>xxvii</sup>
- **Improve local authority data on statutory homelessness.** As WPI Economics has recommended before, the 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. There is obviously a balance to be struck – local authorities, given the pressures that they are under, may struggle to commit further resource to the collection of more data, as highlighted in local authorities’ concerns about the adequacy of New Burdens funding to cover the additional cost of compliance with the Homelessness Reduction Act.

An example of new data sets relates to information on the provision of temporary accommodation. This research obtained some figures through FOI showing the differences between council areas of length of stay in temporary accommodation. Given the significant costs that temporary accommodation incurs and how it is an indicator of success or failure in terms of dealing with homelessness, there is a strong argument to say that statistics on lengths of stay in temporary accommodation should be collected and published.

More granular data would enable greater scrutiny of the return on investment that is achieved through the homelessness and rough sleeping system in different parts of the country.

There may be a case for ringfenced funding purely to support trials of new homelessness data collection.

## What types of investment should be funded?

As made clear in the previous chapter, each local area will have different priorities when it comes to the types of investment that they need to make to improve homelessness or rough sleeping outcomes. The below ideas then, represent two types of investment that are needed across the entire homelessness and rough sleeping system:

- **Introduce measures to increase and sustain housing and accommodation options for people experiencing homeless and rough sleeping.** A long-term increase in the supply of housing is needed to address homelessness and rough sleeping. In the short term, a better use of the existing stock of housing is required, giving councils more tools to address homelessness and rough sleeping.

The following ideas should be considering in this context:

- ***Give greater certainty to the Next Steps Accommodation Programme, specifically on the balance of capital and revenue funding.*** The Next Steps Accommodation Project offers capital funding for property costs and a “...long-term revenue stream to ensure people are supported in their new tenancies”. But there seems to be little explanation of why the balance of capital and revenue funding within the programme is right. For instance, the £105m allocated for short-term/interim accommodation and immediate support is only to be utilised in 2020/21 as revenue funding. There is an additional £31m allocated as revenue funding for 2020/21 as part of longer-term move-on accommodation allocation. Beyond this, there is no explanation of how the balance of capital and revenue funding will play out over future years.

If new housing assets are to be maintained for the long-term, adequate revenue funding is required. In the experience of the Salvation Army, support contracts attached to long-term housing tend to start out at the right level but decrease as time goes on. Experienced support providers can provide good results. Just 4% of the 5,958 those helped by the Salvation Army’s support services in England were recorded as having returned to a position of rough sleeping in 2019. But these services have to exist and be funded at the right level in the first place.

The below recommendations are also relevant to the sustainment and potential expansion of the Next Steps Accommodation Project over the course of the current Parliament and beyond. Given the issues of housing suitability and affordability faced by people with experience of rough sleeping, these recommendations should be seen as having a particular focus on the creation and acquisition of one-bedroom properties, which can be let at below market rates.

- ***Incentivise councils to bring empty homes back into use for rough sleepers.*** The Empty Homes Programme – that ended in 2015 – was aimed at bringing empty homes back into use (with funding made available to councils, housebuilders and developers, affordable housing providers and local community groups). The Clusters of Empty Homes Programme was intended to tackle concentrations of poor-quality empty

homes in areas of low housing demand (the scheme also ended in 2015). More generous provision of the New Homes Bonus is still attached to bringing empty homes back into use. This recommendation would specifically focus on bringing empty homes back into use for rough sleepers, providing funding for repair and maintenance, but also ongoing support costs.

- **Consider how new construction techniques can be more widely applied to providing housing options for homeless households and rough sleepers.** The use of innovative materials, precision manufacturing techniques and digital working – often included in the term Modern Methods of Construction (MMC) – should be part of the response to increasing the supply of housing options for rough sleepers (and homeless households more generally). As noted by the Communities and Local Government Select Committee:<sup>xxviii</sup>

*“Social housing is particularly well suited to MMC because it often includes large numbers of similar homes which reduces unit costs and provides certainty of demand to the supply chain”.*

- **Give councils first refusal to buy local properties that have been repossessed.** 4,510 mortgaged properties were repossessed in England in 2019. However, the economic impact of COVID-19 is likely to mean these numbers increasing in the coming years (mortgage repossessions rose to an annual figure of 33,302 during the financial crisis in 2008, having risen from a figure of 6,748 in 2004).<sup>xxix</sup>

Every effort should be made to keep people in their homes under threat of repossession. But once the courts have decided that a repossession should take place, it means that an additional property becomes available for councils to add to their stock. Indeed, there have been reports of councils recently making increased moves into the private purchase of housing.<sup>xxx</sup>

Mortgage lenders are required by law to notify local housing authorities when repossession proceedings on a mortgaged property within their area have begun. The local authority is then encouraged to engage with the affected household to understand if the repossession may result in homelessness.<sup>xxxi</sup> In short, repossessions already involve a relationship between mortgage lender and council.

Mortgage lenders that take possession of a property should be encouraged to work with councils to see if a mutually beneficial sale can be brokered in the first instance. If it cannot – for example, if a price cannot be agreed or if the council is not interested – then the usual process of the landlord selling the private property on the private market will apply. Making this process a statutory requirement could also be an option, as could making it part of the Next Steps Accommodation Project.

To broaden the scope of this type of intervention, landlord repossessions could also be included. For example, if a landlord decides they want to sell up after evicting a tenant then the council should get first refusal.

Moreover, newly acquired council stock via repossession could be exempt from Right to Buy, ensuring that there is a better financial incentive for councils to take ownership of repossessed properties. If the Government wants to pursue housing-led approaches to rough sleeping, including any expansion of Housing First in England, then a steady, long-term supply of properties to support this is required.

- **Address the restrictions for those with No Recourse to Public Funds (NRPF).** The Government has pledged to end rough sleeping by the end of this Parliament. However, the legal limits on the housing, social security and related support available to people, depending on their immigration status or nationality, means this is an impossible task. For many people sleeping rough, there is simply no security net and no way to secure long-term homes. An immediate and long-term solution must be found.
  - ***The Government must take immediate action to temporarily remove restrictions on recourse to Universal Credit and Housing Benefit for all rough sleepers.*** This will allow for emergency accommodation to temporarily be funded by the welfare system, freeing up the resources of local authorities. This will ensure that people are kept safely off the streets and will provide some time to stabilise their lives. Without this, we risk many people returning to the streets when emergency protections end. Moreover, as the effect of COVID-19 continues to be felt on the job market, more EEA nationals and people with an immigration status with NRPF are in danger of losing their jobs: we risk yet more people becoming street homeless without a safety net to support them.
  - ***To prevent as many people as possible from being forced to sleep rough in the long term, the Government should also help to support people to regularise their immigration status through the relevant legal means.*** The Government should support EEA nationals to engage with the EU Settlement Scheme and support those from outside the EEA to gain access to the necessary legal counsel. Only when everyone is secure and supported can we protect people from rough sleeping.
- **Give certainty to the funding of employment programmes that help those with experience of homelessness and rough sleeping.** Employment is crucial to providing future financial independence for homeless households and rough sleepers. But helping people who may have been out of work for long periods, or who may never have held a job, into employment requires clear planning and funding. For example, The Salvation Army's Employment Plus service is funded in part by the European Social Fund (ESF). Crucially, this funding is often used to support people who are unable to access the kinds of mainstream employment programmes administered by the Department for Work and Pensions and local jobcentres. Following Brexit, the Government has pledged to replace this funding with a new programme called the UK Shared Prosperity Fund (UKSPF), with £500m of this fund dedicated to helping disadvantaged people with skills development. However, as of yet, there is no further detail as to what the UKSPF will look like or how it will operate. Given the labour market impact of COVID-19, employment programmes focusing on those furthest from the labour market are likely to be more important than ever if we are to prevent people with experience of homelessness and rough sleeping from being pushed even further towards the back of the queue for education, training, and employment opportunities. To prevent this from happening, the Government must ensure that the design of the UKSPF clearly accounts for the needs of people with experience of homelessness and rough sleeping and that they are able to access relevant opportunities through clear pathways.

The above recommendations represent a package of measures that will improve homelessness and rough sleeping outcomes. They also represent a package of measures that will ensure the mistakes of the 2010s are not repeated. In short, they will future-proof the homelessness and rough sleeping system, to the benefit of our economy and society.



## Annex I – Data sources and approach to data analysis

The analysis on statutory homelessness duties uses data taken from the MHCLG’s “Live Tables on Homelessness” series, which can be found at the following web address: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

The overall 2019 figures on some metrics of homelessness are arrived at by summing the data from the four quarterly homelessness statistics releases across the year. MHCLG has confirmed that this is a valid methodology, noting that there is a small chance that a single household could be included more than once in the overall data.

The only data set where summing four quarters is not valid is that recording figures on Temporary Accommodation, which are snapshot statistics, rather than flow.

In some instances, local authorities fail to record figures for homelessness duties within a quarterly period. Where this is the case, they have been excluded from the calculations. Hence, there are differences in the number of councils used in each piece of analysis. However, in each piece of analysis where councils were excluded, there were only a handful of examples, therefore not materially reducing the sample size.

The statistics on vacant dwellings are taken from MHCLG’s live data tables, which can be found in the at the following web address: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants>

To calculate the figures for how many more households could be prevented from homelessness or relieved from homelessness across combined authorities in 2019, the following method was used:

- Add up total preventions cases within a combined authority area and subtract from this the number of cases whereby contact was lost, application was withdrawn, 56 days elapsed with no further action or the applicant was no longer eligible, or the “not known” category. The purpose of this was the assumption that councils could not realistically secure these cases accommodation.
- Calculate the proportion of those remaining prevention cases that were found secure accommodation, with the residual being those that went onto relief duty
- Model the results if the bottom performing combined authorities at securing accommodation were to perform at the levels of the top performing combined authorities, which provides the overall number.

The same approach was taken for the analysis of relief duties.

Where rural and urban splits were used, local authorities were categorised according to their official urban / rural categorisation. Details of which can be found here: <https://www.gov.uk/government/collections/rural-urban-classification#:~:text=Contents&text=The%20Rural%20Urban%20Classification%20is,be%20used%20f or%20statistical%20analysis.>



## Endnotes

- <sup>i</sup> St Mungo's, Home for Good, <https://www.mungos.org/publication/local-authority-spending-on-homelessness-full-report/>
- <sup>ii</sup> MHCLG, February 2020, Rough Sleeping Snapshot, <https://www.gov.uk/government/statistics/rough-sleeping-snapshot-in-england-autumn-2019>
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