

St Mungo's Home for Good campaign briefing: fixing funding for homelessness services

April 2019

THE HOME FOR GOOD CAMPAIGN

Everyone deserves a home for good. Our **Home for Good campaign** is calling on the Government to:

- increase the number of social homes available to people with a history of rough sleeping;
- improve the private rented sector to better suit the needs of people with a history of rough sleeping;
- set up a new programme to provide guaranteed, long term funding for homelessness services.

In this briefing we focus on the third of these priorities. We draw on new research¹ carried out by WPI Economics for St Mungo's and Homeless Link to describe how funding for homelessness services has changed in recent years and set out what needs to be done to fix funding for homelessness services for the future.




SUMMARY

New research from St Mungo's and Homeless Link shows that cuts to local authority funding have shrunk spending on homelessness services by 27% between 2008/9 and 2017/18. This has meant a cut of £590 million a year on average.

For single homeless people,² the cut is even worse, with a 53% fall in spending in the same period. This is the result of cuts to 'Supporting People' services, which are often about helping people to avoid and escape homelessness. In 2017/18 nearly £1 billion less was spent on Supporting People services compared to 2008/9.

At the same time rough sleeping has risen by 165% since 2010.³



In 2017/18 almost **£1 billion less** was spent on single homelessness services compared to ten years ago.

¹ WPI Economics (2019) *Local authority spending on homelessness. Understanding recent trends and their impact* <https://www.mungos.org/wp-content/uploads/2019/04/Local-authority-spending-on-homelessness.pdf>

² Single people and couples without dependent children are the least likely to meet the 'priority need' criteria for housing set out in homelessness legislation, and so we use the term 'single homeless people' to describe those without this legal right to housing.

³ Ministry of Housing, Communities and Local Government (MHCLG) *Rough sleeping in England: autumn 2018* <https://www.gov.uk/government/statistics/rough-sleeping-in-england-autumn-2018>

Rough sleeping is not inevitable. By 2010, 20 years of government action meant the end of rough sleeping was in sight. But since then spiralling housing costs, increasing insecurity for private renters and cuts to services that prevent homelessness have seen rough sleeping more than double. And more people are returning to the streets than ever before.

Recent government funding for homelessness is welcome but doesn't come close to replacing the £590 million lost per year since 2008/9.

It doesn't have to be this way. Government action can prevent homelessness and end rough sleeping.

We urge the Government to use the 2019 Spending Review to invest an extra £1 billion a

year for homelessness services through a ring fenced grant to local authorities.

Alongside this, the Government should also use the Spending Review to:

- ➔ deliver a plan and investment for building 90,000 new homes for social rent every year for 15 years;⁴
- ➔ bring Local Housing Allowance back into line with at least the bottom 30% of local rents.

If these measures aren't included in the 2019 Spending Review, the Government is likely to miss its target of halving rough sleeping by 2022 and ending it altogether by 2027.

WHAT DOES THE RESEARCH SAY?

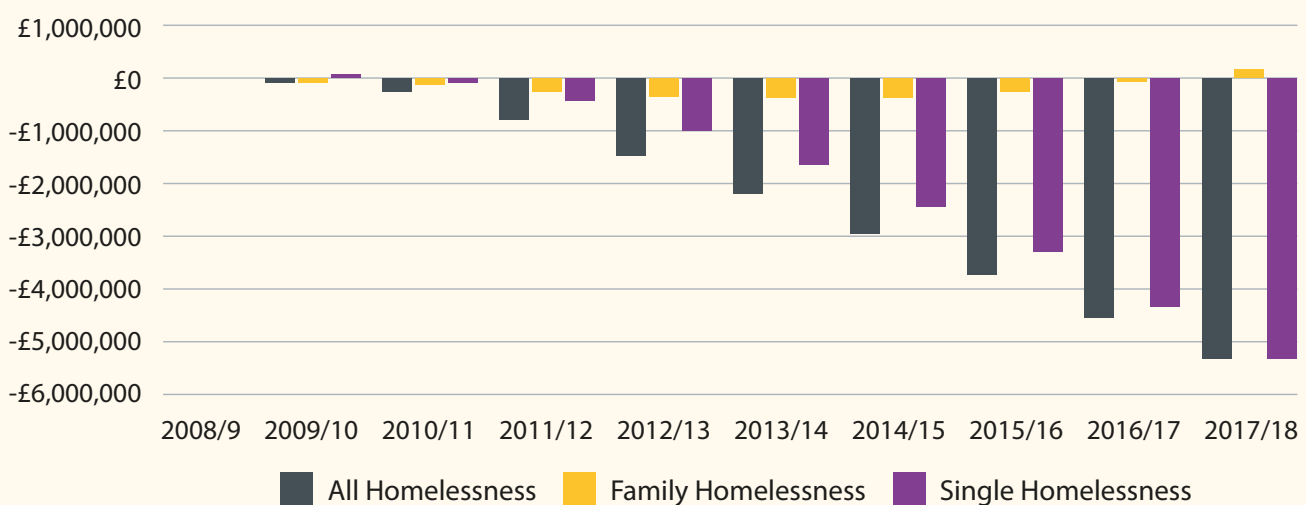
Councils have a vital role to play in preventing and reducing homelessness and rough sleeping. However, overall government funding for local authorities has **fallen by half** since 2010/11, reducing their ability to tackle homelessness.⁵ Our new research shows the impact of these cuts on services that prevent and tackle homelessness for the first time.

Council **spending on homelessness has shrunk** from £2.8 billion a year in 2008/09 to just over £2 billion in 2017/18, **a fall of 27%**. This equates to **a cut of around £590 million a year** on average since 2008/9.

However, this total figure masks the wide variation in spending on different groups. While spending on homeless families has risen as a result of the legal duty councils have to house the growing number of homeless households with children, spending on single homeless households has fallen dramatically.

Overall, **more than £5 billion less has been spent on services** for single homeless people over the past nine years than would have been spent had funding continued at 2008-9 levels.

Cumulative change in expenditure since 2008/9, 2017/18 prices (000s)



⁴ Research by Heriot-Watt University on behalf of Crisis and the National Housing Federation found 90,000 new homes for social rent are needed every year for 15 years to meet the current and future housing need in England, <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/housing-models-and-access/housing-supply-requirements-across-great-britain-2018/>

⁵ National Audit Office (NAO) (2018) Financial sustainability of local authorities 2018 <https://www.nao.org.uk/wp-content/uploads/2018/03/Financial-sustainability-of-local-authorities-2018.pdf>

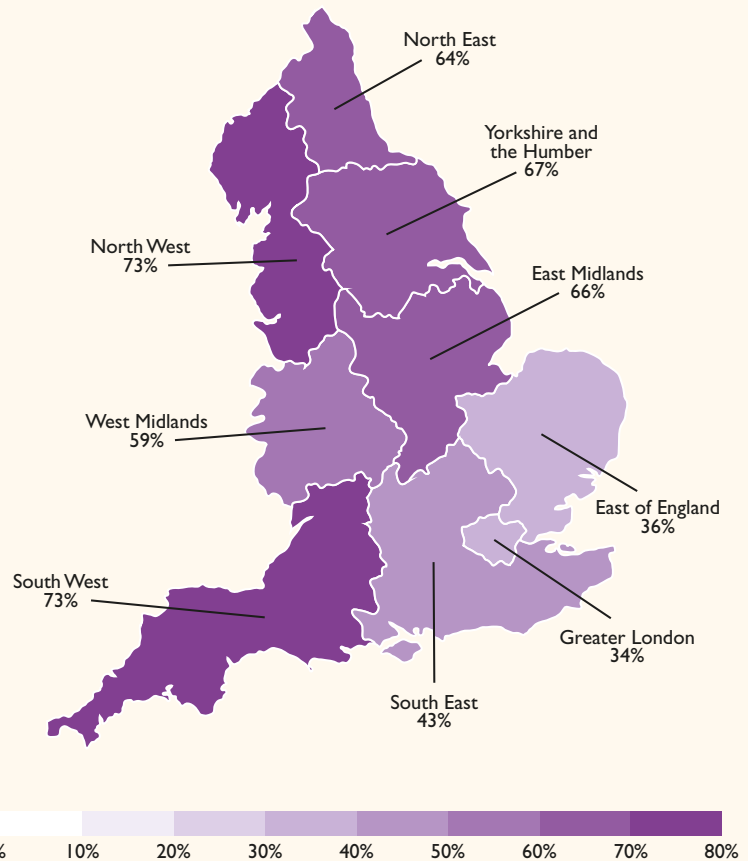
Spending on single homeless households has fallen by over half

Single people and couples without children are least likely to have a legal right to be housed by their council and so are most likely to end up on the streets. Support for this group is crucial, to help them find and keep accommodation, and to cope if they have problems that put them at greater risk of homelessness such as poor mental health, substance use and domestic abuse.

But our research shows spending on support for single homeless households has **fallen by 53%** since 2008/9 and by at least a third in every one of the English regions. This is the result of a reduction in spending on what is known as 'Supporting People' services. In 2017/18, **nearly £1 billion less was spent** on Supporting People services compared to 2008/9.

During this period, homelessness in England has risen, with **rough sleeping up by 165%** since 2010.

Percentage cut in spending on single homelessness services between 2008/9 and 2017/18, in 2017/18 prices



Source: WPI Economics analysis of MHCLG data⁶

THE SUPPORTING PEOPLE PROGRAMME

Supporting People was a government programme launched in 2003 to fund services for people who would otherwise struggle to cope to live independently, including supported housing. Supporting People brought together several existing streams of funding and was ring-fenced until 2009. Evidence proves that these services, also known as housing-related support services, work when it comes to helping people avoid and escape homelessness. The programme generated net savings of £3.4 billion per year against an overall investment of £1.61 billion.⁷ Although the Supporting People programme no longer exists, data on local authority spending still contains a line on Supporting People services. We used this to calculate the spending cuts.

NEW FUNDING INITIATIVES DON'T COMPENSATE FOR THESE CUTS

In 2017 the Prime Minister responded to rapidly rising rough sleeping and made a commitment that the Government would halve the number of people sleeping on the streets by 2022 and end rough sleeping altogether by 2027.

Since then ministers have announced additional funding to help local authorities tackle homelessness and rough sleeping. While valuable, this new funding falls far short of the annual reduction in spending identified by our research.

⁶ MHCLG (various). Local authority revenue expenditure and financing. Available here: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing>

⁷ Capgemini (2009) *Research into the financial benefits of the Supporting People Programme* https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/16136/1274439.pdf

RECENT GOVERNMENT FUNDING ANNOUNCEMENTS RELATING TO HOMELESSNESS

- Rough Sleeping Grant: £10m for 2016/17 to 2018/19
- Homelessness Prevention Trailblazers: £20m for 2016/17 to 2018/19
- Social Impact Bonds: £10m for 2017/18 to 2020/21
- Rough Sleeping Initiative Fund: £30m in 2018/19, and £46m in 2019/20
- New burdens funding for the Homelessness Reduction Act: £72.7m for 2017/18 to 2019/20

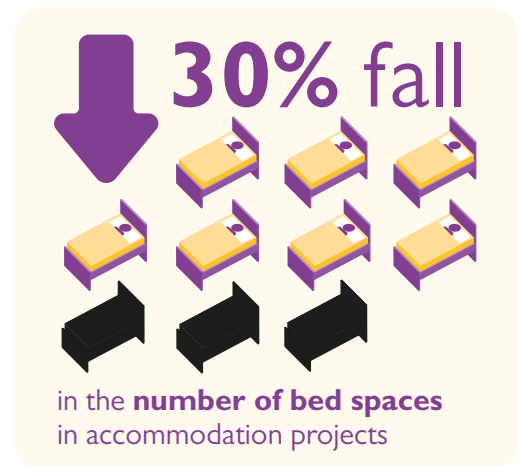
The Government's Rough Sleeping Strategy, published in August 2018, was also 'backed by an additional £100 million'. However, it is not clear how much of this £100 million is accounted for by the initiatives above, nor how much will be delivered to local authorities.

WHAT IS THE IMPACT OF THESE CUTS?

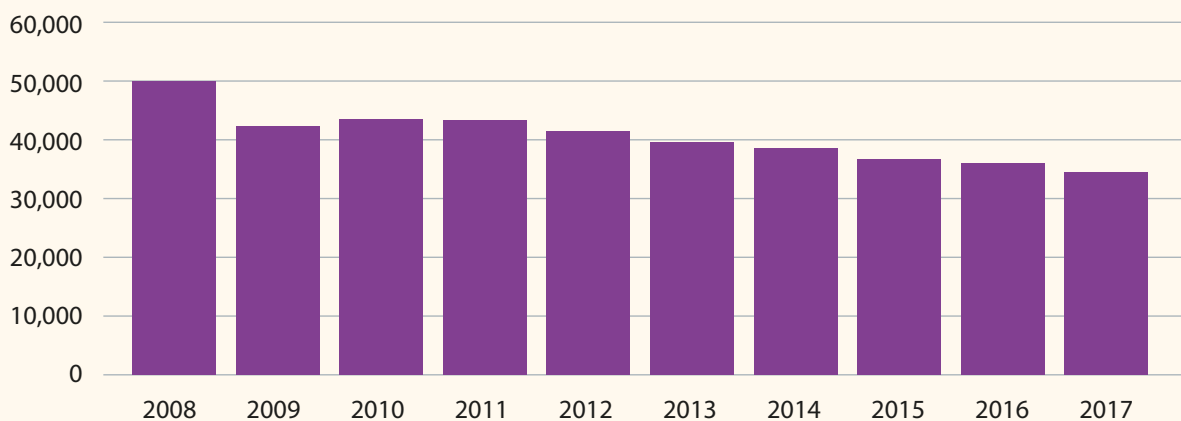
Our research asked local authorities and homelessness service providers about the impact of these cuts.

Reduction in service provision

The most direct impact has been a reduction in homelessness services. Homeless Link data shows a **30% fall in the number of bed spaces** in accommodation projects, including hostels, from an estimated 50,000 in 2008 to 35,000 in 2017.⁸ **Only 7% of projects were women-only** in 2017, **down from 13% in 2013.**



Number of bed spaces in accommodation projects in England



Floating support services, which offer practical and emotional support to help people sustain their tenancy, have also been lost. Previous research by St Mungo's found **the total number of floating support services fell by 31%** between 2013/14 and 2017/18 in the areas with the highest levels of rough sleeping in England.⁹ Some Housing First services, providing a stable home and intensive support to people with complex needs, have been introduced in recent years. However, these services are **far too small in scale** to make up for the number of bed spaces lost.¹⁰

⁸ Homeless Link (2018) *Support for single homeless people in England: Annual review*
https://www.homeless.org.uk/sites/default/files/site-attachments/Annual%20Review%202017_0.pdf

⁹ St Mungo's (2018) *Home for Good: the role of floating support in ending rough sleeping*
<https://www.mungos.org/publication/home-for-good-the-role-of-floating-support-in-ending-rough-sleeping/>

¹⁰ University of York (2015) *Housing First in England. An evaluation of nine services*
<https://www.mungos.org/wp-content/uploads/2017/07/National-Housing-First-Evaluation-1.pdf?x74044>

Homelessness prevention is less of a priority

There has also been a reduction in services that prevent homelessness and support people before they reach crisis point, for example family mediation and tenancy sustainment. Consequently, there has been an increase in complex needs among people accessing services. When local authority and health budgets don't stretch to prevention and early intervention, it is inevitable people will only be able to access help when they reach crisis point and their problems are much more serious. For some, this means being forced to sleep rough.

CASE STUDY:

Gareth Mercer, Service Manager, Bristol Rough Sleeping Services

I have worked in homelessness services since 2002, starting out in a project for young people in Lancashire and then working in hostel and outreach¹¹ roles across London and Bristol.

All the local authorities I've worked with really want to help with rough sleeping and have done their best to protect services, but the cuts to their budgets are really having an impact.

Floating support services that help people keep their accommodation now have fewer workers with bigger caseloads, and we're seeing more people returning to the streets as a result. We've also lost the support for employment and skills that used to be provided in hostels - many clients now have to seek that out elsewhere, rather than accessing it where they live. And in the council's housing and social care teams there's only enough resource to respond to crises, rather than prevent them. As a result a lot more people are ending up on the streets and with higher support needs for things like mental health.

Also when I started out in outreach we could get people off the streets and into accommodation fairly quickly by referring them to hostels across different



local authorities. But over the last few years hostels have closed and local authorities have stopped accepting people from other areas.

The impact of all this on clients is serious. People end up being on the streets for much longer, which is very damaging and makes it harder to get them back inside. What's more, they assume that they won't get the right support – that anything they get will just be something short term, then they'll be out again. They're getting used to living on the streets for longer and are adapting to it. I worry that some of the people we see on the streets at the moment will die out there, or still be there in a decade's time because they've got so used to a life of sleeping rough – but it's not really living.

Uncertainty for homelessness services and the people they support

The combined effect of increased demand for homelessness services and reduced funding for local authorities has made it difficult for councils to guarantee the future of many homelessness services. Without stable funding, councils are relying more on short term pots of money that they have to bid for from central government. This adds to the uncertainty and diverts resources from effective commissioning, delivery and oversight of services.

This uncertainty has a big impact on people experiencing homelessness who risk losing services and relationships they rely on for vital support. It also has an impact on what can realistically be achieved given the time it takes to set up a service and then work with some of the most vulnerable people in society to help them rebuild their lives.

¹¹ Outreach teams go out at night and in the early morning, looking for people who are sleeping rough. They seek to build trusting relationships with the people they find and support them off the streets and in to accommodation.

WHAT'S THE SOLUTION?

The 2019 Spending Review is an important opportunity to turn the tide on rising homelessness and rough sleeping. As well as implementing the other recommendations of the **Home for Good campaign** the Government must use this opportunity to guarantee long term funding for homelessness services by ensuring:

Sufficient funding: Invest an extra £1 billion a year on preventing homelessness and ending rough sleeping

More funding is needed to enable local authorities to meet the immediate demand for homelessness services, including supporting more people off the streets. Funding should also be sufficient to plan and deliver services that work to prevent homelessness by supporting people to stay in their homes.

We recommend funding is restored to the levels invested in homelessness services before the financial crash and enough funding is provided in the future. This means spending an extra £1 billion in each year of the next Spending Review period and beyond if needed.

Analysis by other organisations supports this. Modelling by PwC on behalf of Crisis found that the cost of interventions required to help end homelessness would be £9.9 billion between 2018 and 2027. This would deliver benefits worth £26.4 billion.¹³

Certain and sustainable funding: Additional funding should be part of the overall financial settlement for local authorities

The Government has been clear that local authorities are important partners in achieving their goals of preventing homelessness and ending rough sleeping. The Rough Sleeping Strategy and recent Ministry of Housing, Communities and Local Government (MHCLG) consultation on 'tackling homelessness together' state that local strategies and structures should ensure homelessness services are planned according to need, outcomes are monitored effectively and accountability is clear. Local authorities can only do this effectively and efficiently if they have certain and sustainable funding.

There is a role for short term funding to support innovation, but the current reliance on providing

new funding through short term initiatives is causing problems, including disruption to services and service users, and prohibits a more strategic approach. The Government should move away from small pots of short term funding and instead ensure that funding for homelessness services is a reliable part of the overall financial settlement for local authorities.

Targeted funding: Ring-fence the funding to ensure it is spent on preventing homelessness and ending rough sleeping

Given the wider pressure on local authority budgets, there must be a mechanism for ensuring additional funding is targeted at activity to prevent and reduce homelessness. Without this, the money will be spent on other priorities. We believe it should be ring-fenced for homelessness and housing-related support services to ensure everyone who is homeless, or threatened with homelessness has a tailored package of support that will help them end their homelessness for good.

Services should:

- help people to find accommodation, including street outreach services for people sleeping rough;
- help people to keep their accommodation, including supported housing, floating support and Housing First;
- be able to address all of the support needs of people who are homeless and should include substance use and mental health workers who can establish effective pathways into clinically-led services;
- also include women-only services, and psychologically informed environments that offer effective support for those whose homelessness is rooted in repeated traumatic experiences, including violence and abuse.

¹³ PwC (2018) *Assessing the costs and benefits of Crisis' plan to end homelessness (2018)*

<https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/cost-of-homelessness/assessing-the-costs-and-benefits-of-crisis-plan-to-end-homelessness-2018/>

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Rebuilding lives