

## Social Policies and Distributional Outcomes

in a Changing Britain

### SPDO Research Summary 9

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# The Ruling Parties' Record on Homelessness and Complex Needs (May 2015 to pre-COVID 2020)

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*England, Scotland and Wales have followed distinctive policy paths on homelessness in the post-devolution period, generating divergent spending and outcomes profiles. We found that:*

- Manifestos are a poor guide to what Governments actually do on homelessness once in office, with interventions often extending beyond election promises in reaction to rising levels of rough sleeping in particular.
- In England, post-2010 Westminster Governments implemented a combination of deep social security cuts and a hand-off 'Localism' policy that left local authorities struggling to cope with a growing homelessness problem.
- From 2017 onwards, the Conservative Government attempted to take a renewed grip of the issue, supporting rough sleeping interventions and new prevention-focused legislation, with early positive impacts.
- Specialist homelessness funding pots in England come nowhere near compensating for massive reductions in core local government budgets over the period.
- Wales has recently distanced itself from the English approach, protecting revenue funding for homelessness services and strengthening its homelessness legislation. Key tenets of this (successful) Welsh legislation were adopted by England in 2017.
- Scotland, uniquely, extended rehousing entitlements to single homeless people in the post-devolution period. National policy now focuses on the 'rapid rehousing' of homeless people and 'Housing First' provision for those with complex support needs.
- Across the UK, a substantial minority of single homeless adults have complex support needs, associated with substance misuse and offending. These issues are, like homelessness itself, systematically related to poverty.
- Alongside poverty and changes in social security entitlements, the key systemic driver of homelessness is shortfalls in affordable housing supply.
- Nonetheless, targeted homelessness reduction policies can have dramatic (positive) impacts, most recently witnessed in the success of the early COVID-19 response to those at risk of rough sleeping.

## **What were the Ruling Parties' aims and goals?**

We have election manifestos from three different ruling political parties, across three different jurisdictions, to take into consideration in understanding political goals on homelessness since 2015.

### ***England – the Conservatives' aims and goals***

The 2015 Conservative Manifesto had little to say on homelessness, remarking only that the party would look to scale up a specialist financing initiative ('social impact bonds' (SIBs)) in this and other social policy areas. However, the 2017 Conservative Manifesto contained ambitious new policy goals with respect to rough sleeping: to halve it by 2022 and eliminate it altogether by 2027. The 2017 Manifesto also noted the party's commitment to 'full implementation' of The Homelessness Reduction Act, passed shortly before the 2017 snap election, and to piloting the innovative 'Housing First' approach for homeless people with complex support needs. The 2019 Conservative Manifesto effectively reaffirmed these 2017 commitments, albeit that its promise to '*end the blight of rough sleeping by the end of the next Parliament*' indicated that the 2027 deadline had been brought forward to 2024 (COVID-19 has subsequently intervened in dramatic fashion, see below).

### ***Wales – Labour's aims and goals***

The Labour Party Manifesto for the National Assembly for Wales elections in 2016 confined itself to making only an obscure link between tackling youth homelessness and using 'every opportunity' to bring empty homes back into use.

### ***Scotland– the Scottish National Party's aims and goals***

The SNP Manifesto for the Scottish Parliamentary elections in 2016 ostensibly devoted a substantial section to homelessness. However, much that was included under the rubric of 'homelessness' in fact related to older and disabled people's housing, and general dispute resolution between landlords and tenants. The only commitments that were genuinely homelessness-specific pertained to temporary accommodation, and specifically to capping the length of time that homeless families with children and pregnant women could stay in B&B hotels. A further commitment, to restore Housing Benefit for 18-21year olds, was rendered redundant by the UK Government's U-turn on this policy.

## **What did they do?**

The modesty, even lameness, of most election commitments on homelessness since 2015, with the exception of targets on rough sleeping in the 2017 Conservative Manifesto, contrasts sharply with the reality of some really quite dramatic homelessness policy shifts in all three GB jurisdictions in the period in question.

In other words, GB Governments generally did *more* rather than *less* on homelessness than they promised at elections since 2015. This likely indicates the relatively low political salience of homelessness as a vote winner (or loser), certainly at national level. It also reflects the predominantly reactive rather than proactive nature of policy making in this area, with Governments generally prodded into action by ballooning numbers of street homeless people in particular.

We summarise below what ruling parties actually did on homelessness once they assumed power.

### ***England – the Conservatives’ policies***

The last Labour administration bequeathed a largely positive legacy on homelessness to the incoming Coalition Government in 2010, including major reductions in both rough sleeping and statutory homelessness. Immediately on coming to power, the 2010 Government abandoned this national policy focus on homelessness, instead committing to a ‘Localist’ stance, legislated for in the Localism Act 2011, that signalled the retreat of central government from this policy space to allow local authorities, charities and faith groups to play a bigger role. Effectively, this meant that there were no national policy objectives or strategic direction on homelessness between 2010 and 2015.

David Cameron’s majority Conservative Government, elected in 2015, continued the Coalition’s hands-off Localist stance, investing only in small-scale, highly targeted homelessness initiatives (such as rough sleeping ‘SIBs’). However, in 2017, the Theresa May-led Conservative administration, stung by official criticisms of its “*light touch*” approach to the growing homelessness crisis, reinstated a proactive central government role in tackling the problem.

First, it supported the passage of The Homelessness Reduction Act 2017 (HRA 2017), which started life as a Private Members Bill, coming into force in April 2018, with ‘new burdens’ funding of £72.7million. The HRA 2017 introduced a range of local authority prevention and relief duties owed to *all* eligible households which are homeless or at risk, regardless of ‘priority need’ status (the criterion which has traditionally excluded single people from material assistance under the homelessness legislation). As the HRA took its main inspiration from earlier prevention-focussed legislation passed in Wales (see below), it is a key example of policy mobility in the post 2015 period. While an official evaluation of HRA 2017 is ongoing, early feedback from local authorities emphasised the positive ‘culture’ change it had brought about, especially with regard to the treatment of single homeless people.

Second, and speaking directly to the policy goals set out in the 2017 Manifesto, the May Government published a national Rough Sleeping Strategy (RSS) in 2018, which was backed by new funding of £76million. Amongst other things, the RSS foregrounded the Government’s existing commitment to three major ‘Housing First’ pilots. A Rough Sleeping Initiative (RSI), linked to the RSS, funded a range of practical interventions including “Somewhere Safe to Stay” pilots, intended to rapidly assess the needs of people who are sleeping rough or at risk, and “Navigators”, employed to help coordinate access to local services for people who sleep rough. “Supported Lettings” and “Local Lettings” schemes targeted on people at risk of sleeping rough were also funded. An internal evaluation of the RSI has claimed success, in that a (modest) drop in rough sleeping numbers at national level (2%) between 2017 and 2018 was disproportionately high (19%) in those areas which have received RSI funding.

### ***Wales – Labour’s policies***

The 1999 devolution settlement gave limited legislative powers to Wales, and for more than a decade thereafter both homelessness law and policy continued to closely followed that in England. However, in recent years there has been considerable independent policy activity on homelessness in Wales. The two most significant developments in the post-2015 period are summarised below, neither of which, interestingly, were mentioned in the 2016 Labour Manifesto for the National Assembly for Wales.

First, making early use of enhanced devolutionary powers, Part 2 of the Housing (Wales) Act 2014 (HWA 2014), which came into force in April 2015, implemented a radical overhaul of Welsh homelessness legislation. This new legislation introduced an emphasis on earlier intervention and pro-active assistance for households who are ‘threatened with homelessness’, as well as homelessness ‘relief’ duties, that applied regardless of ‘priority need’. An independent evaluation found an “*overwhelming consensus*” that this new statutory homelessness framework ushered in a more preventative, person-centred and outcome-focused approach on the part of Welsh local authorities.

Second, in summer 2019, the Welsh Government set up an independent Homelessness Action Group with a remit to ‘end homelessness in Wales’. This Group made a series of recommendations on both immediate and longer-term actions to address rough sleeping, such as increased assertive outreach services, improved access to support services, and expanded access to emergency accommodation. Future reports will focus on the delivery of ‘rapid and permanent rehousing’ and ‘joined-up local partnerships’ to prevent, tackle and end homelessness in Wales.

### ***Scotland – the SNP’s policies***

Homelessness policy and law in Scotland has diverged significantly from that in the rest of the UK throughout the post-devolution period, most notably in extending statutory rehousing entitlements to single homeless people.

The Scottish Government tightened regulations on the use of B&B for homeless families, as promised in their 2016 Manifesto, extending the same protection to homeless single people very recently. Much more significant than these rather narrow commitments, though, was the announcement in the September 2017 Programme for Government of “*a clear national objective to eradicate rough sleeping in Scotland and transform the use of temporary accommodation*”. A short-life Homelessness and Rough Sleeping Action Group (HARSAG) was subsequently appointed by the First Minister, alongside the announcement of additional homelessness expenditure of £50million over the following five years.

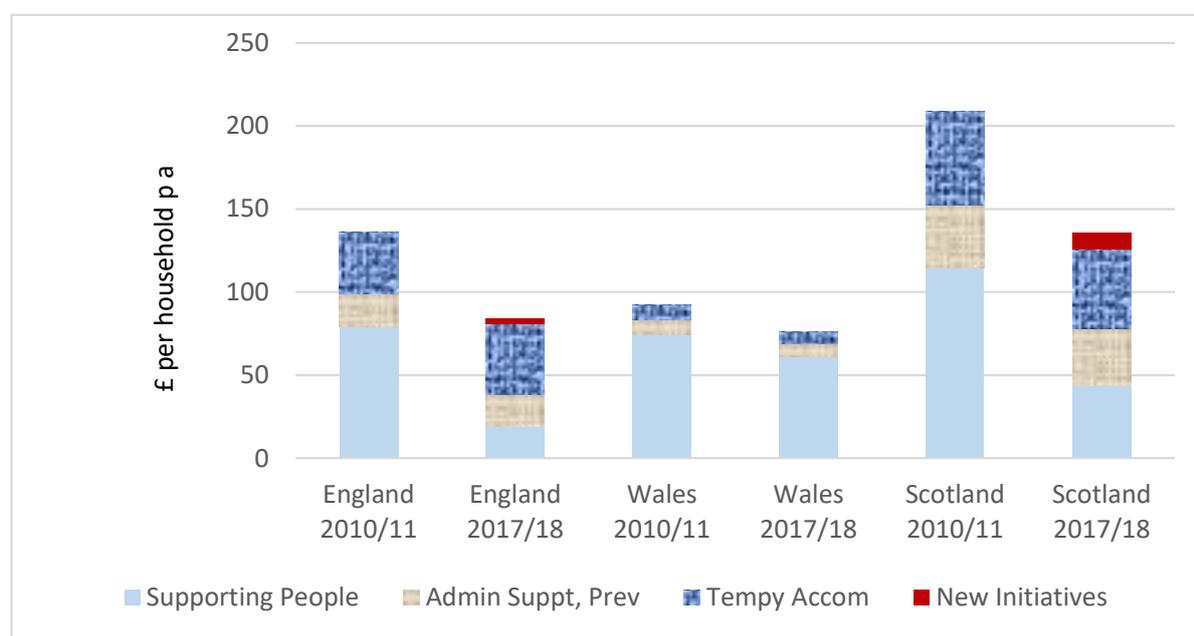
HARSAG published four reports over the course of 9 months, containing 70 recommendations. All of these were accepted in principle by the Scottish Government, and captured in some shape or form in its *Ending Homelessness Together Action Plan*, published in November 2018. Key mechanisms for the implementation of the HARSAG recommendations include local authority five-year ‘Rapid Rehousing Transition Plans’, and a national Housing First Scotland pathfinder programme focused on the five Scottish cities. A new prevention duty was also recommended by HARSAG, along the lines of the revised legislation

already introduced in England and Wales, and is being pursued via an independent review group.

### How much did they spend?

It is not straightforward to get precise expenditure numbers for homelessness-related services across the three GB countries. However, the spending categories which can be reasonably attributed to homelessness are shown in Figure 1. Across GB, expenditure on these items totalled about £2.4bn in 2017/2018. As Figure 1 makes clear, overall current expenditure has fallen in all three jurisdictions over the period considered, although the fall was more muted in Wales (18%) compared with the drop of 38% in England and 35% in Scotland.

**Figure 1 Current Homelessness Related Spending per Household in each Nation by Component, 2010/11 & 2017/18 @ 2017 prices**



Sources: Authors' calculations based on: CIPFA Financial & General Statistics Budget Estimates (annual); Welsh Government Local Government Finance Budgeted Revenue Expenditure by service detail (annual); Scottish Government Local Government Financial Statistics Non-HRA Housing Detail (annual); Thunder & Rose (2019); ONS Census 2011 and modelled household estimates from Bramley (2019).

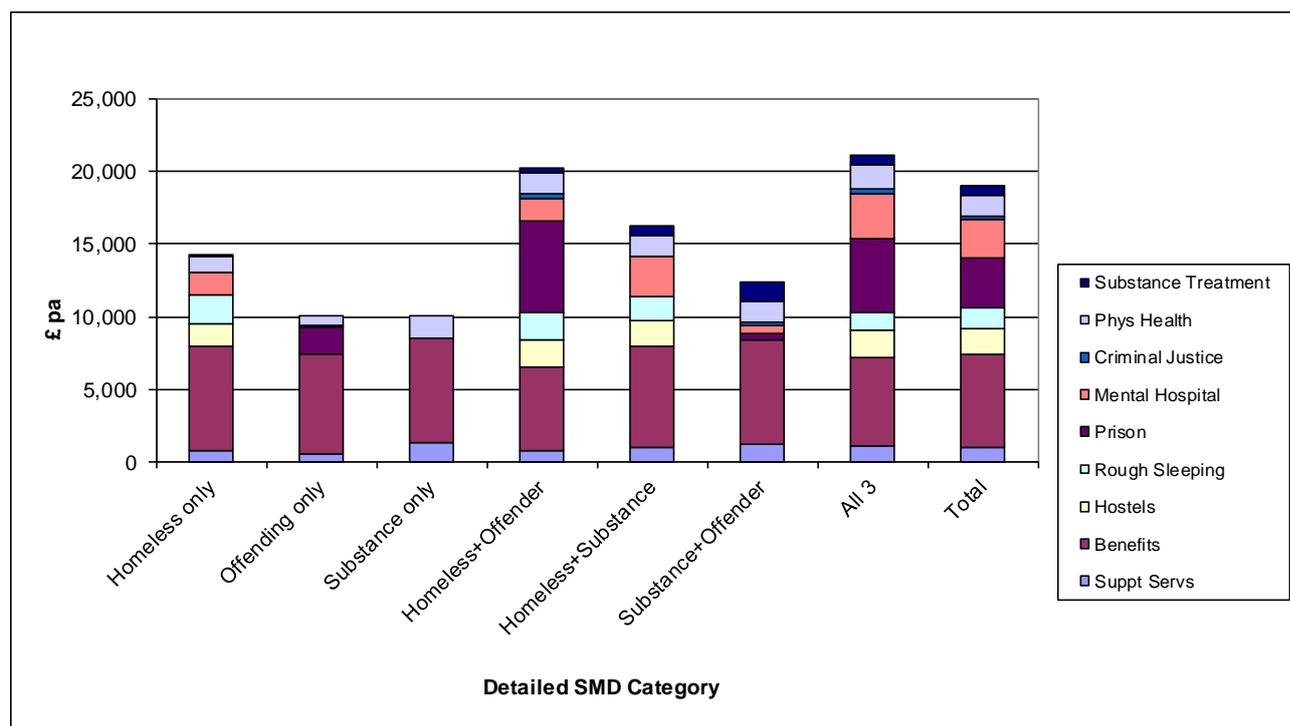
The composition of the spending has also changed, again differentially across the three GB countries. Particularly critical here is the Supporting People (SP) funding stream, introduced, in April 2003, to fund housing support services for single homeless people and other vulnerable groups. SP lost its 'ring-fencing' in England in 2009 and hence was vulnerable to a very considerable cutback in this period of strong austerity which disproportionately affected local authorities in the poorest areas. By contrast, Wales maintained the ring fence and the programme was subject to only modest cuts. In Scotland, SP was never so clearly separately identified, and also suffered significant reductions, again doubtless reflecting the tight budget constraints on local authorities.

Expenditure on temporary accommodation is essentially demand-led, and thus English local authorities were forced to spend more in this area post-2010 as

homelessness pressures increased (see below). New initiatives with spending pots attached get a lot of publicity in the homelessness sector, but as Figure 1 underlines these made very little impact on the overall level of current spending.

Another way of looking at 'expenditure' on homelessness is to focus on the reactive costs incurred by a range of public services responding to the problems presented by the substantial minority of single homeless people (we estimate around 30%) who have complex support needs associated with substance misuse and/or engagement in the criminal justice system.

**Figure 2 Composition of Annual Public Spending per Adult Affected by Complex Needs (Homelessness, Substance Misuse, Offending), c.2010/11**



Source: Bramley et al (2015) *Hard Edges* report, derived mainly from the 'Multiple Exclusion Homelessness' Survey

Note: the categories of combinations of experiences (horizontal axis) are based on whether people had 'ever experienced' each problem.

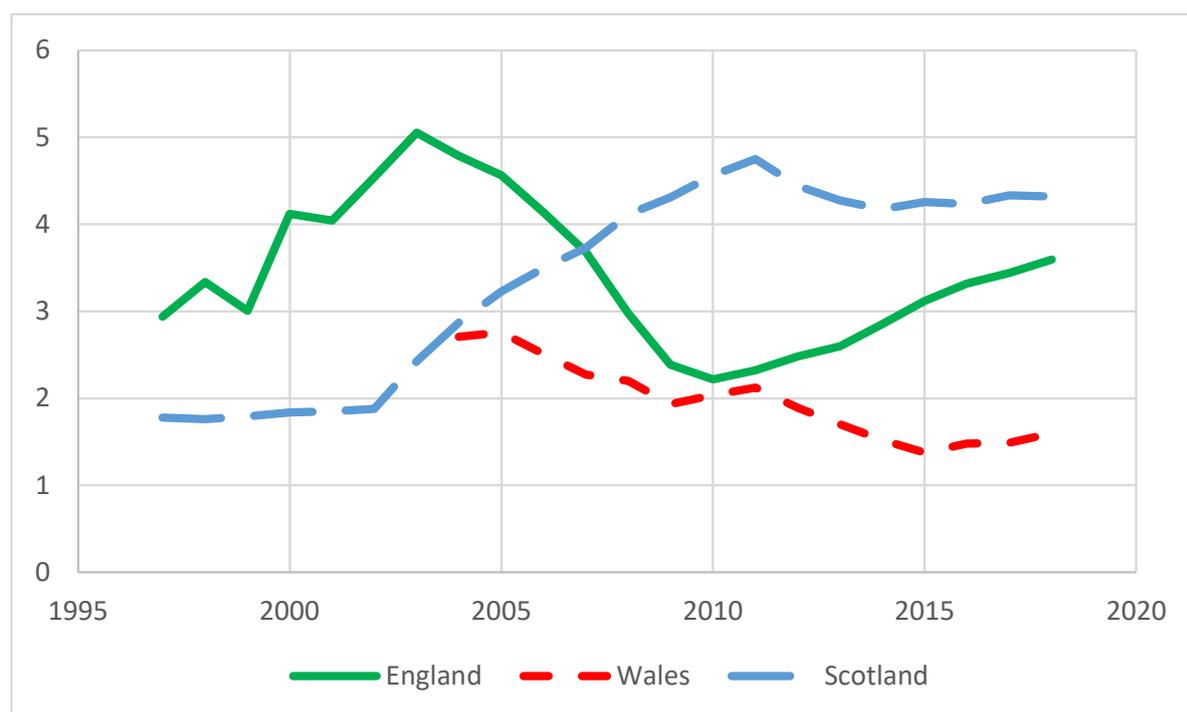
Figure 2 suggest that, for this complex needs population, total public expenditure on relevant costs is around 4-5 times the benchmark of £4,600 per adult in the general population for the same range of services. The data in this analysis was used to provide a grossed-up cost of £4.3bn for the population with two or three of the relevant disadvantages, and a figure of £10.1bn for the wider complex need population with one or more of these disadvantages (all figures referring to England in 2010/11).

There is strong evidence that these additional support needs, and the costs associated with them, are systematically related to long-run impacts of poverty and sustained economic decline, including heightened levels of mental ill-health, substance misuse, crime and violence in affected communities.

## What did they achieve?

It is instructive to compare homelessness outcomes across GB in order to assess the relative impacts of the differing policy approaches. There are a number of statistical indicators that one could choose to accomplish this, none of them ideal. Figure 3, however, captures one useful indicator - the number of homeless households accommodated in temporary accommodation at a point in time – which helpfully reflects outflows from the statutory homelessness system as well as inflows.

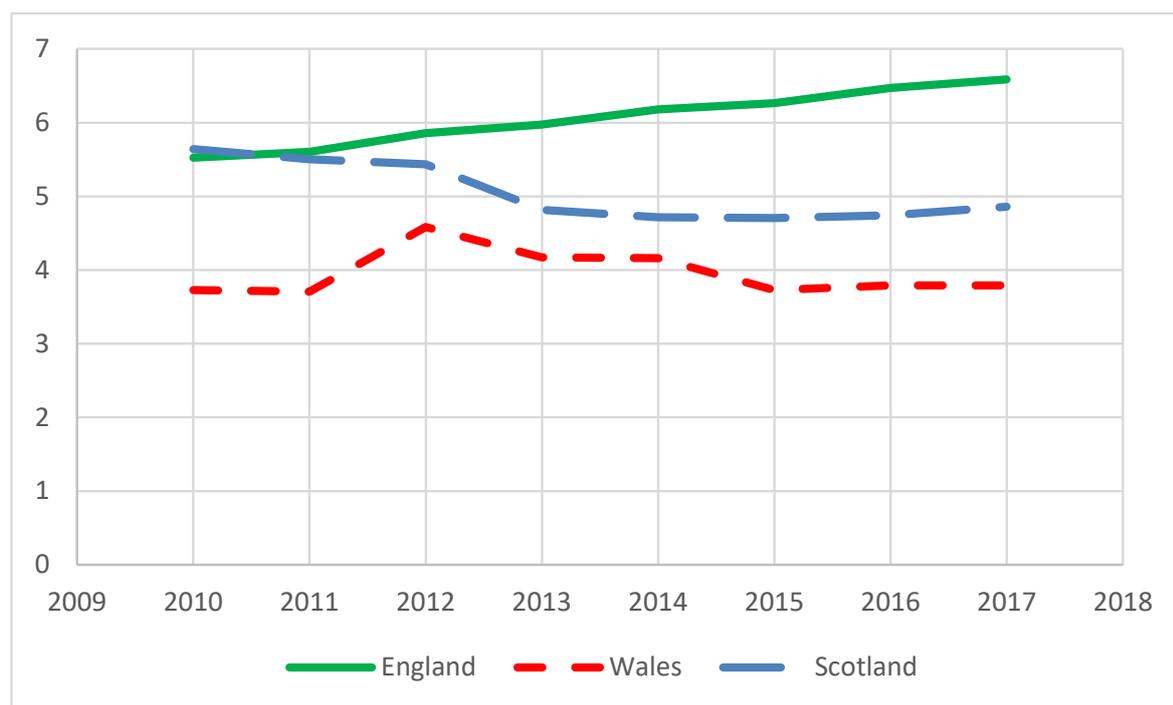
**Figure 3 Households in Temporary Accommodation per 1000 households by country, 1997-2018**



As can be seen, temporary accommodation rates in England spiked significantly in the early 2000s, but following the vigorous pursuit of homeless prevention approaches by the then Labour Government, numbers dropped sharply through to 2010. Since that date, numbers have risen quite steadily, confirming other evidence of growing homelessness pressures since that time, largely as a result of social security cuts and a tightening housing market (see below). Temporary accommodation use in Scotland rose strongly from 2002 to a level more than double England by 2010, settling back to a level still notably above the other countries. This resulted directly from the greatly widened duty to accommodate single homeless people from the early 2000s. In Wales, rates have tended to fall over most of the period covered by this series, albeit with slight upticks in 2010-11 and 2017-18, and have been markedly lower than in both the other GB countries since the implementation of the new statutory framework.

Another summary indicator, not as dependent on policy/legal arrangements as temporary accommodation use, is what we term 'core homelessness'. This is a stock measure of households experiencing the more acute or immediate situations of homelessness, such as rough sleeping, unsuitable temporary accommodation, and 'sofa surfing'.

**Figure 4 Core homelessness per thousand households by country, 2010-17**



Source: Bramley (2017) *Homelessness Projections (Crisis)*, and (2018) and *Homelessness Projections – Updating the Base Number* unpublished report to Crisis.

Figure 4 shows that in 2010 England and Scotland had similar levels of core homelessness, but that since then they have diverged. In England levels rose steadily up to 2017, with particular growth in rough sleeping (before the May administration’s RSI started to arrest that) and unsuitable temporary accommodation, while in Scotland there was a significant decline until 2014, reflecting increased prevention efforts, after which time levels have been more or less stable. Wales has generally shown a lower level of core homelessness, with no longer-term trend but an upward spike in 2012 which took several years to work through.

### **Wider drivers of homelessness**

Statistical analysis has demonstrated that poverty and economic disadvantage, including going back to childhood, are key to underlying homelessness risks. Health and support needs (e.g. addictions) contribute to the picture, but their explanatory power is less than that of poverty. Social support networks, including strong family ties and support, can ‘buffer’ or moderate economic effects and other adverse life events to some extent, although low income families can be too stressed or stretched to provide so much support.

Where you live also matters - the risks of experiencing homelessness, especially for families, are highest in areas of housing pressure (notably London). But ‘complex needs homelessness’, associated with substance misuse and offending behaviours, has a quite different geography, being concentrated in the ‘left behind’ former industrial and mining areas, smaller towns and less prosperous rural and coastal areas, particularly in the North.

Modelling analysis in Bramley (2018, Figure 14) showed that the policy package with the biggest (beneficial) impact in the short/medium term was maximising local authority prevention activities. In the longer-term, the most important positive policy package would involve reversing key working age social security cuts implemented from 2015, particularly with respect to unfreezing Local Housing Allowance levels. Greatly increased housing supply (both overall and especially involving more social rented housing) would have a moderately large impact in in the longer-term, while policy scenarios which would have relatively modest impacts include achieving a progressive reduction in crime rates, and a gradual reduction in traditional hostel places (as may be expected to accompany the adoption of Housing First).

### **Conclusions: the overall position on homelessness and complex needs on the eve of the coronavirus pandemic**

The three GB countries have followed distinctive policy paths on homelessness, including since 2015, generating divergent spending and outcomes profiles:

- The most negative story is in England, where post-2010 Governments implemented a combination of deep cuts in social security and a hand-off 'Localism' policy that left local authorities, already reeling from austerity-related budget reductions, with a ballooning homelessness problem to sort out. It wasn't until 2017 that the May-led Conservative administration finally attempted to get a grip on the issue, investing in new preventative legislation and rough sleeping initiatives. These post-2017 efforts seemed to have stabilised some official homelessness trends in England but 'core' homelessness levels continue to rise.
- Wales has increasingly distanced itself from the English approach in recent years, protecting the revenue funding for homelessness services and reforming its homelessness legislation ahead of England in 2015.
- Meantime Scotland has long forged its own path on homelessness by radically extending entitlements for single homeless, but is now considering preventative legislation along the lines of the English and Welsh models.
- Neither Scotland nor Wales have witnessed the rises in core homelessness seen in England in recent years. These examples indicate that one of the theorized benefits of devolution – that it might result in better social policy outcomes via mutual learning and innovation – does seem to find some basis in the homelessness field.
- Another key message to emerge from this analysis is that, while tackling poverty is inescapably core to addressing the drivers of both homelessness and complex support needs, targeted homelessness policies really do matter and can have dramatic (positive) effects, even in a difficult structural climate.
- This point has been illustrated most recently and dramatically by the apparent success of at least the early COVID-19 response on homelessness, which saw nearly 15,000 people sleeping rough or at risk of doing so assisted into self-contained emergency accommodation. The Government

estimated that over 90% of rough sleepers known to councils at the beginning of the crisis were offered help under this 'Everyone In' initiative.

## **Policy challenges looking forward**

***On the eve of the coronavirus pandemic, key homelessness and complex needs policy challenges included:***

- Continuing with the roll-out of Housing First at national level across all UK jurisdictions, replacing outdated and damaging forms of congregate provision.
- Targeting upstream preventative efforts in a more determined and consistent fashion on both high-risk groups, such as vulnerable young people, and risky transitions, such as leaving local authority care, prison or mental health in-patient treatment.
- Updating the homelessness legislation in all UK countries so that it strikes an appropriate balance between protecting homeless people's rights, and allowing for pro-active, flexible forms of prevention by local authorities.
- Reversing key social security cuts of the 2010s, and in particular restoring the relationship between Local Housing Allowance rates and actual median market rents.
- Building significantly more social housing at genuinely affordable rents, particularly in pressured regions of the country (primarily southern England).

The coronavirus crisis struck against this background and resulted in new and additional policy challenges. These challenges include 'building back better', by ensuring that there is no return to the levels of rough sleeping witnessed before the pandemic, but at the same time it is critical to guard against the danger that communal shelter provision may be expanded to ensure that the Government meets its ambition to 'end' rough sleeping by 2024. It is now clear that the elimination of these primitive forms of accommodation should be a public health priority. Finally, it is more necessary than ever to take aggressive preventative action to head off a widely anticipated 'spike' in homelessness cases as the evictions moratorium and furlough schemes come to an end.

## **Further information**

The full version of this paper *The Ruling Parties' Record on Homelessness and Complex Needs (May 2015 to pre-COVID 2020)* (including references) is available at <http://sticerd.lse.ac.uk/dps/case/spdo/spdorp09.pdf>

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