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Better than Cure?

Testing the case for Enhancing Prevention of Single Homelessness in England

Nicholas Pleace and Dennis P. Culhane

Penn
University of Pennsylvania

The University of York

Crisis

About Crisis

Crisis is the national charity for homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and wellbeing services address individual needs and help homeless people to transform their lives.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

About the authors

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Dennis P. Culhane is the Dana and Andrew Stone Professor of Social Policy at the University of Pennsylvania, and Director of Research at the National Center on Homelessness among Veterans at the US Department of Veterans Affairs. His primary area of research is homelessness and assisted housing policy. His research has contributed to efforts to address the housing and support needs of people experiencing housing emergencies and long-term homelessness. His recent research includes studies of vulnerable youth and young adults, including those transitioning from foster care, juvenile justice, and residential treatment services.

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Foreword

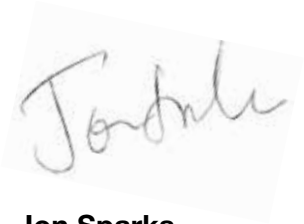
The human costs of homelessness are at their most acute when homelessness becomes sustained or is recurrent. Repeated and long-term exposure to homelessness is associated with damage to health, social support and community integration. But we know that homelessness can be prevented before it gets to this point.

Drawing on interviews with 86 people who had been homeless for at least 90 days, this research is the first of its kind in the UK, and evidences the reduction in public spending if their homelessness was prevented. The report shows that public spending would fall by £370 million if 40,000 people were prevented from experiencing one year of homelessness. The results echo similar studies in both the US and Australia which report comparative costs.

It isn't only the financial implications of ignoring homelessness that are worrying. Everyone we spoke to had sought help to prevent their homelessness but had not been able to access services. In over a third of cases this was help from their local authority but only 12 per cent received any assistance. What is also striking is the type of help people told us would have prevented their homelessness from happening in the first place. Only a handful of people said nothing could have prevented their homelessness, and in many cases very simple interventions including information on services and help preventing eviction would have stopped them from becoming homeless.

Our findings provide powerful evidence on why people facing homelessness should receive a much more robust package of support at an earlier point. It is nearly 40 years since the system of priority need was introduced and we now have an opportunity to transform the help available to all homeless people in England through the Homelessness Reduction Bill. If passed, the new law would help to prevent people from losing their home in the first place and make sure all homeless people can get help when they need it, whilst continuing to protect families with children from homelessness.

The lifetime costs of homelessness to the public sector are high but the real cost is the damage it does to human life. The prevention and ending of homelessness is certainly smarter and more humane than the alternative; it may well be less expensive for the taxpayers too. As this research helps to reveal, there is a cost to doing nothing, and a cost to the holes in the safety net.



Jon Sparks

Chief Executive, Crisis

Executive summary

- This research asked 86 people who had been homeless for at least 90 days about the services they had used. The research also asked them to describe any forms of support that would have prevented their current homelessness.
- Estimated public spending on the 86 people for 90 days was £742,141 in total and £8,630 on average.
- If the 86 people had been homeless for one year with the same pattern of service use, estimated public spending would be £34,518 on average per person per year, a total of some £2.96 million annually.
- For a single homeless population of 40,0001, if estimated costs were at the average level, annual public expenditure would be some £1.38 billion.
- This report uses the available data to estimate the changes in service use that would occur, if someone were not homeless - because their homelessness was prevented - compared to the costs that arose because they were homeless.
- On average, it was estimated that preventing homelessness for one year would result in a reduction in public expenditure of £9,266 per person. The potential saving could be estimated as being as high as £796 thousand.
- It is not always cheaper to prevent homelessness. However, public spending on 65 per cent of the 86 homeless people was estimated as likely to have been less, if their homelessness was successfully prevented, than if they had been homelessness for one year.
- Public spending would fall by £370 million, if 40,000 people were prevented from experiencing one year of homelessness, based on an average estimated reduction in public spending of £9,266 per person, per year.
- Single homeless people can use the NHS and other public services at high rates.
- Falls in spending can be estimated as likely to occur because existing data indicate rates of use of NHS services, drug and alcohol services and mental health services are higher among homeless people than the housed population. Rates of contact with the criminal justice system may also be lower for housed people than homeless people.
- This research was an exploratory study, based partially on estimation. The findings are in line with international evidence, but large scale data merging is required to fully understand the financial costs of single homelessness.
- The real costs of homelessness are the damage it can do to health, well-being and life chances. However, significant spending may be occurring which is not alleviating homelessness, if this money were redirected into enhancement of preventative services and effective models for ending homelessness, such as Housing First, the human and financial costs of single homelessness could be reduced.

About the research

This research was an exploratory study by Nicholas Pleace at the University of York and Dennis Culhane at the University of

1 Department for Communities and Local Government (2012) Evidence review on the costs of homelessness. London: DCLG

Pennsylvania. Crisis supported the research to examine the financial implications of extending preventative services for single homeless people in England, drawing on the lessons of extending homelessness prevention in Wales.

In USA, it has been possible to explore patterns of service use by homeless people by the merging of large scale administrative datasets. However, while innovative work on data merging is underway in the UK at the time of writing, it is not yet possible to replicate the kind of studies that have been completed in America. While administrative data merging remains the best potential methodology for looking at the financial costs of single homelessness, another way to begin to gather evidence is to draw on another American methodology, centred on asking single homeless people about their last 90 days of service use[2]. This method has been tested in America and found to be sufficiently reliable to function as a basis for estimating the costs of homelessness.

This research recorded 90 days of service use by 86 homeless people in York, Birmingham and London. Using a mix of local authority commissioning data and standardised costs of health, criminal justice and other publicly funded services, costs were estimated for 90 days of publicly funded service use by these 86 people.

The 86 respondents were also asked which services would, in their view, have prevented their current experience of homelessness from occurring. Drawing on local authority commissioning data, costs were estimated for these preventative services.

The costs of 90 days of homelessness were compared with the costs of the prevention, that homeless people said would have stopped their homelessness. An allowance was made for likely changes in other service use – i.e. if someone had not been homeless for 90 days - compared to what had happened during the 90 days of homelessness they were asked about.

The costs of homelessness

While this was an exploratory study and not statistically representative[3] an effort was made to include single homeless people with a range of patterns of service use. Alongside people resident in homelessness services for at least 90 days, the research team also interviewed people using day-centres and other services, who had been homeless for at least 90 days. People who had been resident in homelessness services for 90 days, with their accommodation and support costs being met by public expenditure for that period, tended to have higher costs. There were also some respondents whose use of homelessness services was very low.

Patterns of health service, mental health service, drug and alcohol service and rates of contact with the criminal justice system also varied considerably. While there were individuals who had made extensive use of the NHS, or had contact with criminal justice, drug and alcohol and mental health services, not everyone had used these services. While most had been in contact with the NHS (69%), rates of contact with the criminal justice system (20% of respondents) and drug and alcohol services (32%) were much lower. During the course of the research it became apparent that some respondents wanted access to mental health services but had been unable to. This finding is not

2 Beyond 90 days homeless people (and people in general) find it harder to remember the frequency and extent of their contact with services, see: Tsemberis, S. et al (2007) Measuring Homelessness and Residential Stability: the residential time-line follow-back inventory Journal of Community Psychology 35(1), 29-42.

3 As the method required someone to have been homeless for at least 90 days, this group were not necessarily representative of single homeless people as a whole. The size of the group interviewed was restricted to 86 respondents which limits statistical confidence (the time and resources available for this exploratory study were also limited). However, in the context of incomplete data on single homelessness in England and the wider UK, with most information being restricted to data on service contact, a robust understanding of the population (sample universe) has yet to be established.

surprising in the context of longstanding evidence of poor access to mental health and other NHS services among single homeless people but also shows that level of recorded service use was not necessarily representative of service need.

All the respondents had been in contact with homelessness services in the last 90 days, although in a few cases the rate of contact had been very low.

- Annual homelessness service use costs were estimated at £14,808, on average, per person.
- Estimated annual average NHS service use costs were equivalent £4,298 per person.
- Estimated average costs for mental health service use were equivalent to £2,099 per person, per year.
- Estimated average costs for contact with drug and alcohol services were equivalent to £1,320 per person, per year.
- Estimated average costs of contact with the criminal justice system were equivalent to £11,991 per person, per year.

If homelessness and patterns of service use had persisted for one year, total estimated public spending was £2.96 million, an average of £34,518 per person (see table). All this spending occurred without the homelessness of almost these individuals being resolved.[4] These were a group of people broadly characterised by sustained and recurrent experience of homelessness.

The 86 homeless people interviewed for this research reported they had been homeless for an average of 1,500 days of homelessness, the median figure being 700 days. Many respondents reported poor mental and physical health.

Prevention

Most of the respondents reported that assistance with securing alternative housing in the private rented or social rented sector would have helped prevent their homelessness. Just over one half reported that help stopping an eviction would have helped prevent their homelessness (53%), with a similar number reporting they needed help with benefit claims (45%). One half reported that they had needed help with drug and alcohol issues and/or drug and

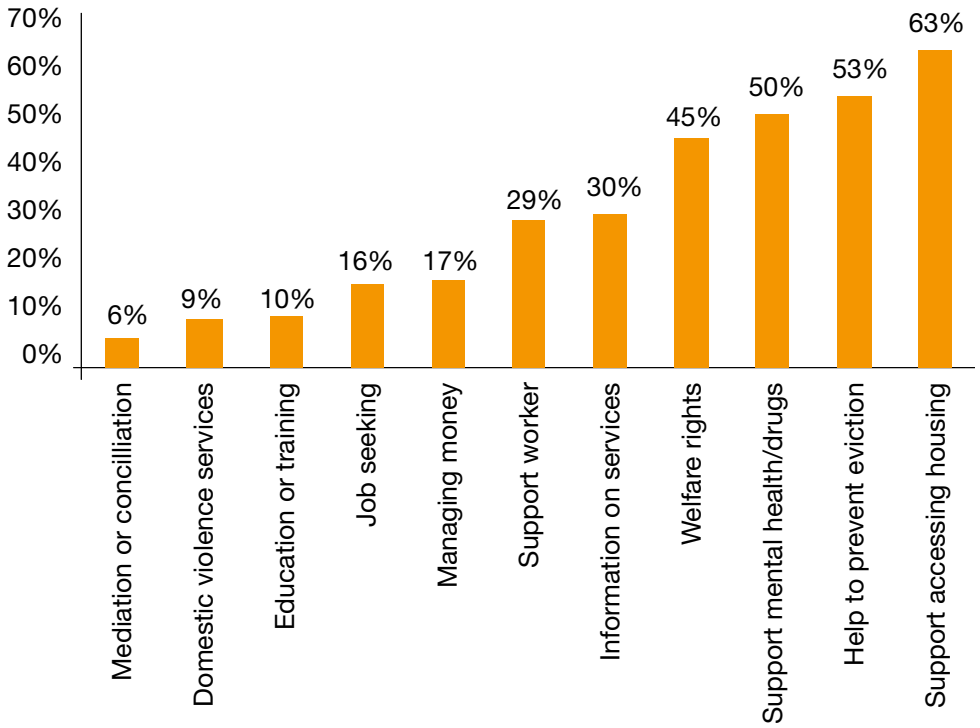
The estimated costs of single homelessness over one year

Cost	Estimated average per person	Estimated annual spending
Drug/alcohol services	£1,320	£113,584
Mental health	£2,099	£180,560
NHS	£4,298	£369,660
Criminal justice	£11,991	£1,031,272
Homeless services	£14,808	£1,273,488
Total	£34,518	£2,968,564

Estimate based on survey of 86 single homeless people.

4 Two had been accepted as homeless and in priority need by a local authority and were awaiting rehousing.

Preventative support that single homeless people said would have stopped their homelessness



alcohol problems. Ninety-seven percent of the respondents reported that one or more forms of help would have prevented their current homelessness.

- The average estimated cost of the preventative services that homeless people said would have stopped their homelessness was £2,263 per person
- The median cost was £2,239 per person.

There was evidence that the 86 people had sought help to prevent their homelessness but not been able to access services:

- 37 per cent had sought help from a Housing Options Team, but only 12 per cent reported receiving any assistance.
- 22 per cent had applied as statutorily homeless, with 2 per cent receiving assistance.
- 34 per cent reported seeking housing advice, but only 21 per cent reported receiving assistance.
- Informal support, i.e. seeking assistance from family and friends, was also variable, 29 per cent seeking this help and 17 per cent receiving it.
- 29 per cent reported that they 'did not

know help was available' to prevent homelessness and 27 per cent that they had not been able to access any information about preventative services.

Changes in service use if not homeless

Data merging exercises in Scotland have indicated that NHS service use is 24 per cent higher among homeless people in Scotland and previous research as suggested that homelessness increases reoffending rates (among people with criminal records) by 20 per cent.

While evidence in the UK is not comprehensive, European, Australian and North American data all indicate that higher rates of service use, be it medical, mental health or criminal justice, are associated with long-term and repeat homelessness.

Over time, reductions in service may have a cumulative effect, i.e. the relative benefits of effective homelessness prevention will increase in those cases where long-term or repeated experience of homelessness is successfully avoided. Of course, in those instances where homelessness is not prolonged (or recurrent) the potential financial gains from effective prevention would be lessened. Equally, prevention will never be 100 per cent effective, meaning that some unsuccessful attempts to prevent homelessness can potentially add to the costs of homelessness itself.

Homelessness itself probably exists in many forms in England, including short term experiences for which the financial benefits of prevention may be limited. However, there is evidence of a long-term and recurrently homeless population in England of between 40,000-50,000 individuals[5], who, it can be said with some confidence, almost certainly generate very significant levels of public expenditure, often without their homelessness being resolved.

Reducing the costs of homelessness

Based on this exploratory study, the financial costs of homelessness among 86 people, most of whom were experiencing long term and recurrent homelessness, were considerable. If their homelessness had been successfully prevented, allowing for the costs of that prevention and associated changes in service use if they had not been homeless, it was estimated that, over one year:

- 65 per cent of respondents would have cost the public sector less if their homelessness had been successfully prevented.
- 35 per cent of respondents would have cost the public sector more if their homelessness had been successfully prevented.
- On average, it was estimated that preventing homelessness for one year would result in a reduction in public expenditure of £9,266 per person.
- It is not always cheaper to prevent homelessness. However, it was estimated that public spending on 65 per cent of the 86 homeless people would have been less if their homelessness was prevented for one year, compared to if they were homeless for one year. The annual reduction in public spending can be estimated at £796,000.
- Assuming a population of 40,000 long-term and recurrently homeless people in England, successful prevention would

5 Department for Communities and Local Government (2012) Evidence review on the costs of homelessness. London: DCLG

reduce public expenditure by an average of £9,266 per single homeless person in this population, an annual reduction equivalent to £370 million. If 50,000 people were prevented from experiencing homelessness for one year, the reduction in public spending would be £463 million.

This exploratory research was designed to begin a debate about the costs of homelessness and the potential benefits of enhanced homelessness prevention. Building on and extending the estimates produced last year in *At What Cost? An estimation of the financial costs of single homelessness in the UK*, this study has started to unpick a reality of varied costs and potential savings. It partially confirms, concern about the financial costs of homelessness and the potential financial benefits of enhanced homelessness prevention.

It is important to explore the potential of administrative data merging to examine the patterns of service use among single homeless people in greater detail. The homeless people who participated in this research were overwhelmingly in favour of data sharing that would enhance services and in the use of anonymised, merged administrative data for research purposes.

The real cost of homelessness is the damage it does to human life, damaging health, well-being and life chances. Reducing the issue of homelessness to money might be seen as reducing human suffering to financial considerations, when the response should be human. Yet there is a moral dimension around the use of public finance, because public money is being spent in ways that do not necessarily end homelessness. The 86 homeless people who helped with this study had been homeless for an average of 1,500 days. Redirecting some of these resources into enhancement and extension of prevention, alongside use of tested service models like Housing First, can make both moral and economic sense.

1. Introduction

This exploratory research was conducted by Nicholas Pleace, University of York and Dennis P. Culhane from the University of Pennsylvania. Crisis supported the work to explore the financial consequences of extending the preventative duties of English local authorities. Costs for local authorities, support services, the NHS and the criminal justice system were estimated.

1.1 About the research

The research was designed to meet four goals, within a short timeframe of five months:

- Draw on American methodology and expertise to begin to collect data on actual patterns of service use by single homeless people.
- Match those patterns of service use to actual service costs.
- Contrast the costs of the experience of single homelessness with the costs of the support and services that single homeless people themselves say would have *prevented* their homelessness
- Explore attitudes to data sharing and thus the potential for emulating large scale American research on the costs of homelessness among single homeless people.

The details of the methodology are presented in the Appendix to this report. The basic approach, was to ask single homeless people to **recall the last 90 days of their service use.** American studies with homeless people have shown that by comparing 90-day recall with administrative records on service use that there is an acceptable level of reliability in this approach.[6] The research design drew on the experience of one of the co-authors of this report, who is an expert in the analysis of the costs of homelessness in the United States.

Initially the research was focused on UK citizens who were homeless, but discussions with homelessness services and with single homeless people themselves produced evidence of homelessness among EU (non-UK) citizens who were *long-term* residents of the UK and who had a history of working in the UK prior to becoming homeless. These individuals were habitually resident and were entitled to access statutory homelessness assistance, the welfare benefit system, to use the NHS and homelessness services.

Interviews were successfully completed with 86 single homeless people were interviewed, typically for 25-40 minutes, at eight sites in London, Birmingham and York.[7] One quarter of respondents were in London, 31 per cent in Birmingham and 44 per cent in York. The sites where fieldwork took place were a mixture of day centres, emergency (night) shelters and hostel/single site supported temporary accommodation. Participation of respondents and services was anonymous. There was a concern to ensure that single homeless people with a range of experiences and patterns of service use were included in the research.

Three focus groups were held with single homeless people. These groups were used to test the methodology and explore the patterns of service use by single homeless

6 Tsemberis, S. et al (2007) Measuring homelessness and residential stability: The residential time-line follow-back inventory Journal of Community Psychology 35(1), 29–42.

7 During the course of the fieldwork, 91 people were interviewed, but five responses could not be included as when reviewed in detail, the responses could not have been accurate. Typically this involved reporting more than 90 days of service use in the 90 day period they were asked about or a respondent saying they had been homeless for 90 days and subsequently giving answers showing they had not been homeless for 90 days.

people, to refine the design of the questionnaire.

1.2 Report structure

This first chapter explores the existing evidence on the costs of homelessness. Chapter two looks at the costs of homelessness drawing on the result of the interviews with homeless people. Chapter three estimates the differences in financial costs that would have resulted from 90 days of being housed, compared to 90 days of homelessness, allowing for the costs of prevention and also estimates costs over one year. Chapter four considers the potential for data sharing to increase understanding of the costs of homelessness. The final chapter presents the conclusions.

2 The costs of homelessness

The human costs of homelessness are at their most acute when homelessness becomes sustained or is recurrent. Repeated and long-term exposure to homelessness is associated with damage to health, social support and integration.

While we tend to associate the experience of becoming homeless with unmet support needs or specific sets of behaviour, the truth is more complicated. People do become homeless because of unmet support needs, but homelessness need not begin with drug use or health problems. There is evidence of people *developing* a drug problem while experiencing homelessness[8]. Very similar associations exist between single homelessness and severe mental illness, which again may both predate homelessness and develop during homelessness.[9] Poor physical health, social isolation and an absence of emotional support, stigmatisation, increased contact with criminal justice systems and long-term worklessness are all similarly associated with single homelessness[10].

In the mid to late 1990s, it became apparent that single homeless populations were not homogeneous. American research showed there were many single homeless people, characterised by economic insecurity, without support needs, who became homeless, usually for relatively brief periods.[11] This work was important, because it questioned the idea that single homelessness was 'caused' by the presence of certain characteristics, such as problematic drug use or severe mental illness.

More recent research has indicated that some people who initially have low - or no - support needs, who experience a 'trigger' event, become homeless and are then unable to exit homelessness, can experience a marked decline in well-being over time[12]. The more sustained or recurrent the experience of single homelessness becomes, the greater the associations between homelessness, marginalisation and poor health.[13]

2.1 Using prevention to reduce costs

Long-term/repeated single homelessness is economically expensive. There is evidence from Australia, from the USA and, to an extent, from European countries that financial costs of these forms of single homelessness to the public and charitable sectors can become very high.[14]

Researchers in the USA, including one of the co-authors, have been able to combine administrative and other data from services. Looking at the patterns of service use by homeless people this research has identified

8 Pleace, N. (2008) Effective Services for Substance Misuse and Homelessness in Scotland: Evidence from an international review Edinburgh: Scottish Government; Kemp, P.A. et al (2006) Homelessness among problem drug users: prevalence, risk factors and trigger events. Health & Social Care in the Community, 14(4), 319-328.

9 Jones, A. and Pleace, N (2010) A Review of Single Homelessness in the UK 2000 - 2010, London: Crisis;.

10 Jones, A. and Pleace, N. (2010) op. cit.

11 Kuhn R, Culhane D.P (1998) Applying Cluster Analysis To Test a Typology of Homelessness by Pattern of Shelter Utilization: Results from the Analysis of Administrative Data. American Journal of Community Psychiatry, 26, pp. 207-232.

12 Culhane, D.P. et al (2013) The age structure of contemporary homelessness: evidence and implications for public policy. Analyses of Social Issues and Public Policy, 13(1), 228-244;

13 Busch-Geertsema, V. et al (2010) Homelessness and Homeless Policies in Europe: Lessons from Research, Brussels: Directorate-General for Employment, Social Affairs and Equal Opportunities; Jones, A. and Pleace, N (2010) op. cit.; Dwyer, P. et al (2015) 'Rights, responsibilities and refusals: homelessness policy and the exclusion of single homeless people with complex needs', Critical Social Policy, 35 (1), 3-23.

14 Culhane, D.P. (2008) The Costs of Homelessness: A Perspective from the United States European Journal of Homelessness 2(1), 97-114; Pleace, N. et al (2013) The Costs of Homelessness in Europe: An Assessment of the Current Evidence Base Brussels: FEANTSA; Zaretzky, K. et al (2013) The costs of homelessness and the net benefit of homelessness programs: a national study Melbourne: AHURI final report no. 205.

the high financial costs of long-term/repeat single homelessness. Some research has looked at how using support services to enable people to exit long-term/repeat homelessness can reduce total public spending, produce better outcomes for homeless people at a low additional cost, or in a cost neutral way.[15]

The potential financial savings that might be made by *preventing* homelessness – stopping the additional costs associated with single homelessness from ever occurring – have been highlighted by this research. Internationally, prevention is increasingly seen as a key strategy in reducing homelessness *and* the financial costs of homelessness.[16]

The UK has pioneered use of homelessness prevention and has been widely emulated. Differing political attitudes exist towards the four statutory homelessness systems in the UK, which are very heavily (though not exclusively) used by families. However, a broad consensus has developed that dealing with homelessness after the event is not desirable. People using statutory systems can face very long, expensive waits in temporary accommodation in areas where housing markets are highly stressed. The statutory systems are also costly to administer and were built on the assumption that there would be a rich supply of affordable social housing available, making them incompatible with the policies of successive governments to promote home ownership and private renting.

While the financial case for the statutory system has only ever been partially explored[17], the idea that greater efficiency and better outcomes can be achieved by preventing homelessness has been a policy driver in the UK since the early 2000s. Some evidence backs the widely held assumption that homelessness prevention is more cost effective than the statutory system.[18] The US has been heavily influenced by UK policy in this respect and research there has explored the extent to which homelessness prevention for families can prove cost effective, with positive results.[19]

Since 2003/4, England has seen levels of statutory homelessness acceptances fall very considerably as prevention became a mainstream policy response. The greatest effect has been on levels of family homelessness.

By 2015/16 English local authorities were reporting 212,600 cases of homelessness prevention and relief, an increase of 42 per cent on the 2008/9 level of 123,370 cases.[20] Success rates in prevention have also increased from 85 per cent of cases in 2009/10 to 93 per cent of cases in 2015/16, with corresponding falls in the number of households requiring relief from homelessness.[21]

Levels of statutory homelessness in England began to fall markedly as use of preventative services increased, from the most recent peak of 135,420 acceptances in 2003/4[22] to a low of 40,020 in 2009/10. Levels of

15 Culhane, D.P. et al (2002) Public Service Reductions Associated with Placement of Homeless Persons with Severe Mental Illness in Supportive Housing. Housing Policy Debate 13(1), 107-163; Wood, L. et al (2016) What are the health, social and economic benefits of providing public housing and support to formerly homeless people? Melbourne: AHURI final report no. 265.

16 Culhane, D. P. and Metraux, S. (2008) Rearranging the Deck Chairs or Reallocating the Lifeboats?: Homelessness Assistance and Its Alternatives Journal of the American Planning Association Vol. 74(1) http://works.bepress.com/dennis_culhane/51/

17 Pleace, N. et. al (2008) Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds London: Department for Communities and Local Government.

18 Acclaim Consulting (2010) Value for money in housing options and homelessness services London: Shelter.

19 Shinn, M. et al (2013) Efficient Targeting of Homelessness Prevention Services for Families American Journal of Public Health 103 (Suppl 2): S324–S330.

20 This was a slight fall from a peak of 228,400 households in 2013/14. Source: DCLG https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness

21 Source: DCLG https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness

22 Levels have sometimes exceeded this figure, for example in the early 1990s, although direct comparison is not possible as the statutory duty was broadened, with a wider definition of priority need groups being introduced in 2002.

acceptances have begun to increase again, reaching 57,750 households in 2015/16[23], but are much lower than was the case during previous recessions.

Scotland has sought to help manage the 2012 legislative reforms, abolishing priority need which meant more single homeless people could, in theory, access the statutory system[24], through increased prevention. Levels of acceptances in Scotland have dropped, from 40,040 in 2012/13 to 34,662 in 2015/16[25]. Despite an increased emphasis on prevention in the 2012-2017 homelessness strategy, levels of presentations and acceptances in Northern Ireland have not declined in the same way, acceptances were 7,908 in 2012/13, but rose to 11,200 in 2015/16[26]. However the forthcoming homelessness strategy is very likely to pursue prevention more actively, mirroring practice in England.

Wales is now leading the UK in the pursuit of homelessness prevention. The Housing (Wales) Act 2014 introduced a significant change to the way in which local authorities respond to homelessness. All local authorities have to take steps to alleviate and prevent homelessness to anyone who is homeless or threatened with homelessness, with the duty extending to anyone being within 56 days of becoming homeless. This is not a duty to accommodate or house, but there is now a *universal* prevention duty which does not exist elsewhere in the UK. The first full year of data from Wales shows that only 1,563 households were owed the main homelessness duty, a decrease of 69 per cent on the previous year before the new prevention and relief duties were introduced.[27] At the same time 7,128 households were provided with prevention assistance, of which 4,599 (65%) had a successful outcome. At the relief stage, 6,891 households were eligible for the duty to secure accommodation and 3,108 (45%) resulted in a successful outcome.

The recent, prevention-centred, reforms now appear to be generating marked changes in the use of the statutory system in Wales. They appear to be bringing homelessness down and generating some financial savings (see Chapter 5).

2.2 Reconsidering costs

The idea that the public sector might actually be spending very large amounts on single homelessness has taken a while to take root in the UK. One reason for this is that public spending on homelessness is not always clearly delineated. Spending on homelessness services basically centres on local authority commissioning, which means there are hundreds of devolved budgets, not a single, easily monitored central budget. Programmes and initiatives are also funded at national level, so separate budgets and systems exist in Scotland, Wales and Northern Ireland, in conurbations like Greater Manchester or at strategic level by the Greater London Authority. It is not actually apparent what the UK is spending on single homelessness.

There have been concerns for some time that

23 Source: DCLG https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness

24 Statutory systems in the UK present particular barriers to single homeless people. These centre on the interpretation of whether or not someone is "vulnerable" in a way that means they require housing, i.e. are in "priority need" rather than simply homeless. Barriers have existed around priority need for single people because the presence of a specific condition, such as severe mental illness, is not ,in itself, enough to make someone "vulnerable". The Scottish reforms potentially removed this barrier See: Bretherton, J. et al. (2013) 'You can judge them on how they look…': Homelessness Officers, Medical Evidence and Decision-Making in England European Journal of Homelessness 7(1), 69-92; Dobie, S. et al (2014) Turned Away: the treatment of single homeless people by local authority homelessness services in England London: Crisis.

25 Source: Scottish Government HL1 statistics http://www.gov.scot/Topics/Statistics/Browse/Housing-Regeneration/RefTables/RefTables

26 Source: Murphy, E. (2016) What do we know about homelessness in NI? An overview of some of the evidence base Research and Information Service Briefing Paper, Northern Ireland Assembly: http://www.niassembly.gov.uk/globalassets/documents/raise/publications/2016-2021/2016/communities/4216.pdf

27 Welsh Government (2016) Homelessness statistics. Available at: https://statswales.gov.wales/Catalogue/Housing/Homelessness

the National Health Service (NHS) is spending quite a lot on homelessness, but while some indicators exist, budgets are again devolved and complex and recording of whether or not someone is homeless is not comprehensive.[28] DWP systems also lack reliable indicators on how many benefit claimants are homeless, while recording of contact between single homeless people and the criminal justice system is also not accurate[29]. Attempts have been made to understand the costs of single homelessness, but it has only really been possible to produce very broad estimates[30].

Greater attention has been paid to costs in recent years. Robust information on the level of public expenditure on single homelessness occurring in the USA and Australia has attracted the attention of Government. The pursuit of austerity policies following the 2008 crash, intensifying from 2010 onwards, has also meant that every aspect of public expenditure has come under ever increasing scrutiny.

The UK Government made an attempt to understand the full financial costs of single homelessness in 2012, found that it did not actually know what was going on, but was able to gather sufficient data to suggest that spending was high (anything up to circa £1bn gross annually) and might, at least in part, be misdirected.[31] More research has also started to be produced by the homelessness sector itself, highlighting the same broad concerns and providing guidance on how homelessness services should look at exploring their own cost-effectiveness[32]. The concerns about the cost of homelessness can be summarised in four points:

- There are potentially quite significant additional costs for mainstream public services arising from single homelessness. Specifically, these centre on much higher than typical contact with the National Health Service (NHS), mental health services and the criminal justice system by some single homeless people.

- Single homelessness is not always being resolved or effectively prevented. A group of high cost, high risk single homeless people, sometimes described as 'entrenched', sometimes as part of a multiply excluded population, are consuming publicly funded services at very high rates, and are not exiting homelessness. There is longstanding evidence of barriers to support from local authorities for lone homeless adults.[33].

- The life chances of single homeless people appear very low, with some evidence that they get worse as experience of homelessness becomes sustained or recurrent. Successive governments have emphasised maximisation of paid work and reduction of reliance on the welfare system as the core of anti-poverty strategy. Long-term/repeat homelessness is clearly associated with long-term worklessness.

- As single homelessness progresses, the costs of resolving that homelessness tend to intensify. People with the high support needs associated with long-term/ repeat homelessness require a package of support to sustain an exit from homelessness and may well have ongoing needs.

28 Office of the Chief Analyst, Department of Health (2010) Healthcare for Single Homeless People London: Department of Health.
29 Pleace, N and Bretherton, J. (2006) Sharing and matching local and national data on adults of working age facing multiple barriers to employment London : Department for Work and Pensions.
30 Kenway, P. and Palmer, G. (2003) How Many, How Much? Single homelessness and the question of numbers and cost London: Crisis.
31 Department for Communities and Local Government (2012) Evidence review on the costs of homelessness. London: DCLG
32 Insley, E. (2011) Homelessness prevention: Can we afford not to? Reconnecting families to prevent youth homelessness London: DePaul. Homeless Watch (2013) What is it Worth? Guidance on Using Financial Savings Analysis in the Homelessness Sector London: Homeless Link.
33 Bretherton, J., Hunter, C. and Johnsen, S., 2013. 'You can judge them on how they look…': Homelessness Officers, Medical Evidence and Decision-Making in England. European Journal of Homelessness, 7(1), pp.69-92.

Reducing homelessness via prevention is one strategy by which to bring down these costs. In North America and in parts of Europe, reducing long-term/repeat homelessness has been a key goal of national homelessness strategies[34]. In Canada and France, for example, reducing the costs of long-term/repeat homelessness to health systems has been a key goal for Housing First strategies to reduce long-term/repeat homelessness which is strongly associated with severe mental illness.[35]

Internationally, a strategic goal to reduce long-term homelessness has often been combined with at least an equal emphasis on homelessness prevention. Stopping long-term/repeat single homelessness from occurring is seen as the way by which the human and financial costs can be contained.

Homelessness prevention through the introduction of the 'Housing Options' model of assistance, has been included in local authority guidance in England since 2003/4, introduced in Scotland from 2010 onwards and now forms the backbone of the new Welsh strategy. Whilst an area where the UK has already made progress[36] the extent to which prevention practice is being implemented effectively across the UK is less well documented. Exploring the extent to which enhancing prevention may further reduce the human and financial costs of single homelessness, in a context in which it is clear that single homelessness is not always being prevented or rapidly and successfully reduced, is important.

Some progress has been made in extending the evidence base. Two sets of research, one in Scotland and one in Wales, are combining data from the NHS with data from homelessness services.

In Scotland, work led by Neil Hamlet and others, has combined HL1 data – local authority records on the people accessing the Scottish statutory system - and NHS Scotland data. The initial analysis, from Fife in Scotland, shows that, among homeless people recorded in HL1[37], 171 out of every 1,000 men (17%) and 159 out of every 1,000 women (16%) were identified as 'frequent fliers', i.e. they had multiple attendances at A&E departments during the course of a year. By contrast, in the housed population of Fife, 44 men out of every 1,000 (4%) and 36 (4%) out of every 1,000 women, were within this 'frequent flyer' group.[38]

Homeless people in Scotland are, in terms of emergency health service use, more expensive than the general population of Scotland. This is not a revelation in the sense that has long been known that some single homeless people make heavy use of emergency medical services, just as it has long been known that their physical and mental health was often worse than the general population. However, there is a difference between suspecting a link and actually seeing it, which is what this work – now expanding to national level in Scotland - has achieved.

In Wales, data from housing related support

34 Canada, Denmark, Finland, France, Ireland, the Netherlands and the USA.

35 Pleace, N. (2016) Housing First Guide Europe Brussels: FEANTSA http://housingfirstguide.eu

36 Some researchers have suggested that homelessness prevention in England may be 'gatekeeping' access to the statutory systems in ways that are not appropriate, i.e. not allowing people who should be assisted under the homelessness laws into systems, see for example: Pawson, H. (2007) Local authority homelessness prevention in England: empowering consumers or denying rights? Housing Studies, 22(6), 867-883.

37 Hamlet, N. (2015) Measuring Health and Homelessness in Fife www.gov.scot/Resource/0047/00476237.pptx Based on 2013 figures, 171.2 homeless men out of every 1,000 (equivalent rate) and 158.9 homeless women, data based on heads of household for people using the Scottish statutory homelessness system in Fife. To control for the powerful effects of advanced age on rates of hospital use, the comparisons are focused on populations aged 15-64. While this helps control the comparison, it is important to note that there is some evidence that a housed, but formerly homeless population, will be less healthy than people who have been continuously housed i.e. the rate at which formerly homeless people use health services may still be higher than the general population. Equally however, there is some evidence that health and well-being among single homeless people can improve once someone has been housed. See: Pleace, N. and Quilgars, D. (2013) Improving health and social integration through Housing First: A Review DIHAL.

38 Hamlet, N. (2015) op. cit. Data for comparison with the general population were derived from SMR (Scottish Morbidity Record) datasets.

services have been combined with Health in Wales (NHS Wales) data. In this case, housing related support – mainly used by single adults - has been shown to reduce health service support[39]. This mirrored results from the USA more than a decade ago, showing how supported housing reduced other service use among single homeless people[40].

In England, it has not as yet been possible to attempt this kind of data merging to look at the costs of single homelessness. There is an increased emphasis on the use of administrative and other 'big' data, evidenced for example by the existence of the Administrative Data Research Network (ADRN)[41], but research using data merging to look at homelessness is lagging behind what is being achieved in Scotland and Wales.

One of the co-authors developed a series of illustrative estimates, or vignettes, in the Summer of 2015, drawing on actual service costs and using trajectories through homelessness based on the lived experience of single homeless people.[42] This work began to explore what the difference between preventing homelessness and allowing homelessness to become long-term/repeated might be in England. The estimates indicated the same sorts of patterns as were evident in Australian and American research, as homelessness persisted, the human and financial costs peaked. By altering the assumptions in the different vignettes, it was possible to start to explore what sort of variations in the financial costs might exist, varying according to the ways in which homelessness was experienced.[43]

There is a need to move on from estimations and towards the collection of data on the financial costs of single homelessness in the UK. This is necessary to allow a proper exploration of the potential cost effectiveness of homelessness prevention and to begin to look at the cost effectiveness of other innovations, such as Housing First.[44]

The work presented here is an early experiment, conducted with limited time and resources, it cannot provide a definitive answer, but will hopefully begin a discussion and lead to further analysis. The emphasis is on starting a debate about the true costs of single homelessness and what role better prevention might play in reducing those costs.

2.3 Summary

- There is evidence from Australia, the US and Europe that homelessness may be expensive for public services, particularly when it is long-term and repeated single homelessness.
- Many of the World's developed economies have adopted prevention as a key component of homelessness strategy. Successes have also been reported in England and as a result of recent changes to policy in Wales.
- There is some evidence that homeless people use publicly funded services like the NHS at a higher rate than the general population. They may also have higher rates of contact with the criminal justice system.
- Data merging is a useful tool in understanding and costing single homelessness, rapid progress in this area has been made but it is still in its infancy in England.

39 McGinn, L. et al (2016) Supporting People Data Linking Feasibility Project: Research Report Cardiff: Welsh Government.
40 Culhane, D.P. et al (2002) op. cit.
41 https://adrn.ac.uk/
42 Pleace, N. et al (2013) op. cit.
43 Pleace, N. (2015) At What Cost? An estimation of the financial costs of single homelessness in the UK London: Crisis.
44 See: http://housingfirstguide.eu/

3 The costs of single homelessness

3.1 Introduction

This chapter concentrates on the results of 86 interviews with single homeless people in Birmingham, London and York. Each interview typically lasted between 25 to 40 minutes and concentrated on three main areas, their patterns of service use in the last 90 days, their route into homelessness, including trigger events, and the range of support they thought would have prevented their homelessness. This was not a representative sample of single homeless people. The goal of the research was to begin exploring the actual costs of single homelessness in England, through talking to currently homeless lone adults who had been homeless for at least 90 days (see Appendix).

The chapter begins by describing who the single homeless people were and their routes into homelessness. Their service use over the last 90 days is then described, starting with homelessness services, moving on to the NHS, drug and alcohol services and contact with the criminal justice system. The next section considers total costs, excluding benefits[45].

This chapter concentrates on the costs of single homelessness. The next chapter focuses on the potential for financial savings from homelessness prevention.

3.2 The single homeless people

The participants were selected at random, working in cooperation with 11 homelessness services, with screening questions being used to determine that they were currently homeless and had been so for at least three months. This screening was necessary because the focus of the research was on understanding the patterns of service among single homeless people over a 90 day period (see Appendix).

Women were 23 per cent of respondents, of whom 40 per cent were aged 25-34 and 45 per cent 35-44, with 15 per cent aged over 45. Men were 77 per cent of respondents, few were aged under 25 (5%), 27 per cent 25-34, 29 per cent 35-44 and 39 per cent over 45. Ninety-two per cent of respondents were of White European ethnic origin, most describing themselves as 'White British'.

A small number were working part or full-time (4%). Thirty-six percent described themselves as looking for work, the remainder described themselves as being sick or disabled for under six months (9%) or over six months (50%), with one respondent being of retirement age.

The largest group were staying in hostels, supported or transitional housing when interviewed (60%). Another 21 per cent were sleeping rough, 12 per cent were squatting, living in tents or cars, and 2 per cent were in night-shelters. A few individuals were staying with friends or acquaintances, in a refuge or in move-on (transitional) accommodation (5%). Almost everyone had spent the night before in what they described as their current living situation.

Homelessness tended to have been quite sustained.[46] Respondents were selected on the basis of being currently homeless and having been so for at least 90 days, but often their experience of homelessness was longer.

45 This research did include questions on use of the benefits system, but data were found to be variable and incomplete. Respondents were not always clear what they were claiming or for how long they had been claiming it. Approximately 28 out of 86 respondents appeared not to be claiming benefits at the point of interview, 57% reported claiming ESA and 15% reported claiming JSA in the 90 days prior to interview. Approximate costs over the 90 days were £81,000.

46 These figures were approximate, being based on the recollections of the respondents.

The average time for which their current episode of homelessness had lasted was 31.10 months (as at 1st June 2016) and the median duration of their current episode of homelessness was 14 months. Fifty-eight per cent reported their current episode of single homelessness was more than a year in duration, 31 per cent reported between four to 12 months of homelessness and 11 per cent reported they had been homeless for three months.

The largest single group reported they had been homeless only once, the episode of homelessness they were still experiencing when they were interviewed (54%). However, 26 per cent reported they had been homeless 2-3 times and 9 per cent 4-5 times. A small group, 11 per cent, reported they had been homeless more than five times.

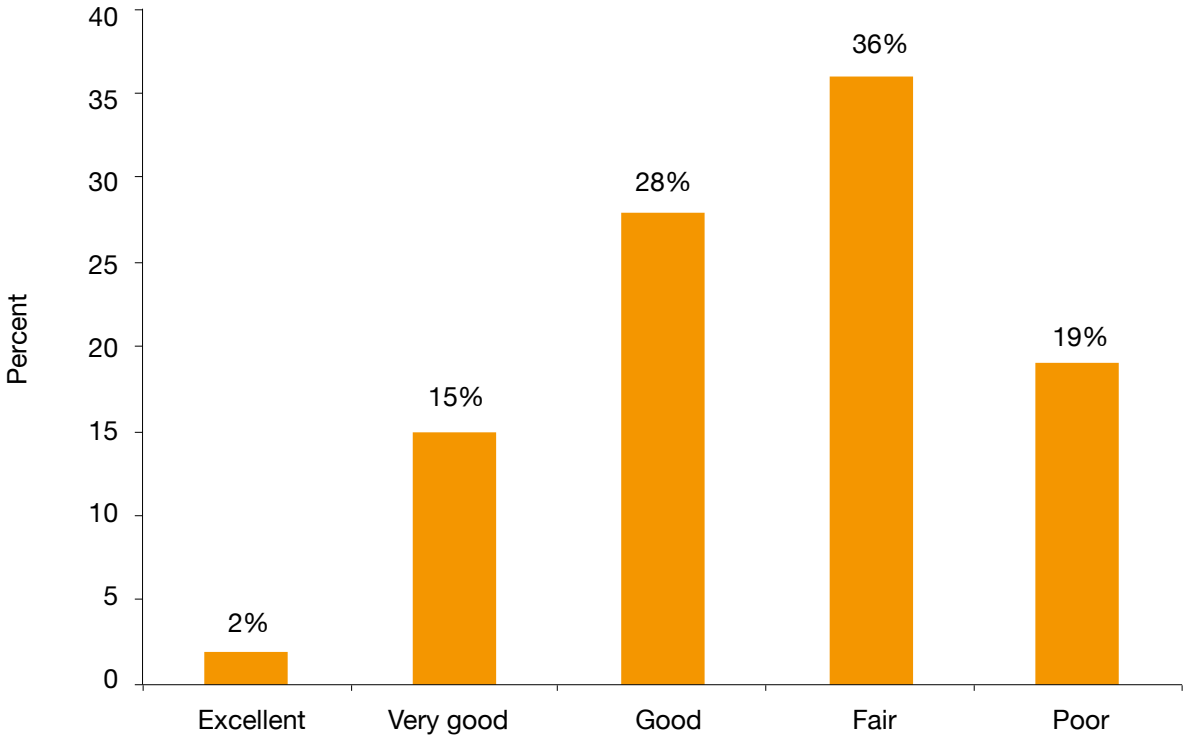
Duration of homelessness varied, but as would be anticipated tended to increase with the frequency with which homelessness had been experienced. Just over half the respondents reported that their total experience of homelessness exceeded two years (53%). Twenty-six percent reported they had been homeless for up one year and 21 per cent for between 13-24 months.

Overall 17 per cent of respondents reported that their health was excellent or very good, 28 per cent reported good health, while 36 per cent reported fair health and 19 per cent poor health. This was in a group of single homeless people of whom 66 per cent were aged under 45 (Figure 3.1).

A number of other indicators suggested relatively poor mental and physical health:

- seventy one per cent reported that, during the past four weeks, they had felt 'calm and peaceful' only some of the time, a little

Figure 3.1 Self-reported health status



Source: Survey

Table 3.1 The costs of single homelessness over 90 days

Cost	Total	(Equivalent) average
Drug/alcohol services	£28,396	£330
Mental health	£45,140	£525
NHS	£92,415	£1,075
Criminal justice	£257,818	£2,998
Homeless services	£318,372	£3,702
Total	£742,141	£8,630

Source: Survey

of the time, or none of the time.

- sixty five per cent reported that, during the past four weeks, they had felt like they had 'a lot of energy' only some of the time, a little of the time, or none of the time.
- fifty per cent reported that when attempting to climb several flights of stairs, their health limited them 'a little' or 'a lot'.
- thirty seven per cent reported they had 'no one they could really talk to'.
- forty seven per cent reported they had 'no one they could really count on in a crisis'.

One third reported that they had problems, or were recovering from problems with drugs (33%). Forty percent reported current or past problems with alcohol (40%). A history, or current, use of both drugs and alcohol was reported by 19 per cent of respondents.

In summary, this was a group of highly excluded people who had relatively poor health status and often sustained and recurrent experience of homelessness. The intention of the research had been to look at the costs of single homelessness among people who had been homeless for at least three months, but for most of the participants their experience of single homelessness had been longer.

3.3 The costs of single homelessness

Public spending on single homelessness over 90 days can be estimated at £742,141 for the 86 people interviewed. The average per person was £8,630 (Table 3.1).

With the exception of contact with homelessness services, it was not the case that everyone among the 86 respondents had actually been in contact with every service over the last 90 days. The average allows for comparison of the relative levels of spending that were occurring across the different sectors. The following sections of this chapter describe how these figures were arrived at.

If homelessness and service use among the 86 respondents had remained constant for one year, the estimated public spending would have been £2.96 million, an average of £34,518 per person (Table 3.2):

- Annual[47] homelessness service use costs were estimated at £14,808, on average, per person.

47 The term one year is used approximately, 90 days of data were collected and this total was multiplied by four to give an "annual" estimate (360 day period).

- Estimated annual average NHS service use costs were equivalent £4,298 per person.
- Estimated average costs for mental health service use were equivalent to £2,099 per person, per year.[48]
- Estimated average costs for contact with drug and alcohol services were equivalent to £1,320 per person, per year.[49]
- Estimated average costs of contact with the criminal justice system were equivalent to £11,991 per person, per year.[50]

3.4 Use of homelessness services over 90 days

Figure 2.2 summarises the patterns of homelessness service use over the last 90 days by the respondents. Patterns of service use were variable ranging from extensive contact with services during the last 90 days through to what amounted to almost no contact beyond visits to daycentres.

Over the 90 days, there were a handful of examples of what might be called textbook transitions, from outreach to a hostel, supported or transitional housing, or from outreach to a night shelter, before moving to a hostel or related service. Yet there were also people who had spent the last 90 days in a hostel or related service, a considerable number of whom had been there for some time. During the 90 days, a lot of the single homeless people had not changed position, they had been rough sleeping at the beginning of the period and still were, or had been in a hostel and still were. There was variation, but a lot of the single homeless people had not experienced a change in their situation during the last three months.

This absence of movement has implications for costs. When someone stays in a hostel, transitional or supported housing for 90 days, the costs are greater than would be the case if they were shifting from outreach, to a night shelter and then to a hostel, because the costs for the hostel will typically by higher. Equally, 23 per cent of the respondents seemed to be caught in a cycle of daycentre service use, without engaging with, or

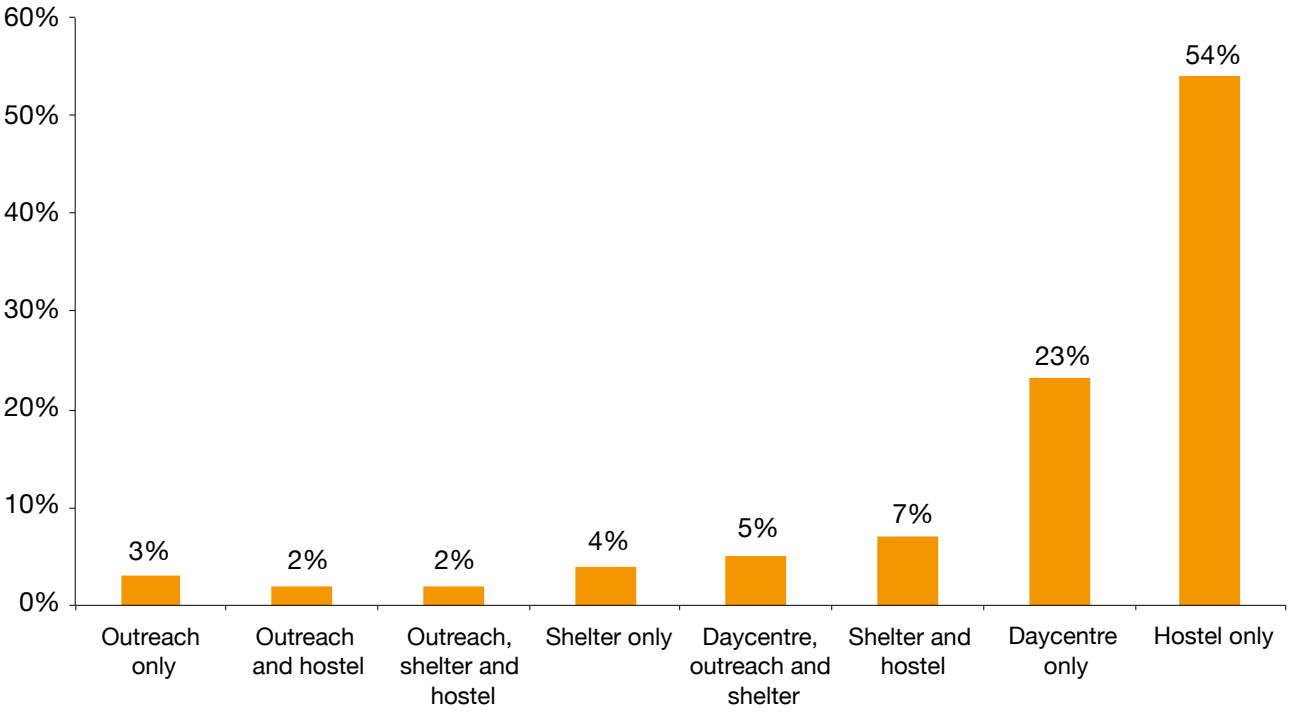
Table 3.2 The costs of single homelessness over one year

Cost	Estimated average per person	Estimated annual spending
Drug/alcohol services	**£1,320**	**£113,584**
Mental health	**£2,099**	**£180,560**
NHS	**£4,298**	**£369,660**
Criminal justice	**£11,991**	**£1,031,272**
Homeless services	**£14,808**	**£1,273,488**
Total	**£34,518**	**£2,968,564**

Estimate based on survey results

48 This is an equivalent figure, only 19 of 86 respondents had reported contact with mental health services (22%).
49 An equivalent cost, 32% of the respondents had actually had contact with these services.
50 An equivalent cost, 20% of the respondents had actually had contact with the criminal justice system.

Figure 3.2 Patterns of homelessness service use over last 90 days



Source: Survey

finding it difficult to access, other services, which kept the costs of their service use low. Everyone who was only in contact with a daycentre was living rough, in a tent or squatting. It cannot be assumed that this group would not start using more services, incurring greater costs, at some point.

Ascribing costs to these patterns of service use can be done by drawing on commissioning data shared with the research team by seven local authorities. What is spent on each type of service varies between location and by the nature and intensity of support provided, some services include rent, others do not. Table 3.1 summarises the approximate commissioning costs of different types of services shared by local authorities[51]. Participation was anonymous, but the local authorities which shared costs were in London, the Midlands and the North.

For the hostels/supported housing and the night shelters, there is both a support cost (Table 3.1) and rent, usually paid by Housing Benefit. The level of rent varies considerably between local authority areas, but the information shared anonymously by local authorities suggested rent broadly paralleled spending on support, so a hostel or other single site supported housing service would cost, on average, around £440 in total, including rent and spending on support.

51 Participation was anonymous and was on the understanding that only approximate costs would be shared. Local authority commissioning data are commercially sensitive. See Appendix.

Table 3.3 Support costs for homelessness services

Service type	Average	Median
Hostel/supported (week)*	£231	£210
Hostel/supported (daily)*	£33	£30
Outreach (contact)***	£70	£701
Night shelter (week)**	£96	£98
Night shelter (daily)**	£142	£14

Source: Approximate costs from local authorities (anonymised). Based on cost data for 15 hostels and supported housing schemes ** based on three night shelters (direct access accommodation) *** Based on three outreach services. 1 Data were available on three outreach services. 2 Rounded figure (£13.70).

Looking at support costs alone, based on actual service use reported over 90 days, it is possible to begin to explore the costs of homelessness services (Table 3.3). Cost data were not available for every service that the respondents had used. For these reasons average costs, multiplied by nights stayed, or contacts with outreach services, are employed.

Calculating daycentre costs was quite challenging[52]. As something of a compromise, this report uses the annual cost data which is published by a day centre in London, seeing between 150-180 single homeless people per day and with an annual budget of £438,000[53] and offering advice, medical care and meals. Some daycentres also offer education, training and job-seeking services, and would be expected to have a somewhat higher operating cost, unit costs might also be higher in day centres with lower levels of visits. Where respondents talked about day centre use this was recorded. Where it existed, contact was generally frequent[54].

Figure 3.3 shows the costs of actual patterns of service use, with costs calculated on the basis of average total costs. Taking the "hostel" column as an example, this shows the 4,348 nights spent by respondents, during the last 90 days and what that equates to in terms of average costs (combined rent and support cost). Night shelter use was much less at 288 nights in total (average, combined rent and support costs shown) and daycentre use and outreach costs are based on the data and assumptions described above.

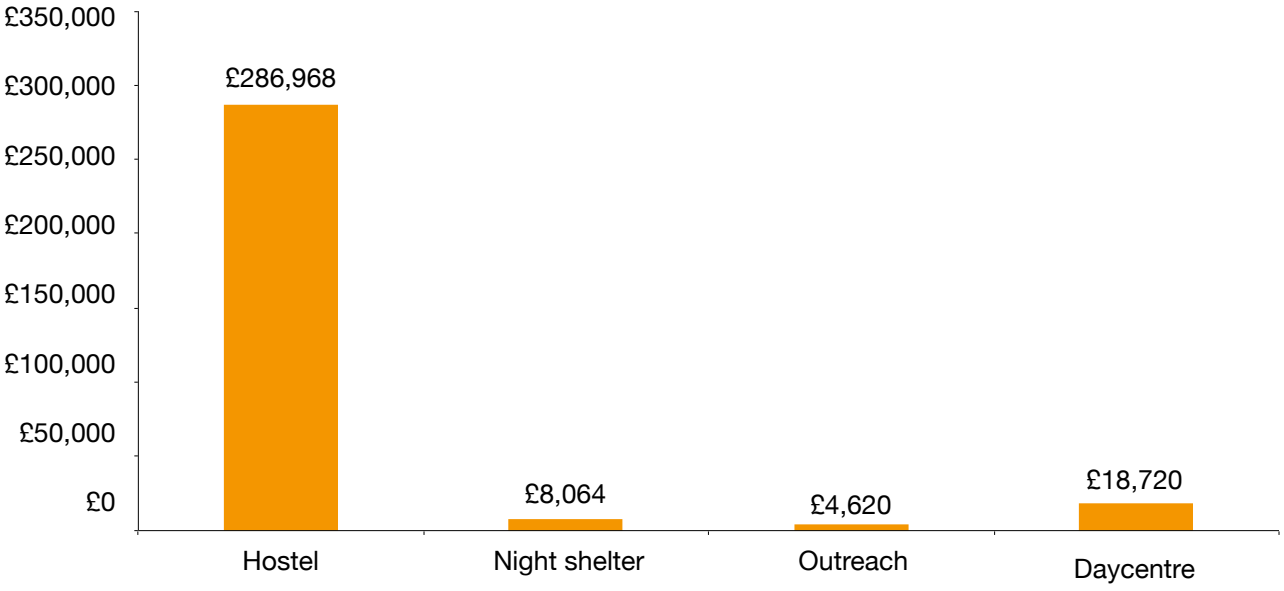
As noted, information available on the rent costs for night shelters and hostels suggested broad parity between rent levels and support costs, i.e. rent and support costs together tend to approximate to double the level of support costs. This is not ideal way of estimating total costs, but the time and resources to collect specific rents on each supported housing service, direct access service or night shelter and hostel, were not available for this research.

52 There was insufficient data available from local authorities, both in the sense of not having enough examples, but also because commissioning is based on a flat rate. For example, a daycentre has an agreed operating budget but that is not based on seeing a fixed number of people a fixed number of times, making the cost-per person per-visit difficult to work out. To add to the complication, local authority commissioning may only provide partial funding and some daycentres use a mix of donations and other grants, operating without financial support from local authorities. Previous attempts at understanding day centre costs have sometimes used day centre costs for other service user groups, such as older people with support needs, which is of debatable utility, or even assumed the same daily cost as for staying in a hostel.

53 http://www.mannasociety.org.uk/ This approximates to around £8 a day, per person, on average.

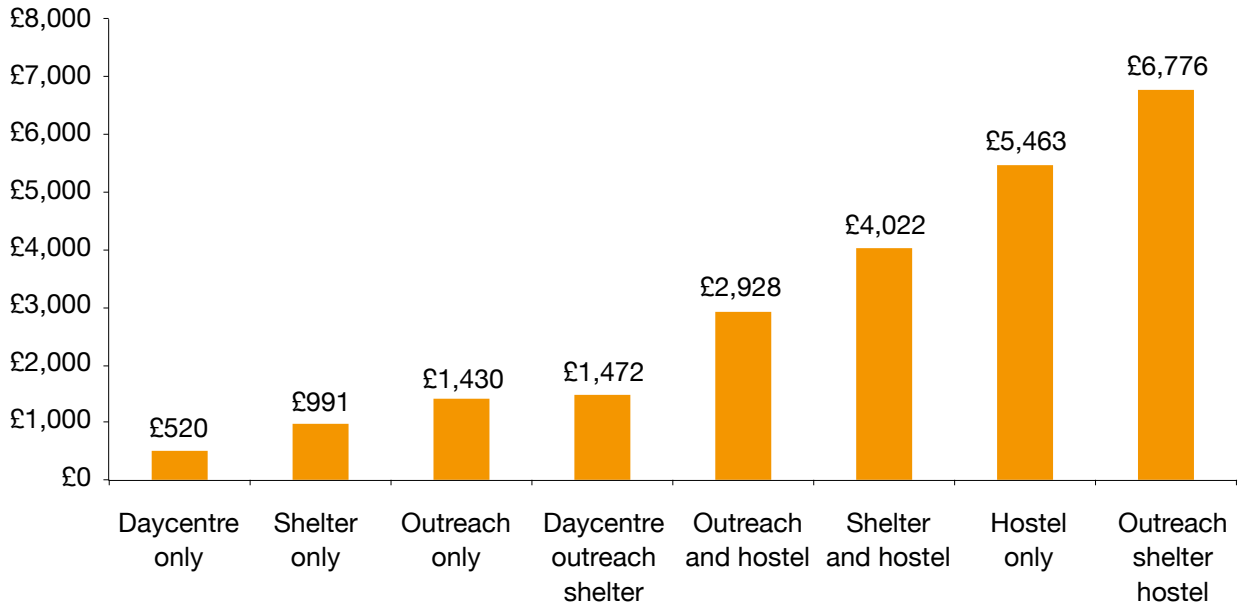
54 We have assumed 65 contacts over 90 days, allowing for some daycentres not operating at weekends.

Figure 3.3 Estimated average costs of homelessness service use in 90 days



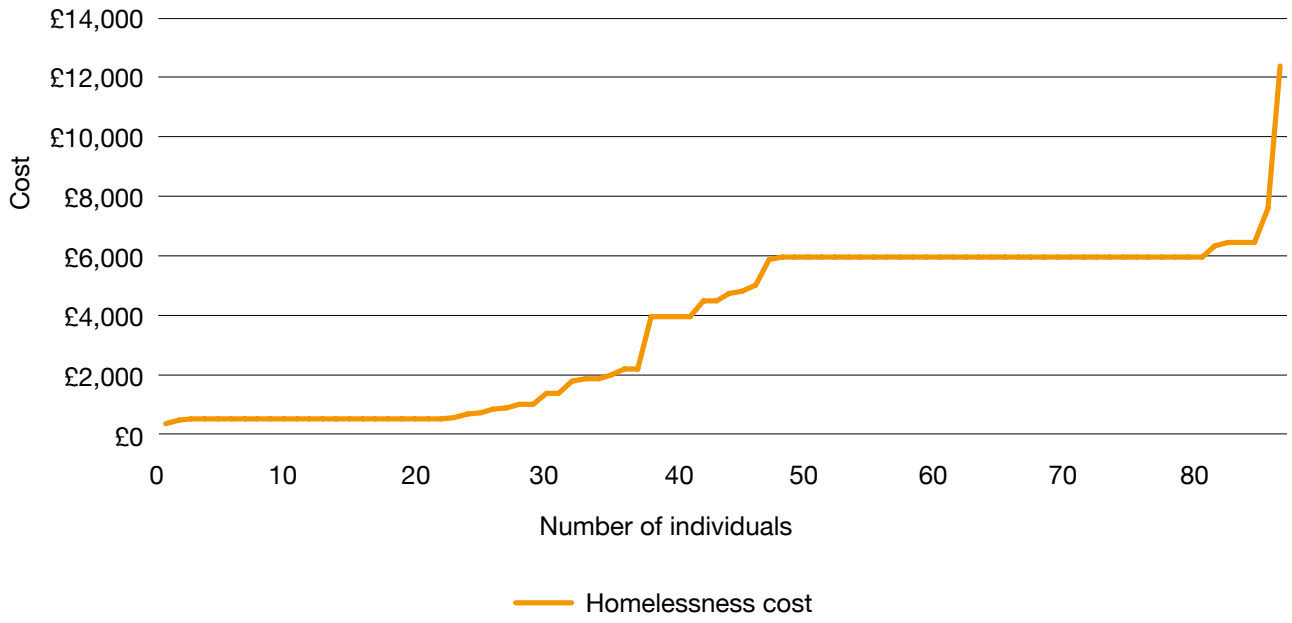
Source: Survey (see Appendix)

Figure 3.4 Estimated average homelessness service use cost per person by service trajectory



Source: Survey (see Appendix)

Figure 3.5 Pattern of estimated homelessness servcice costs (Individuals)



Source: Survey (see Appendix)

Clearly, supported accommodation (hostel) use was the biggest single cost in terms of homelessness service use, both a function of the relative costs of these services and the time that respondents had spent in them. Of the 56 respondents who had stayed at least one night in a hostel during the last 90 days, the average length of stay was 77.6 days and the median stay was 90 days, the entire period covered by the fieldwork.

Based on average service costs, the estimated cost of homelessness service use by the respondents over a 90 day period was as follows:

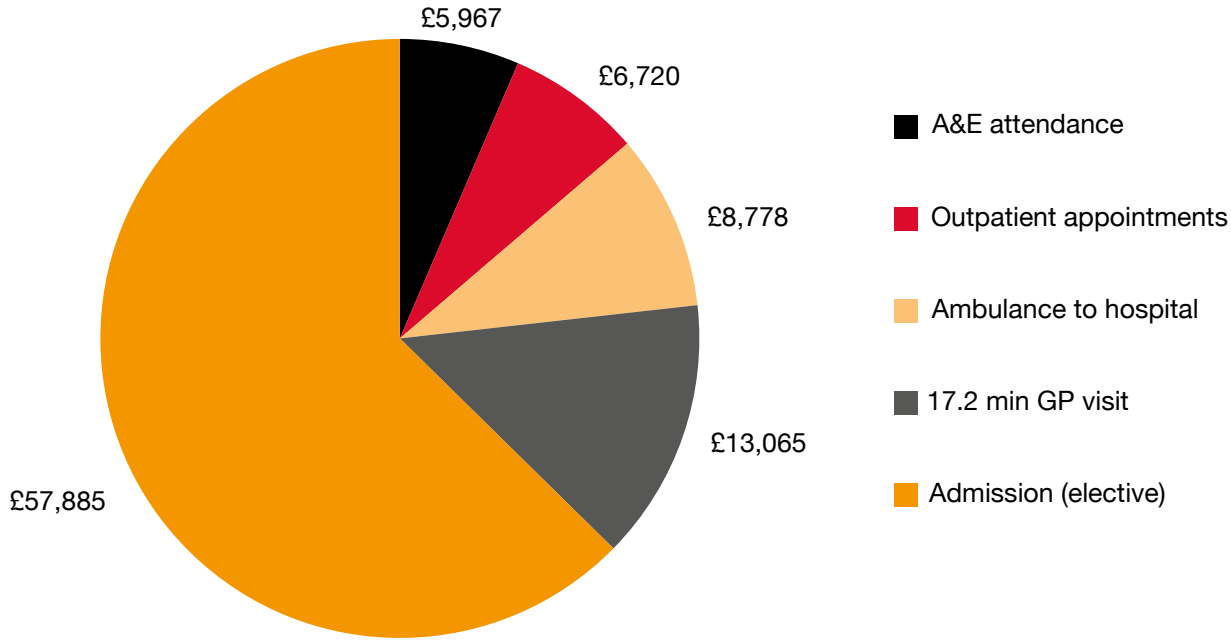
- £3,702 on average, per person
- A median cost of £4,612, per person
- A total cost of £318,372 in homelessness service use.

Service costs varied, as would be expected, by trajectory. Those who had used hostels had the highest average costs (reflecting the average stay of 77 days in the last 90 days), while those having contact with daycentre services only had the lowest (estimated) costs.

Figure 3.5 shows the patterns of homelessness service cost per person over 90 days. Again, there is variation, linked to trajectories through homelessness services. The minimum homelessness service use was £330, the maximum £12,400, based on average costs. This research was an exploratory study looking at the costs of single homelessness, it is not a survey that represents single homeless people and therefore is not representative of the costs of single homelessness, in terms of use of homelessness services, as a whole. What is evident is that it may be dangerous to assume there are specific patterns of costs, or that the costs will typically be within a particular range.

A number of findings are apparent:

Figure 3.6 Estimated costs of health service use in 90 days



Source: Survey. Costs for GP appointments assume longer appointments and are based on PSSRU figures for 2015[56] for a 17.2 minute consultation, as most respondents to the survey tended to report some health problems (£65). Outpatient appointment costs are also taken from PSSRU figures and are based on the national weighted average (£112). Ambulance cost data are also from PSSRU and assume a 'see, treat, convey' as the interview questionnaire asked about being taken to hospital in an ambulance (£231). A&E attendance costs are based on figures from New Economy Manchester[57] for 2015 (£117).

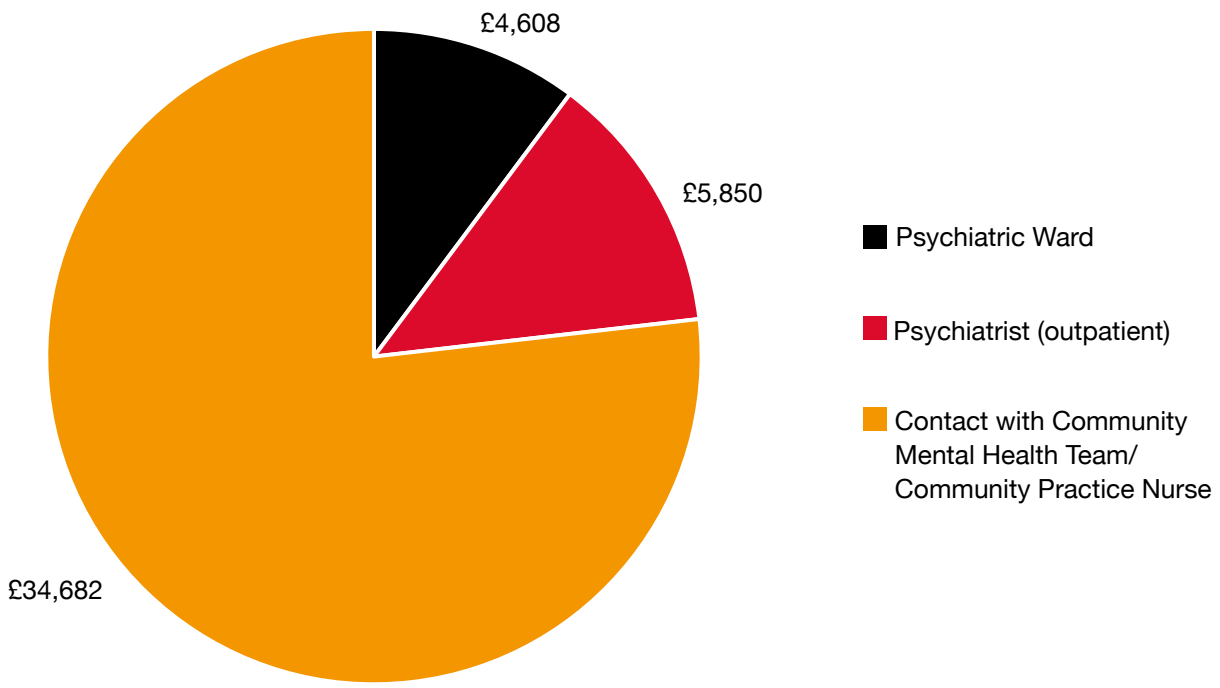
- Some single homeless people have a very low homelessness service cost because they are not using services. Single homelessness, even when sustained and recurrent, does not automatically generate high homeless service costs for the Treasury, or for the charitable sector.

- Collectively, however, the homelessness estimated average service costs of this group of people, all homeless for at least three months, were in the order of £318,372, an average of £3,702 per person. If the pattern of homelessness service costs found here were replicated in 1,000 people over 90 days – again bearing in mind this is exploratory work[55] - that would be some £3.7 million in spending, in three months. Something to also bear in mind is that 34 per cent of this group were people on whom less than (an estimated) £1,000 had been spent during the last 90 days before they were interviewed.

- American research found clear evidence from the 1990s onwards that it was a small, relatively high need group, experiencing long-term/repeat homelessness that represented the single greatest cost to the public

55 See Appendix.
56 Curtis, L. and Burns, A. (2015) Unit Costs of Health & Social Care 2015 London: PSSRU.
57 Unit cost database, see: http://neweconomymanchester.com/

Figure 3.7 Estimated cost of mental health



Source: Survey. Figures for psychiatric ward stays are based on reports of nights stayed and use the PSSRU[58] mean cost for a medium security facility for 2015 (£512). Costs for outpatient appointments with a psychiatrist are drawn from 2015 data from New Economy Manchester (£150) as are the costs for contact with community mental health service/CPN contacts (£167).[59]

purse.[60] This group of people, selected for methodological reasons because they had been homeless for 90 days or more, were often long-term and recurrently homeless. Not all were making much use of homelessness services, but it cannot be assumed that everyone would continue to follow the same patterns, some might exit services, others might start using them. Equally, someone who was not necessarily a high user of homelessness services might be incurring costs elsewhere, for the NHS and criminal justice system, for example (see below).

Two further sets of findings are worth reporting at this point. The first set of data relate to the *total* time that the single homeless people participating in the survey had spent in their current living situation, by asking them the date on which it had started (month and year). Analysis of these data, again based on averaged costs including support and rent[61], showed the following:

- The homeless people currently resident in hostels/supported housing at the point they were interviewed had, collectively, spent 8,823 nights in those services.

58 Curtis, L. and Burns, A. (2015)
59 Unit cost database, see: http://neweconomymanchester.com/
60 Culhane, D.P. (2008) op. cit.
61 See Appendix.

- The average stay was 169.7 nights per person, the median stay was 102 nights.

- The average cost of the total length of stay by homeless people resident in hostels at the point of their interview was £11,198 and the median cost was £6,765. Total costs were in the order of £582,318.

3.5 Health services

During the last 90 days, the respondents to the survey had used the National Health Service (NHS) 359 times. The bulk of this contact was with GPs (201 appointments, 63%), followed by outpatient appointments (60 appointments, 16%) and then A&E attendances (51 times, 14%), with being conveyed to hospital by ambulance being experienced at a similar rate (38 times, 10%). Hospital admissions were less common, totalling only 17, though the cost per admission was of course significantly higher than the unit costs for other health services. Total spending can be estimated at £92,415 (Figure 3.6).

Sixty respondents had made use of the NHS services. The average cost per person was £1,540 and the median cost was £312.

There was less contact with mental health services during the last 90 days (Figure 3.7). Collectively, the single homeless people responding to the survey had spent nine nights in a psychiatric ward, had an outpatient appointment with a psychiatrist 39 times and had contact with a community mental health team/community psychiatric nurse 214 times. Total service use equated to approximately £45,140.

This research was concentrated on use of services in order to establish the costs of that service use. However, during the course of the work, it became apparent that some respondents wanted access to mental health services but had been unable to get those services or were being required to wait for considerable periods of time. This finding is not surprising in the context of longstanding evidence of sometimes poor access to mental health and other NHS services among single homeless people, but is mentioned here as the level of recorded service use was not necessarily representative of service need.[62]

Nineteen respondents had made use of mental health services in the 90 days prior to their being interviewed. The average cost was £2,375 per person.

3.6 Drug and alcohol services

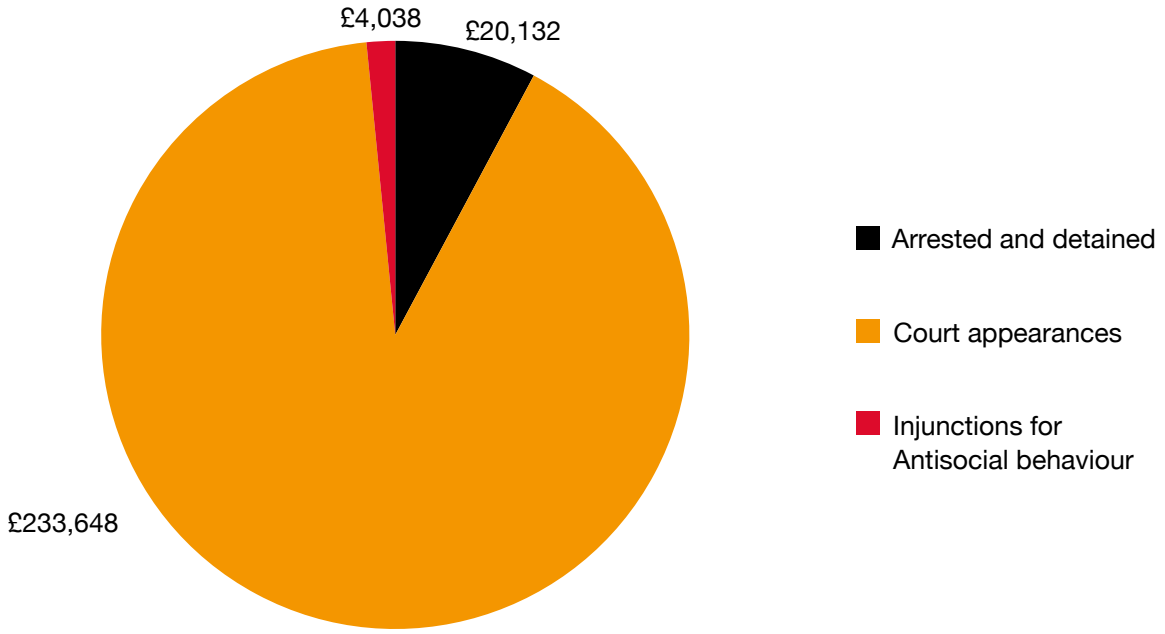
Among the respondents to the survey, there had been no use of specialist supported housing for people with problematic drug or alcohol use in the last 90 days.

Contact with drug and alcohol workers had occurred, with 32 per cent of respondents seeing a drug and alcohol worker a total of 229 times over 90 days, at a cost of £28,396.[63] Use of these drug and alcohol services was frequent among some respondents, but there were also some cases in which single homeless people expressed a need for drug and alcohol services, but were unable to access them or were facing a long wait. Again, actual need for services seems to have been higher than the patterns of service use by respondents during the 90 days before they were interviewed.

Thirty-one respondents had used drug and alcohol services an average of 7.3 times in the last 90 days, at an average cost of £916 per person.

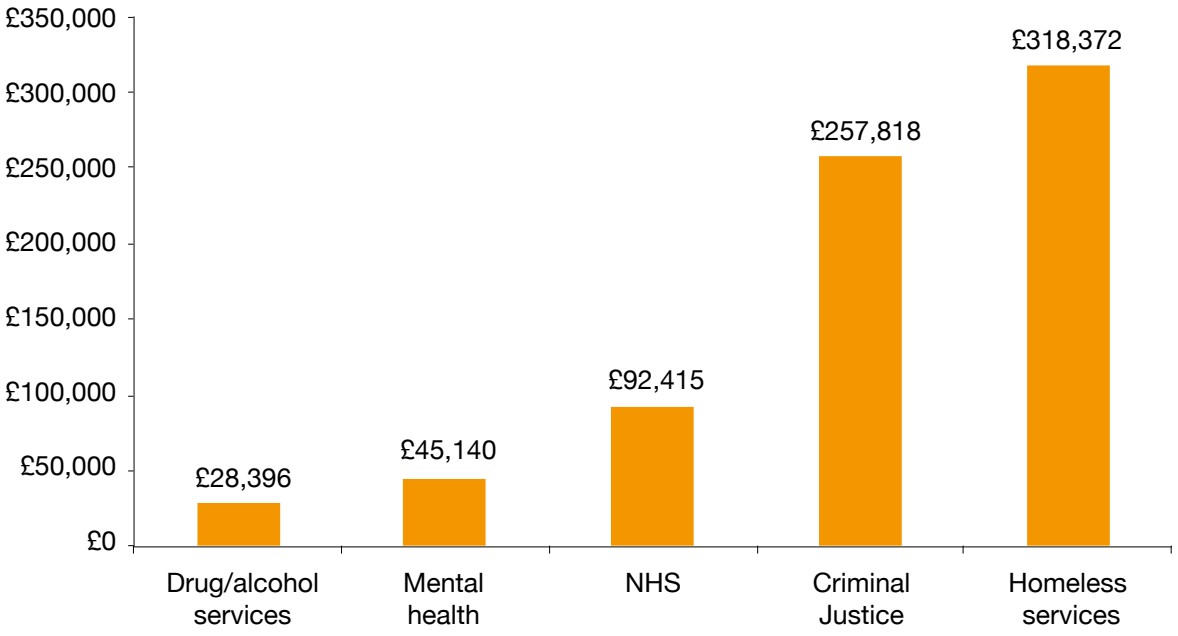
62 Homeless Link (2014) The Unhealthy State of Homelessness: Health Audit Results 2014 London: Homeless Link. http://www.homeless.org.uk/
63 Unit cost database, see: http://neweconomymanchester.com/

Figure 3.8 Estimated costs of contact with criminal justice system in 90 days



Source: Survey. Based on costs from New Economy Manchester[64] for 2015, £719 for arrest and detention, £14,603 for a court appearance (violent offence, costs vary) and £673 in local authority costs for dealing with an anti-social behaviour incident.

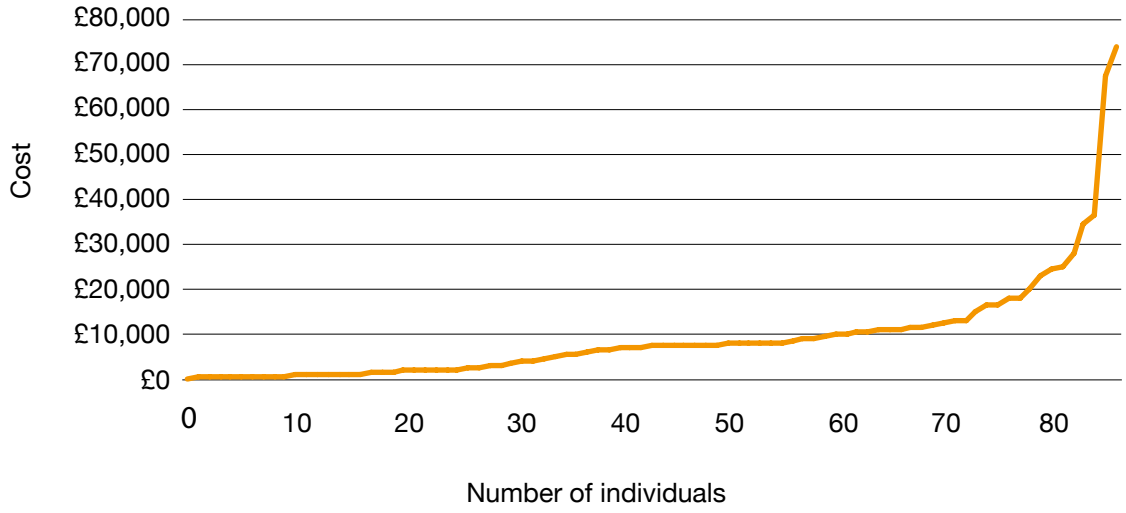
Figure 3.9 Estimated public spending in 90 days



Source: Survey. See Appendix and notes under preceding graphics in this chapter for assumptions and data sources for costs.

64 Based on Curtis, L. and Burns, A. (2015) op. cit. mean cost of community drug services (per care contact) from the NHS (£124).

Figure 3.10 Estimated total public spending in 90 days (Individuals)



Source: Survey. See Appendix and notes under preceding graphics in this chapter for assumptions and data sources for costs.

3.7 The criminal justice system

The respondents had experienced 28 arrests with detention (overnights in Police cells), 16 court appearances and six instances where an injunction or criminal behaviour order or other actions had been taken due to anti-social behaviour. Total criminal justice costs were in the order of £257,818 (Figure 3.8).

Seventeen respondents had experienced contact with the criminal justice system over the last 90 days. The average estimated cost of that contact was £15,165 per person.

3.8 Interpreting the costs

Total public spending, excluding benefits, occurring during 90 days of single homeless people's lives prior to taking part in the survey, added up to an estimated £742,141:

- Estimated public spending was £8,630 per respondent over 90 days, the median figure was £6,135.
- A thousand single homeless people, replicating the patterns of service use found in this group of 86 respondents, would cost £8.63 million in public expenditure over 90 days.

Costs varied, with a small number of individuals incurring estimated public expenditure in excess of £20,000 and a somewhat larger number generating estimated costs well under £10,000 (Figure 3.10). This was a group of people who were found through their contact with homelessness services, so everyone cost something in terms of public spending because most homelessness services receive at least some form of government grant, most commonly from a local authority. Some of this expenditure would have been using charitable donations, possibly EU funding and grants made by the Big Lottery, the extent to which this was the case would vary between locations and to an extent between service types, but there are not the data available to allow for a reliable estimation of total charitable spending on homelessness services. Some other services, such as the

NHS and drug and alcohol services may be augmented by charitable donation but effectively rely on public expenditure.

All this spending occurred without the homelessness of almost these individuals being resolved.[65] These were a group of people broadly characterised by sustained and recurrent experience of homelessness.

Clearly, these costs are approximate in that they are based on standardised costs for health services, from PSSRU[66], standardised costs generated for other services and the criminal justice system from New Economy Manchester[67] and averages from local authority commissioning of homelessness services. If patterns of service use held constant for one year, public spending on these 86 homeless people would be £3.29 million.

Correlations between duration and frequency of homelessness, contact with mental health services, drug use and alcohol use and costs were *not* in evidence. Those costing the most had not been homeless more often, were not more likely to be using drugs, or to have had contact with mental health services. In part, this may have been because this was a population broadly characterised by long-term and recurrent homelessness. It may also be the case that the broad measures used to explore health and well-being were insufficiently nuanced to pick up on differences. Greater contact with services meant higher costs, but based on the data gathered, support needs, health problems and other characteristics did not predict frequency of service contact within this group of 86 homeless people, who were broadly characterised by economic exclusion, poor social supports and poor mental and physical health.

In considering these figures, there are three points to be borne in mind:

- the findings of previous research on the financial costs of homelessness.
- the characteristics of the single homeless people being interviewed.
- the extent to which the costs arise *only* because of homelessness, are potentially *exacerbated* by homelessness and would still occur if someone were *not* homeless .

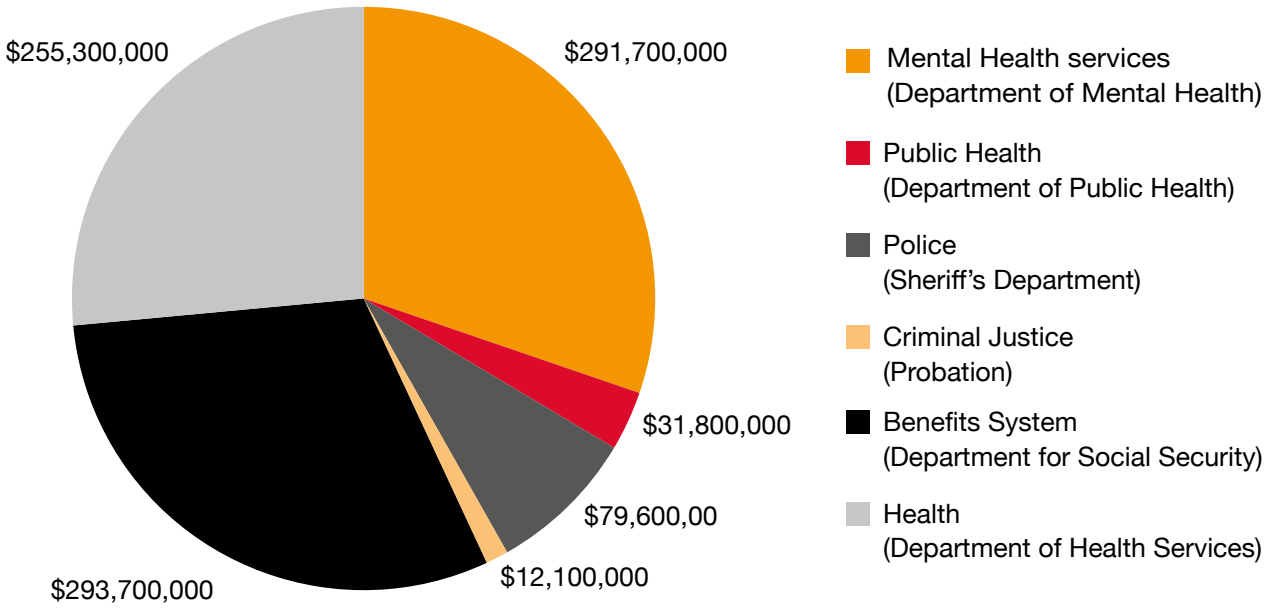
3.8.1 The findings in context

To contextualise these findings it is useful to look at previous attempts to understand the costs of single homelessness and other forms of homelessness. In 2012, working within a number of methodological and data constraints, Government estimated additional public spending at £24,000 - £30,000 (gross) per homeless person, per year. It was also concluded that total public spending on homelessness could be as much as £1bn a year gross costs, although the net costs of homelessness were thought likely to be lower. The 2012 Government estimate proceeded on the basis that the bulk of costs were generated by a small, very high need, homeless population, estimated as 2,000 rough sleepers and 40,000 single homeless people living in hostels, at any one point in time.[68]

The 2012 Government estimation[69] of a gross annual cost of £24-30,000 per homeless person, can be compared to the 90-day average cost estimated for the 86 respondents in this study, of £8,630. Over a year, average costs would be £34,516 (assuming patterns of service use remain constant).

65 Two had been accepted as homeless and in priority need by a local authority and were awaiting rehousing.
66 Curtis, L. and Burns, A. (2015) op. cit.
67 Unit cost database, see: http://neweconomymanchester.com/
68 Department for Communities and Local Government (2012) op. cit.
69 Ibid.

Figure 3.11 Expenditure on lone homeless adults, Los Angeles County



Source: Wu, F. and Stevens, M (2016) op. cit. [73] Jail costs only.

If the population experiencing homelessness for one year were 40,000 and estimated costs were at the average level, annual public expenditure would be some £1.38 billion, based on the results of this exploratory study. In practice, there is likely to be the variation in costs reported here, but the figure could still be very high.

A 2013 European-wide study, including the UK, indicated high costs to the public sector were likely to arise as a consequence of homelessness. Expenditure was likely to be highest in any country, like the UK, that possessed extensive state-funded health and welfare systems and a developed homelessness service sector.[70] Estimates produced by one of the authors last year, exploring how costs might look when single people took different trajectories through single homelessness in the UK, also suggested high figures.[71] Both these pieces of work anticipated the highest costs would be among long-term and recurrently homeless people.

Australian and American research has been highlighting the financial costs of homelessness, particularly long-term/repeat homelessness for some time.[72] Again, highlighting the concentration of costs among long-term/repeatedly homeless lone adults with high support needs. In Australia, it has been estimated that the average,

70 Pleace, N. et al (2013) op.cit.
71 Pleace, N. et al (2015) op.cit.
72 Culhane, D.P. (2008) op. cit.
73 http://priorities.lacounty.gov/homeless/

additional, cost to the public purse of single homelessness is AUD$23,352 per person, for women, and AUD$44,000 per person, for men (2013 figures).[74]

One recent exercise conducted in the United States highlights the extent to which homelessness can generate financial costs. This study did something that has not yet been fully achieved in the UK (see Chapter 2 and Chapter 5), which is using administrative records to map and cost all public service contacts by homeless people. Data for Los Angeles County, covering the financial year 2014/15 were used to explore patterns of service use by just under 150,000 homeless adults (Figure 3.11).[75]

The results of the research in Los Angeles County were striking, a total of some $965 million (£732.4 million at July 2016 exchange rates) had been spent by County agencies on homeless adults in one financial year.[76] The scale of this spending led to a reconsideration of the homelessness strategy for the region, including an increased emphasis on prevention.

3.8.2 Long-term and repeated single homelessness

The other finding from previous research, which again is pertinent here, is that public expenditure tends to be concentrated on single homeless people whose experience of homelessness is long-term or repeated and who tend to have high support needs. This research, by focusing on single homeless people with at least three months experience of homelessness and who were currently homeless, was focused on people who had these characteristics.

While this approach was necessary, in that service use of during the last 90 days of someone's homelessness can only be explored with someone homeless for the requisite amount of time (see Chapter 1 and Appendix), this group were not necessarily representative of single homeless people as a whole. This is not just in the statistical sense, as 86 people is simply not enough to represent the entire single homeless population, but also because experience of single homelessness may not be prolonged and not all single homeless people will have the kinds of support needs found among the respondents for this study. Costs across the single homeless population as a whole, particularly among people who experience homeless only for short periods, will sometimes be lower.

3.8.3 The costs of single homelessness

Calculating the costs of homelessness is challenging, because the counterfactual, i.e. what someone would have cost if they were not homeless, is obviously not available as a basis for comparison. It is possible to look at similar groups – one homeless and one not – but the art of predicting homelessness has yet to be perfected[77]. Contrasting costs before, during and after homelessness is logistically challenging, as data merging remains underdeveloped and methodologically limited, in the sense that costs following homelessness may be determined, at least in part, by experiences during homelessness.

74 Approx. £13k and £25k at 2016 exchange rates. Zaretzky, K., et al. (2013) The cost of homelessness and the net benefit of homelessness programs: a national study, AHURI Final Report No.205. Melbourne: Australian Housing and Urban Research Institute.
75 Wu, F. and Stevens, M (2016) The Services Homeless Single Adults Use and their Associated Costs: An Examination of Utilization Patters and Expenditures in Los Angeles County over One Fiscal Year Los Angeles: Los Angeles County. http://www.endhomelessness.org/page/-/files/LA%20Single%20Adults%20Cost%20Study.pdf
76 Wu, F. and Stevens, M (2016) op. cit.
77 O'Flaherty, B., 2004. Wrong person and wrong place: for homelessness, the conjunction is what matters. Journal of Housing Economics, 13(1), pp.1-15.

Taking Figure 3.3, which shows the total estimated spending on homelessness services of £318,372, including estimated rent for hostel places, as an example, the challenge of calculating net costs starts to become apparent.[78] Some rental costs, which might be lower, the same, or higher, would be incurred by the people in the hostels if they were housed instead. These rents that would probably - at least in the short term – be paid by welfare benefits (just as the rental costs for the hostels are) because this is an almost entirely unemployed group of people, some of whom reported poor mental and physical health. Among those in night shelters, rent, if they were housed instead, would sometimes be higher (some emergency shelters are pretty basic), though how much higher would depend on the night shelter's costs and on where someone was homeless.

Equally, if the 'lower cost' homeless people among the 86, only using day centres, were housed, any reductions in support cost could be more than offset by the need to pay rent for their housing. To add further complexity, as many of the 86 respondents had support needs, simply providing housing would not necessarily meet their needs and end their homelessness. Some support costs would remain even if the more cost effective service models for resettling homeless people with higher support needs, like Housing First, were employed.[79]

Single homeless people are generally from poor and marginalised sections of the population.[80] People from poor backgrounds are at greater risk of low educational attainment, poor life chances, sustained worklessness and are more likely to experience physical and mental health problems[81]. Poor people tend to cost the state money. The systems designed to counteract poverty and inequality, regardless of how one might view their effectiveness, account for the bulk of UK public expenditure.[82] If on exiting homelessness, someone remains poor, either unemployed or in low quality, very low wage employment, they are likely to cost the State more over their life course than an educated, employed, affluent person. This is because they are more likely to become ill, to experience deteriorations in health linked to age earlier in life, more likely to experience unemployment and claim benefit and less likely to be highly economically productive and pay tax. The financial costs of homelessness look, in most cases, as if they are likely to be higher than the costs for someone who is housed, so ending and preventing homelessness more effectively is likely to save on public expenditure. However, an exit from *poverty*, not just from homelessness, is required, before someone becomes likely to cost the State no more than an average citizen.[83]

The net costs of homelessness include the costs of homelessness services and any *additional* cost for publicly funded services and welfare systems that arise because of homelessness. As homeless people tend to be poor, the question, around areas like NHS expenditure, becomes one of how much more homelessness – as *distinct* from relative poverty – may increase service use.

At the time of writing, some data have become available, for example the pioneering work in Scotland referred to in Chapter 2, which uses administrative data linking to clearly show higher rates of health service use among homeless people than the general population[84]. Equally we have some evidence, although it is less robust, suggesting

78 Pleace et al (2013) op. cit.
79 Housing First has support costs of between £8-9k a year, see Bretherton, J. and Pleace, N. (2015) Housing First England An Evaluation of Nine Services York: University of York
80 Jones, A. and Pleace, N (2010) op. cit.
81 Dorling, D. (2015) Injustice: Why Social Inequality Still Persists Bristol: Policy Press (2nd Revised Edition).
82 https://www.gov.uk/government/statistics/public-expenditure-statistical-analyses-2015
83 Dorling, D. (2015) op. cit.
84 Hamlet, N. (2015) op. cit.

recidivism is higher among ex-offenders who do not have a settled home when they leave prison or are released on probation[85].

Health and criminal justice costs may be higher among single homeless people than is the case for the general population, which means reductions in single homelessness should, at least in theory, produce some reductions in expenditure for those services. This means there is scope for a social return on investment (SROI), or a cost offset, from homelessness prevention and other homelessness services.[86]

Scottish administrative data merging indicates that 243 out of every 1,000 homeless people (24%) experience an emergency admission per year, compared to 63 out of every 1,000 housed citizens (6.3%).[87] It cannot be presumed that there would be sudden, immediate fall in use to general population levels, were homelessness stopped, or indeed prevented, because the people experiencing homelessness may have worse health status than the general population.

Nevertheless, the potential savings from even marginal reductions in NHS contact are evident. For example, if there was a 15 per cent reduction in contact with NHS services (excluding mental health) among the respondents to the survey, spending would have fallen from an estimated £92,415 to £78,553, a saving equivalent to £13,862 over the 90 days, or £55,448 over the course of a year (if service use remained constant). If the drop in NHS service use mirrored the statistic suggested by the Scottish analysis of A&E use (24%), the reduction would be £22,180, some £88,720 a year.

Ministry of Justice Statistics show that approximately 26 per cent of offenders will reoffend within a year of prison release[88], though research for a 2002 Social Exclusion Unit report asserted that being housed reduces the likelihood of offending by 20 per cent.[89] If this effect were replicated, it would mean that the 20 per cent of respondents who reported contact with the criminal justice system would have committed something like 20 per cent fewer offences, if they had not been homeless.[90]

Finally, it is possible to remove the estimated rent from hostels and night shelter costs (which would be spent if the individuals were housed anyway), which as noted was reported to be broadly equivalent to the average support costs (Table 3.1). The support only cost for hostels and supported housing was an average of £33 per day across the seven local authorities that provided commissioning costs. When combined with the support costs for daycentres and outreach services, this produces a net *support cost* for homelessness services. This is a group of people with complex needs, which means support costs would probably still be incurred if they were to be sustainably housed. Working on the assumption that floating support services would cost the equivalent of approximately £11 a day (based on three hours contact a week) - which is not an unreasonable assumption[91] - and a typical

85 Fontaine, J. and Biess, J. (2012) Housing as a platform for formerly incarcerated persons. Washington, DC: Urban Institute; Baldry, E et al (2002) Ex-prisoners and Accommodation: What bearing do different forms of housing have on social reintegration of ex-prisoners? University of NSW Royal Melbourne Institute of Technology University with the Brosnan Centre, Australia; Pleace, N. and Minton, J. (2009) Delivering better housing and employment outcomes for offenders on probation London: DWP; Quilgars, D. et al (2012) Supporting short-term prisoners leaving HMP Leeds: Evaluation of the Shelter Prisoners Advocacy Release Team, York: Centre for Housing Policy, University of York.
86 Pleace, N. et al (2013) op. cit.
87 Hamlet, N. (2015) op. cit. Figures are for 2013 and based on homeless male heads of household using the Scottish Statutory homelessness system (243.6 per 1,000 equivalent rate).
88 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/495758/proven-reoffending-2014q1.pdf
89 Social Exclusion Unit (2002) Reducing re-offending by ex-prisoners London: Social Exclusion Unit.
90 The impact would be very variable in practice, one less offence might mean one less arrest and overnight detention, or one less court case and prison sentence, at a much greater financial cost.
91 Bretherton, J. and Pleace, N. (2015) op. cit.

rent of £14.30 a day (£100 week), costs would be around £25 a day, rather than an average of £66 for hostels.

Calculating possible savings in terms of benefit is more complex. Most single homeless people are unemployed and those who are experiencing long-term/repeat homeless are likely to have characteristics that, beyond their homelessness, create significant barriers to paid work, including poor health, limited work experience and low educational attainment. There is research evidence that formerly homeless people can secure paid work with the right support services, though major obstacles to work continue to exist for many.[92] At present, estimating what the employment increase dividend would be from preventing homelessness is not really possible to calculate, what evidence there is suggests benefit claims would probably be somewhat lower, but how much lower is unclear.

Bringing these assumptions together, if the respondents had not been homeless for 90 days:

- Public spending on the NHS would have been £22,180 less (excluding mental health services).
- Public spending on the criminal justice system would have been £51,564 less.
- Spending on hostel and supported housing services for the 52 people using them would not have occurred, although both rent and some floating support costs would be incurred, assuming hostel dwellers would need some tenancy sustainment support. On the estimates reported above, spending on hostels would have been £265,188, compared to £118,404 if the 52 respondents in hostels had been housed, an estimated saving in public expenditure of just under £147,000.

Not all savings are necessarily immediately 'cashable'. In services which have very high rates of contact with the public, such as health and criminal justice, homeless people may be individually expensive. If all the homeless people using a hospital A&E department, even if each one attends many more times than the general public tend to, only collectively account for less than 1 per cent of total activity, for example, removing them from A&E does not free up resources, because other demands are very high. By contrast, if there were a sustained reduction in prolonged or repeated stays in homelessness services, a local authority would be able to reallocate money to other services, such as prevention.[93] Savings might also be made if there were less need for people to enter the statutory system.

3.9 Summary

- Eighty-six single homeless people were interviewed at eight sites in York, Birmingham and London. Most had been homeless for a considerable time and often more than once. Twenty-three percent of respondents were women, they were typically in early to late middle age and most were white.
- Poor physical health and experience of mental health problems were widely reported. One third reported a history or current problems with drug use.
- Patterns of homelessness service use varied, the largest groups had been just been resident in a homeless hostel/ temporary single site supported housing during the 90 days before they were interviewed (54%), or had just made use of a daycentre (23%).

92 Bretherton, J., and Pleace, N. (2016) Crisis Skylight: Journeys to Progression London: Crisis.
93 Pleace, N. et al (2013) op. cit.

- Total public spending on 86 homeless people could be estimated at £742,141 in 90 days, excluding benefits, an average of £8,630 per person.

- If the 86 people remained homeless and had the same pattern of service use for one year, annual estimated public expenditure would be £2.96 million, an average of £34,518 per person.

- An estimated £318,372 had been spent on the homelessness services used by the 86 people over the course of 90 days. Most of this spending was on hostels (£286,968) which would have been mainly, or entirely, funded by local authority budgets.

- Estimated health service costs, based on reported service use, were £92,415 over 90 days, with an estimated additional £45,140 being spent on mental health services. Drug and alcohol service use was estimated at £28,396 and contact with the criminal justice system at £257,818.

- Some evidence indicates that health service use is higher among homeless people and that contact with the criminal justice system may also be higher. Reducing homelessness may reduce the costs of these services.

- Reductions in expenditure from better homelessness prevention might not always be immediately or easily realisable, but there is some potential for quickly ‘cashable’ savings, allowing reallocation of resources, for local authorities.

4 Prevention and costs

4.1 Introduction

This chapter explores the potential financial savings from homelessness prevention by drawing on the results of the survey. The single homeless people who took part in the survey were asked about their pathways into homelessness and what sorts of help would, in their view, have prevented or rapidly ended their homelessness. Applying some caveats, this chapter ascribes financial costs to the kinds of help that would, from the perspectives of the respondents to the survey, have helped stop their homelessness and contrasts this with the financial cost of their homelessness.

4.2 Potential reductions in public spending

Table 4.1 takes the estimated reductions in service use described in the preceding chapter and estimates the changes in public spending that may have occurred if homelessness had been prevented and the 86 people had been housed, rather than homeless for 90 days. As there are no data on which to base an estimate at the time of writing, a parallel reduction in the use of mental health and drug and alcohol services has been assumed, based on the results of HL1 and NHS Scotland data merging reported in the last chapter. Allowances have been made for additional costs arising from prevention, which are detailed below. As contact with preventative services prior to homelessness was frequently highly limited or non-existent, costs have been set at zero.

These results are not surprising. This is an estimate, but the results of work conducted in Australia, the USA and on the initial attempts at exploring costs in the UK and in Europe have shown a similar pattern. There is an overall reduction of £291,360 for 86 people over 90 days, an average reduction in spending of £3,387 per person.

Table 4.1 Estimated changes in public spending over 90 days

Type	Estimated spending	Not Homeless Estimate	Estimated change in Spending
Drug/alcohol services	£28,396	£21,581	-£6,815
Mental health	£45,140	£34,306	-£10,834
NHS	£92,415	£70,235	-£22,180
Criminal Justice	£257,818	£206,254	-£51,564
Hostels***	£265,188	£118,404	-£146,784
Roofless	£53,184*	£43,758**	-£9,426
Prevention	£0	£194,676	£194,676
Sum	£742,141	£450,781	-£291,360

Estimate based on survey results * Homeless service use by people not accommodated by homelessness services, i.e. living rough and squatting ** Estimated rent if this group were housed for 90 days *** Includes refuges, transitional housing, hostels and other temporary supported housing.

Table 4.2 Estimated changes in public spending over one year

Type	Estimated spending	"Not Homeless" Estimate	Estimated change in Spending
Drug/alcohol services	£113,584	£86,324	-£27,260
Mental health	£180,560	£137,226	-£43,334
NHS	£369,660	£280,942	-£88,718
Criminal Justice	£1,031,272	£825,018	-£206,254
Hostels***	£1,060,752	£473,095	-£587,657
Roofless	£212,736*	£174,444**	-£38,292
Prevention	£0	£194,676	£194,676
Totals	£2,968,564	£2,171,724	-£796,840

Estimate based on survey results * Homeless service use by people not accommodated by homelessness services, i.e. living rough and squatting ** Estimated rent if this group were housed for 90 days *** Includes refuges, transitional housing, hostels and other temporary supported housing.

Assuming homelessness continued for one year and patterns of service use remained consistent, public expenditure can be estimated as some £796,000 higher for the 86 people than would be the case if they were not homeless. The average reduction in public spending from avoiding homelessness would be £9,266 per person.

4.3 Routes into homelessness

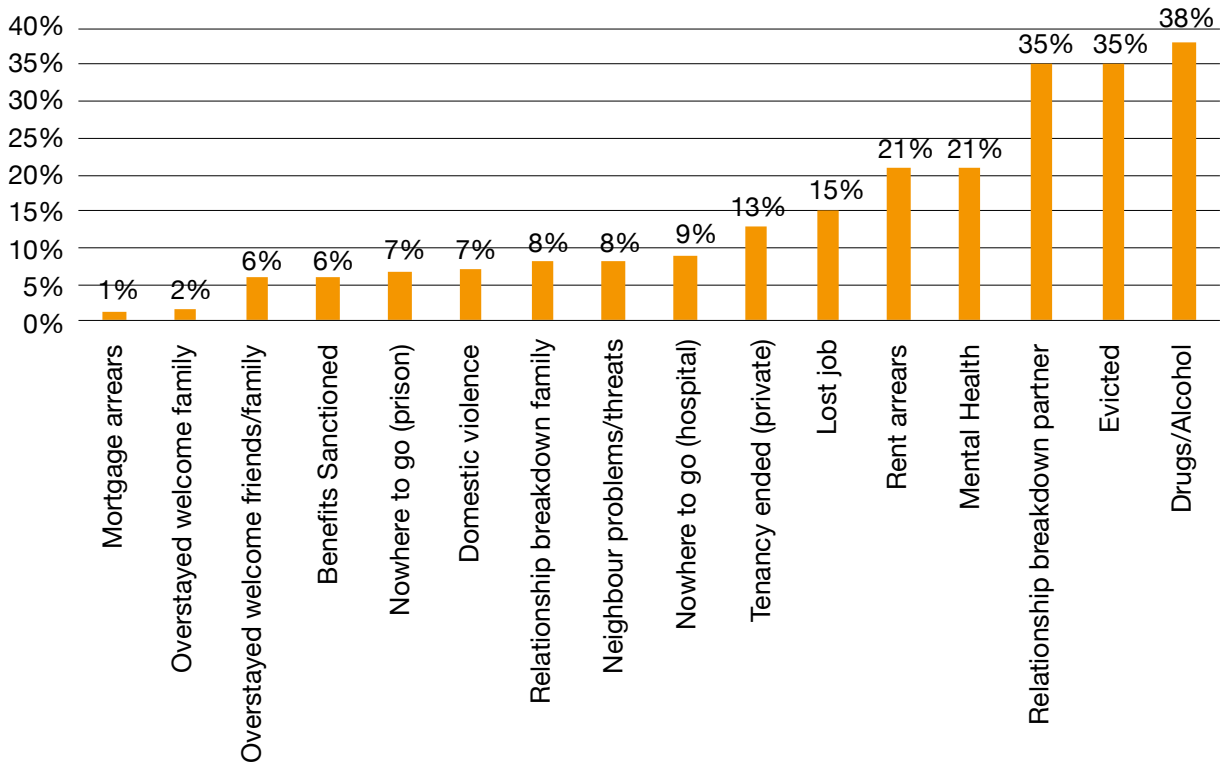
The trigger factors reported by the respondents to the survey have been widely reported in studies exploring the causation of single homelessness[94]. The prominence of problematic drug/alcohol use (mentioned by 38%) and of mental health problems (mentioned by 21%) is immediately apparent, as in earlier research, and shows how support needs can be linked to single homelessness (Figure 4.1).

The results of some of the more recent American research are also echoed here. This work indicates that trigger factors like eviction, relationship breakdown and unemployment can cause homelessness for lone adults *without* support needs. American research also indicates that if homelessness becomes prolonged or recurrent, it can be associated with the *development* of high support needs[95]:

- 57 per cent respondents did *not* report problems with drugs or alcohol, or mental health problems, were a trigger factor in their homelessness.
- 43 per cent reported that drugs and/or alcohol and/or mental illness had contributed to the causation of their homelessness.
- One caveat to these findings was that more respondents reported there had been a need for support with drug/alcohol and/or mental health issues, to prevent their current homelessness, than reported these issues as contributory factors to their homelessness (50%).

94 Busch-Geertsema et al (2010) op. cit.; Lee, B.A. et al (2010) The New Homelessness Revisited. Annual Review of Sociology, 36, 501-521.
95 Culhane, D.P. et al (2013) op. cit.

Figure 4.1 Reported causes of homelessness



Source: Survey. Percentages do not sum to 100, respondents could provide more than one answer.

Eviction (35%), relationship breakdown with a partner (35%), rent arrears (21%) and the end of an Assured Shorthold Tenancy (17%) were also reported as causes of homelessness (Figure 4.1). This study was not a representative sample of all single homeless people[96], focused as it was on understanding what the costs of single homelessness might be over time[97].

This finding is important because it highlights that longer-term and recurrent single homelessness may not begin with trigger factors associated with high support needs and may *not* necessarily require elaborate or expensive preventative interventions. This has potentially significant implications for the cost effectiveness of prevention, since what are essentially low level preventative services may be sufficient to stop at least some long-term and recurrent single homelessness. If this is the case, the net financial cost of homelessness prevention in such cases could, at least sometimes, be *much* lower than the cost of allowing homelessness to become sustained or recurrent (see 3.3).

4.3 Prevention and costs

Alongside being asked what caused their homelessness, the respondents to the survey were asked what would have prevented it. On one level, it might be thought possible to simply consider what the respondents

96 See Chapter 1 and Appendix.
97 See Appendix

thought would have prevented their homelessness, apply financial costs to those interventions and then contrast this with what their homelessness had cost, thereby estimating the net cost of prevention.

There are some difficulties with proceeding on that basis. Some American research, while concluding there is a clear financial case to pursue prevention in the US context, makes it clear that prevention is some way short of being 100 per cent effective.[98] The findings from this study show the group of single homeless people have struggled to access and receive help from the statutory and local authority prevention services they need (see figure 4.2).

One qualifying consideration, when contrasting the possible net difference between theoretical expenditure on homelessness prevention and the estimated and actual spending that arose because of homelessness, is that prevention is not going to be 100 per cent effective. In other words, rather than either generating a saving, being cost neutral or, possibly, costing more than homelessness, the financial costs of prevention - which fails – might *combine* with the subsequent financial costs of homelessness.

One finding was that some respondents had not known where to go or what help might be available to stop their homelessness from occurring. All of these respondents had subsequently at least made contact with and received some support from homelessness services (and this is how they were recruited), but not all had even been aware of local authorities' homelessness duties:

- 29 per cent of respondents reported that they 'did not know help was available' when they became at risk of homelessness.
- 27 per cent reported they had 'no information' about preventative services.
- 8 per cent reported that they did not think a local authority or homelessness services would help them and had not sought assistance on that basis.

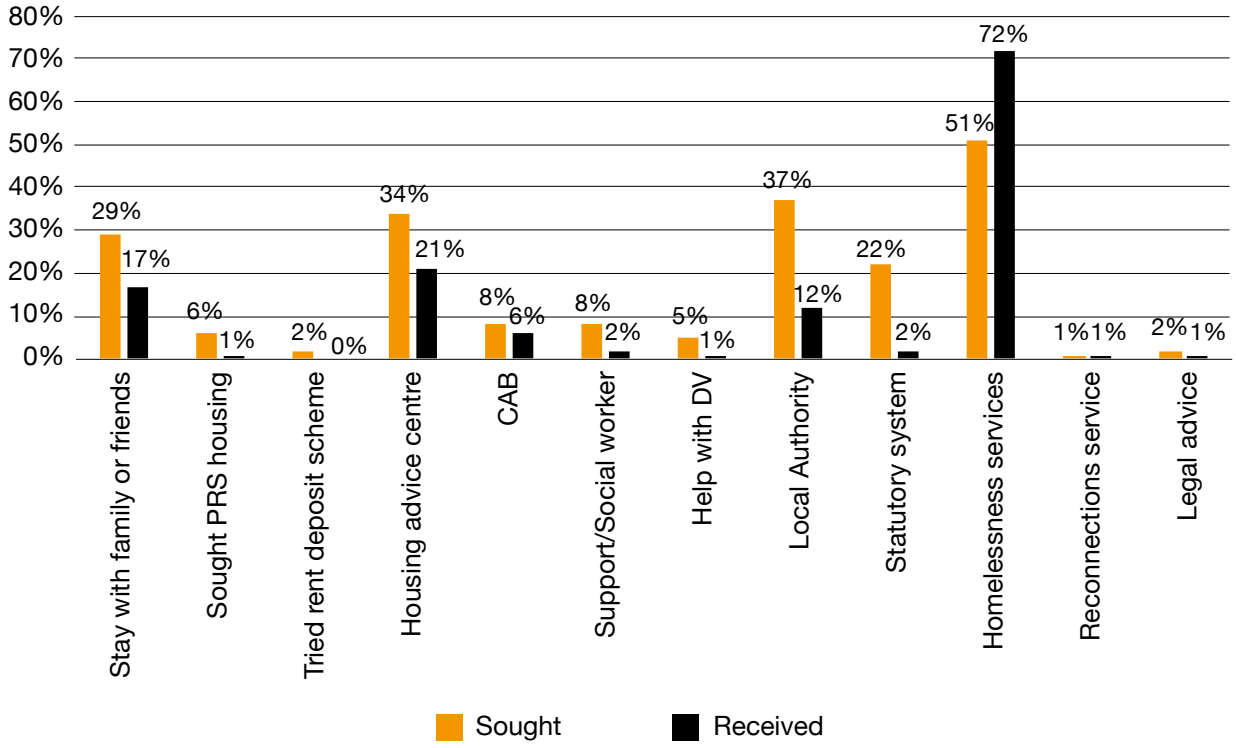
The respondents to the survey had often attempted to stop homelessness from happening and had attempted to seek support from homelessness services and from local authorities. In some cases there was contact with preventative services, particularly housing advice services, but homelessness still occurred (see Chapter 3).

However, the overwhelming finding was a shortfall between attempts to seek help to stop homelessness, both informally and from services, and actually receiving help. In terms of informal help, 29 per cent of the 86 respondents tried to stay with family or friends, but only 17 per cent were able to access that support. While 34 per cent sought help from housing advice services, only 21 per cent received it. The biggest shortfalls were in relation to seeking help from local authorities (37% sought help, 12% reported receiving help) and, recorded separately, those who applied as statutorily homeless (22% sought help, 2% received help). By contrast, more people received help from voluntary sector homelessness services (72%) than sought help (51%), a result of seeking help elsewhere and being referred to homelessness services (Figure 4.2).

Of those seeking help from the statutory system in England, 81 per cent appeared to have been turned down because they were not in priority need, 7 per cent because they were found intentionally homeless and 22 per cent due to an absence of a local connection.[99] These figures are approximate because they are based on reports from the single homeless people responding to the

98 Shinn, M. et al (2013) op. cit.
99 Respondents could report more than one reason why they were not found statutorily homeless.

Figure 4.2 Attempts to prevent homelessness: help sought and received



Source: Survey. Percentages do not sum to 100, respondents could provide more than one answer.

survey, not the recorded decisions of local authorities. In two instances, individuals had been accepted as statutorily homeless and were awaiting housing.

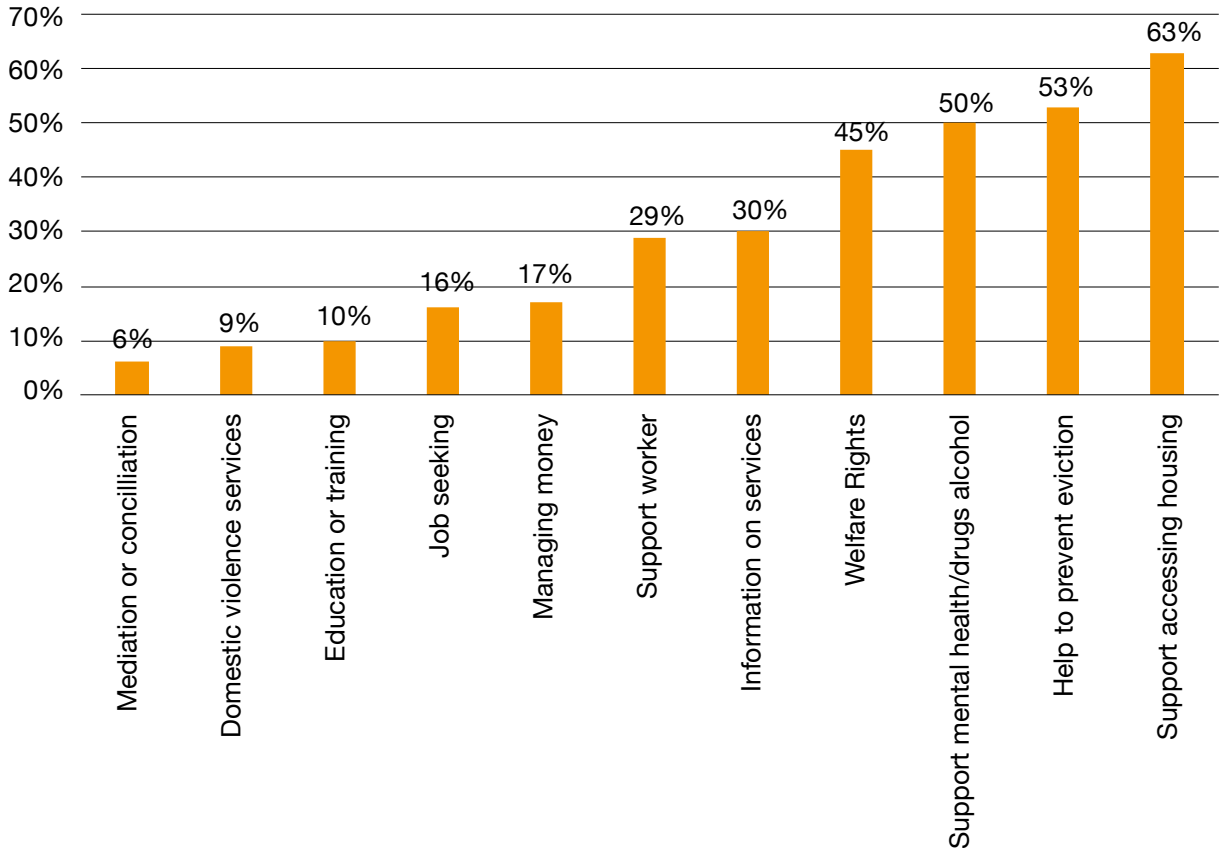
Figure 4.3 summarises the kinds of help that the respondents to the survey reported would, in their view, have helped prevent their homelessness. These data are of course hypothetical, they are based solely on what single homeless people themselves reported would have stopped their homelessness from occurring. The degree of fit between what these respondents said they wanted and what would have actually helped them most effectively is not something that can be tested. However, it is worth noting that the current evidence base, in relation particularly to Housing First[100] but also in respect of services for single homeless people more generally, is that the greater the degree of control that single homeless people have over the design and delivery of support, the more effective that support tends to be.[101]

Respondents were most likely to report that support with accessing housing, both in the private rented sector and/or social rented housing, would have prevented their homelessness (63%). Help with preventing

100 Pleace, N. and Bretherton, J. (2013) The Case for Housing First in the European Union: A Critical Evaluation of Concerns about Effectiveness European Journal of Homelessness 7(2), 21-41.

101 Hough. J. and Rice, B (2010) Providing personalised support to rough sleepers: An evaluation of the City of London pilot York: Joseph Rowntree Foundation.

Figure 4.3 Types of help reported as needed to prevent homelessness



Source: Survey. Percentages do not sum to 100, respondents could provide more than one answer.

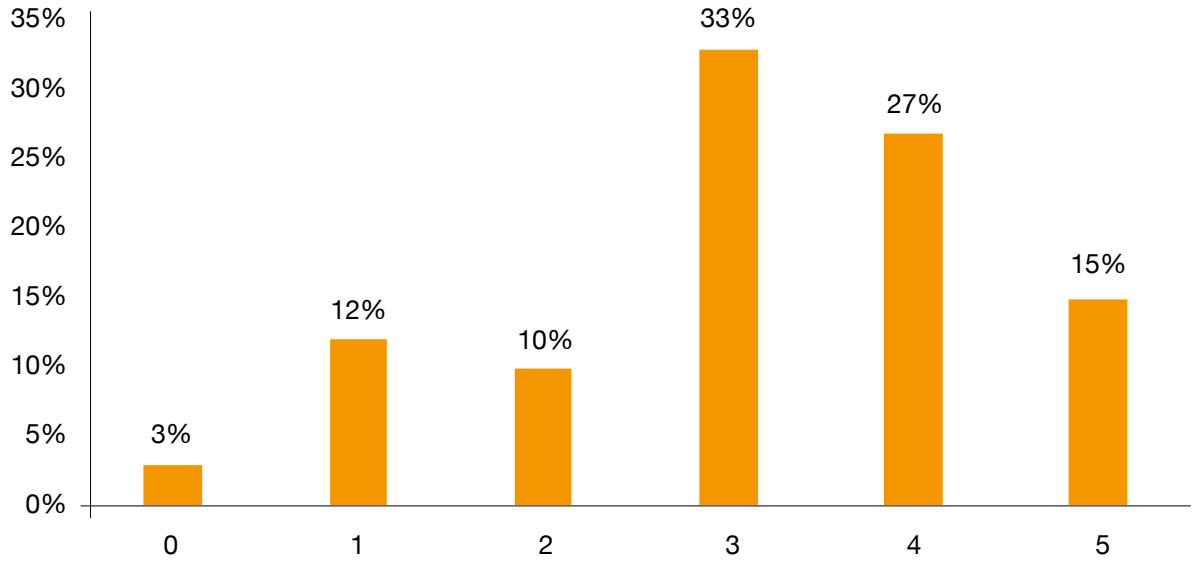
eviction was also widely reported (53%) as something that would have helped prevent homelessness as was assistance in claiming benefit (45%, shown as welfare rights).

Half of the respondents reported a need for support with mental health problems and/or drug and alcohol problems (50%). A high prevalence of these kinds of support needs has long been recorded in single homeless populations. One third also reported the need for a support worker/case manager in preventing their homelessness. Again, echoing the findings around causation, these needs were widespread, but importantly not universal[102], half the respondents did not report that help around drugs, alcohol and/or mental health would have helped prevent their homelessness.

The respondents to the survey were most likely to report they had needed between two and three different kinds of preventative support to, in their view, have stopped their homelessness from occurring. Figure 4.4 shows the distribution, only a handful of respondents reported that there was nothing that could have helped prevent their

102 O'Sullivan, E. (2008) op. cit.

Figure 4.4 Number of distinct types of preventative support reported as needed to prevent current homelessness (% respondents)



Source: Survey.

Table 4.3 Approximate costs of prevention

Service type	Approximate costs	Assumptions
Mediation or conciliation	£250	Five contacts @ £50 each (1 hr)[1]
Domestic violence services (90 days)	£2,340	90 days in a refuge at £180 a week in support costs[1]
Education or training	£580	10 classes at £58 per class[2].
Managing money	£250	Five contacts @ £50 each (1 hr)[1]
Job seeking	£786	Three one to one support sessions with an employment specialist at £262 per session[2]
Help to prevent eviction	£826	Successful prevention by a Housing Options Team[3]
Floating Support Service (low intensity) (90 days)	£650	Support from a floating support service for 90 days @ £50 per week1
Information on services	£100	Two contacts at £50 per contact1 *
Support mental health/drugs alcohol (90 days)	£1,326	90 days support from a Housing First service or comparable high intensity floating support/tenancy sustainment @ £102 per week in support costs (3 contacts at £34 each) for 90 days[4]
Welfare Rights	£250	5 contacts @ £50 each (1 hr)[1]
Support accessing housing	£826	Successful prevention by a Housing Options Team[3]

[1] Based on local authority figures [2] Based on operating costs for Crisis Skylight[103] [3] Based on Acclaim Consulting calculations[104] [4] Based on Bretherton and Pleace[105]

103 See Pleace, N. and Bretherton, J. (forthcoming) Crisis Skylight: Using Social Integration to Prevent and End Single Homelessness London: Crisis.
104 Acclaim Consulting (2010) op. cit.
105 Bretherton, J. and Pleace, N. (2015) Housing First England An Evaluation of Nine Services York: University of York.

homelessness (3%), with the largest group (33%) reporting three forms of support. Among the 86 respondents none reported a requirement for more than five distinct forms of preventative support.

4.4 Estimated costs of prevention

Ascribing costs to these preventative interventions proved something of a challenge. One issue is that the duration and nature of support required will vary considerably. Another issue is that local authorities in England do not commission a standard 'pack' of preventative services that all work in the same ways, or use the same levels of resources.

Local authorities will do similar things in many respects, but the nature and intensity of prevention will vary, with urban areas often having more services because they have greater concentrations of homelessness. In addition, prevention is sometimes commissioned on the basis of a contract to provide a service without specifying how many people will be seen. This is also true for Housing Options Teams in local authorities, which will have a budget, but cannot necessarily predict how many people they will see in a year. All of this makes arriving at a 'unit' cost rather challenging, so a number of assumptions have been used (Table 4.3).

The estimated costs of the preventative services that the respondents said would have helped stop their entering homelessness averaged £2,263 per person, with a median cost of £2,239 per person. If housing advice and assistance in securing housing were said to have been required, but the respondent did not require any treatment or support, estimated costs were typically lower. Once treatment or support were required, costs naturally increased. However, only 25 per cent of respondents had estimated costs of more than £2,938 for preventative services.

Bringing all these data and estimates together, it is possible to start to get a picture of what the differences between spending on prevention and spending on homelessness might be in England. Again it is important to remember that a *hypothetical* preventative intervention is being tested against an actual pattern of service use by single homeless people over 90 days and that this hypothetical preventative activity, if it had actually happened, may not have worked in some cases. Robust analysis of the effectiveness of homelessness prevention services is yet to occur in the UK, while US evidence suggests that while homelessness prevention can pay for itself while reducing homelessness, it is by no means 100 per cent effective.[106]

Rent is a problem in working out the differences between hypothetical preventative spending compared to estimated spending on homeless people. The difficulty lies in whether rent would be paid through the welfare system if they were not homeless (for example they may have been employed if they had not become homeless) and, if the welfare system were paying someone's rent, how much that would be. At the same time, not trying to look at overall potential savings by excluding rent altogether gives an incomplete estimate of what single homelessness might be costing in financial terms. Within this, it is important to also try to control for other costs, i.e. NHS, mental health services, criminal justice costs, because stopping homelessness may reduce, but will not necessarily *end* these costs. On this basis, the following assumptions have been made:

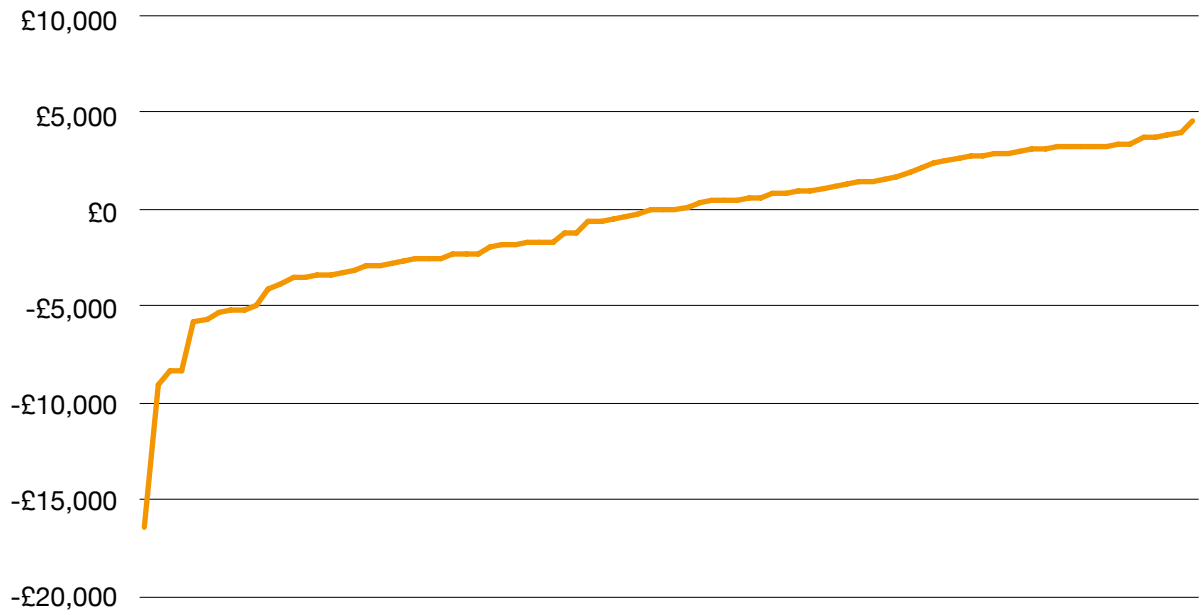
- A 24 per cent fall in NHS service use (see Chapter 3)

106 Goodman, S., Messeri, P. and O'Flaherty, B., 2014. How effective homelessness prevention impacts the length of shelter spells. Journal of housing economics, 23, pp.55-62.

- A 20 per cent fall in offending (see Chapter 3).
- Housing and support costs would fall for hostel dwellers, working on the assumption that floating support services would cost the equivalent of approximately £11 a day (based on three hours contact a week) and a typical rent of £14.30 a day (£100 week), costs would be around £25 a day, rather than an average of £66 for hostels (see Chapter 3).
- Someone who was not housed or in any accommodation at all when interviewed would be housed, a rent allowance of £100 per week has been included for this group.[107]
- A reduction in drug and alcohol service use and mental health service use mirroring the reduction in NHS service use (24%), there are no data available to allow for any greater precision with respect to possible falls in these costs.
- Benefit claims have not been included. There is no basis on which to estimate whether they would fall, rise or remain constant.

These estimates assume *reductions* in service use as a result of not being homeless, rather than assuming a scenario in which not being homeless means health, well-being and economic position are much better than would be the case if someone were not homeless. It is not assumed that a cessation

Figure 4.5 Cost difference for 90 days (individuals)



Source: Survey. See Appendix and notes under preceding graphics for assumptions and data sources for costs. Includes estimated rents, excludes benefits[108].

107 Costs would be higher in areas like London, but would also depend on where a respondent is living, e.g. a room in a PRS HMO rather than a self-contained flat or social rented housing.
108 See Chapter 3.

of homelessness will produce – at least in the short and medium term – a cessation of contact with homelessness services (i.e. that housing related support will be often required for resettlement) or with the NHS, drug and alcohol and mental health services. Equally, it is not assumed contact with the criminal justice system would cease. As it is difficult to estimate what changes there might be in benefit claims, estimated ESA and JSA spending have been left constant.

The estimate is that prevention, combined with estimates of reduced service use, would have cost less than 90 days of homelessness for half of the respondents (Figure 4.5). In overall terms:

- For respondents who were living in hostels and supported housing at the point of interview, costs would typically have been lower, at around £25 a day, rather than an average of £66 for hostels (estimate for both rent and support, see Chapter 3). Spending on hostels would have been £265,188, compared to £118,404, if the 52 respondents in hostels had been housed, an estimated saving of just under £148,000.

- Increases in spending for those respondents who were squatting, living rough or were otherwise homeless at point of interview. The difference here centres on the need to start to pay rent for this population, again estimated (see Chapter 3) at £100 per week. The short to medium term increases in spending might be higher, if support were also required.

- A net saving across the 86 respondents as a whole over 90 days, estimated at -£291,360 (an average of £3,387) i.e. savings slightly offset the estimated increases in expenditure associated with providing housing for those respondents who were living rough or in squats at the point of interview and the costs of the preventative services the respondents said they wanted. These net savings would fall if prevention were not 100 per cent effective, which will be the case, so it is safer to assume prevention for the 86 respondents would be close to cost neutral over 90 days.

However, the homeless people who were interviewed for this exploratory research had not been homeless for just 90 days:

- The average (mean) reported duration of their current episode of homelessness was 1,545 days (i.e. just over four years).

- The median reported duration of their current episode of homelessness was 730 days (two years).

If the period of homelessness is expanded to one year, rather than 90 days, the potential cost effectiveness of prevention starts to look rather different:

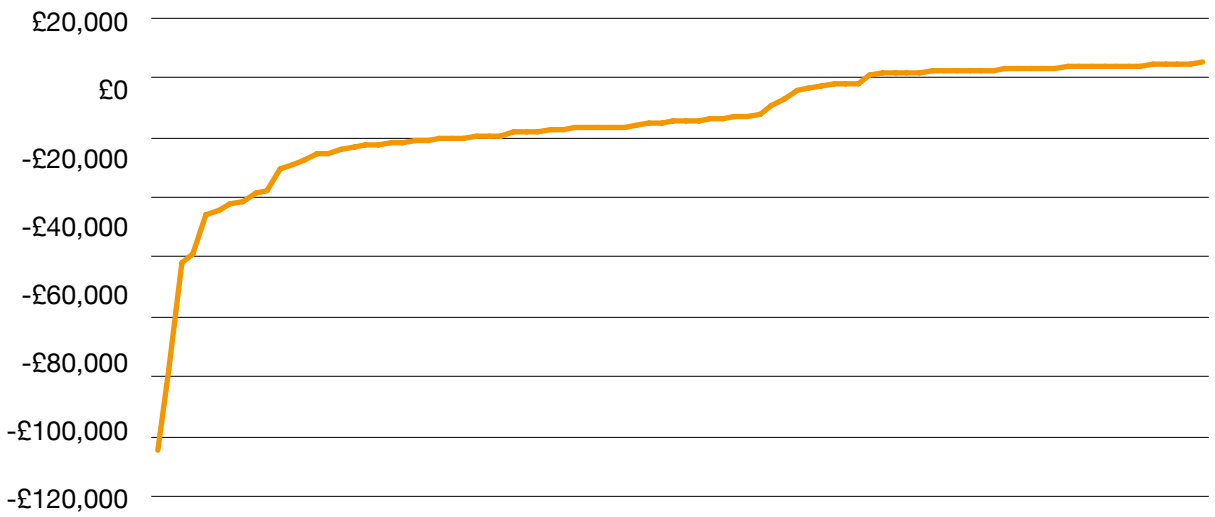
- The costs of prevention and increases in spending because rent was being paid, where it was not being paid before, would start to be offset by reductions in service use associated with exiting homelessness. Overall, prevention would start to save public money for 65 per cent of the 86 respondents over the course of one year, compared to if they were homeless and their patterns of service contact remained constant.

- Estimated annual savings could be as high as £796,840 with an estimated average saving across the 86 respondents of £9,266.

- Housing costs would again mean lower savings or no savings for people who were not in any accommodation at the point of interview. However, higher service costs, if homeless, would sometimes start to offset paying rent, if someone were not homeless.

Summarising the potential net costs of

Figure 4.6 Cost difference for one year (individuals)



Source: Survey. See Appendix and notes under preceding graphics for assumptions and data sources for costs. Includes estimated rents, excludes benefits.

prevention, the shift towards potential savings when comparing one year of homelessness with one year of being housed are clear. Just over two-thirds of the 86 respondents (65%) can be estimated to have cost less in public spending, if their homelessness had been prevented, than would have been the case if they were homeless.

Of course, changing the assumptions will change these figures. Assume the homelessness services are more expensive, as they will sometimes be, and the differences between prevention and allowing homelessness become more stark. Equally, assuming that preventative interventions would typically need to be more intensive would shift the results, making prevention relatively more expensive.

The rate at which prevention might fail is *crucial* and here the UK evidence base is not all it could be. If preventive services are frequently used, without success, even by a relatively small group of single homeless people, the case for seeing prevention as more cost effective would be undermined. This is a question that cannot be explored with the data available at present, although progress in data merging may soon allow this. Early indications from Wales show that during the first year of implementing the new prevention framework 7,128 households were provided with prevention assistance, of which 4,599 (65%) were reported to have a successful outcome.

There is also a lack of clarity around exactly what prevention costs, particularly in determining clearly what a 'unit' cost might be, which is something that would require clear and detailed cost data from a wide range of preventative services. Knowing what a local authority spends on commissioning, for example, a mediation service, without clarity about how many people it sees and how often it sees them for, makes the comparison of costs difficult. Equally, our understanding of the unit costs of homelessness services could be

improved. A single-site supported housing service can range from 24/7 cover with specialist staff teams, through to a hostel with one member of staff on overnight. A floating support service might have client loads per worker of three through to thirty or more, depending on the intensity of the service. Specialist services, which are confined to the major urban areas, for example intensively staffed 'wet hostels' might have double the average operating costs of the sort of supported housing included in these estimates.[109] There are also a number of specific issues:

- London housing costs and the relatively high housing costs of cities like York, where a high proportion of the respondents were interviewed, may match or perhaps exceed the rental costs of staying in hostels or supported housing. Housing costs may, particularly if ongoing support is required, be close to those of living in a hostel. It is more likely that prevention will be cost neutral, assuming it is successful, in these circumstances, although, over time, reduced rates of service use may start to yield savings.

- There are problems in assuming service use will remain constant if someone remains homeless for a year or more, as obviously needs change over time. Equally, it cannot be assumed that service contact would be consistently lower if someone were not homeless, compared to if they were homeless. Access to medical services and support can be problematic while homeless, problems may go unrecognised, meaning that costs are actually lower due to homelessness impairing access to required treatment and support.

- Evidence is incomplete, particularly in the UK, but it is worth revisiting the point that treatment and support needs may arise during homelessness, rather than being pre-existing conditions that trigger homelessness. Here, we can do no more than speculate, but the possibility that effective prevention might stop heightened rates of service use from ever occurring is a real one, particularly if long-term and recurrent homelessness are prevented.

These are estimates, grounded in the lived experience of single homeless people and on their own views on the kinds of support that would have prevented their homelessness, but estimates nevertheless. Better data on costs, better data on patterns of service use and better ways of contrasting outcomes for preventative services and services designed to deal with homelessness are all needed. Through this, it will become possible to better understand what the overall costs of single homelessness are and to explore what the true potential for enhancing prevention might be, both in financial terms and in human terms. The next chapter looks at the potential for using data sharing to explore these questions.

4.5 Summary

- While 43 per cent of respondents reported issues with drugs/alcohol and/or mental illness was a contributory factor in their homelessness, 57 per cent did not report these issues. This is potentially important, as it suggest some long-term/recurrent homelessness can be prevented by housing advice and support with eviction, without necessarily requiring use of relatively more expensive treatment or support services. One caveat was that support with mental health and drug/alcohol issues was reported, as something that would have helped prevent their current homelessness, by a larger group (50%).

109 None of the 86 respondents had stayed in a higher intensity supported housing service in the last 90 days.

- Twenty-nine percent of respondents reported they did not know help was available and 27 per cent reported they had 'no information' about preventative services. Overall, 37 per cent had sought help from a local authority but only 12 per cent reported receiving any help. Most (72%) had received support from homelessness services, though this had not prevented their homelessness from occurring.

- The largest single group of respondents (63%) reported that support with accessing housing, i.e. help with finding social and private rented housing and help with rent deposits for private rented housing, would have helped prevent their homelessness. Forty-five percent said they had required welfare rights (help with claiming benefits) and 53 per cent that they had needed help to prevent eviction. Fifty per cent reported a need for support with drug/alcohol and/or mental health problems.

- Over a 90 day period, the estimates produced for this report indicated that following a preventative approach, rather than allowing homelessness to occur, was broadly *cost neutral.* There was a small projected saving - the 86 people would have, overall, cost the public sector less if they were not homeless - but in half the cases, prevention would have cost more, over 90 days.

- If the estimates are projected to a one year period, 65 per cent of the respondents would have cost the public sector less if their homelessness had been prevented and they had been housed. Estimated savings to the public purse were in the order of £796 thousand, an average of £9,266 per person. This was because the upfront costs of prevention appear likely to be offset by reductions in service contact, as homeless people do appear to make more use of publicly funded services than the general population.

- Prevention is most likely to generate some additional costs in the short term when someone has made little use of homelessness and other services and is literally unaccommodated, i.e. sleeping rough or squatting. Paying rent, which the benefit system is likely to do, means they are more expensive than if they are sleeping rough and support costs may also rise. However over time maintaining someone in a state of homelessness has considerable long term costs to services. Prevention is most likely to generate savings when someone is housed, compared to if they are spending a sustained amount of time living in homelessness services. Some savings are likely in most cases because of likely reductions in overall service use.

5 Data sharing

5.1 Introduction

This chapter looks at the potential for data sharing to increase understanding of the costs of homelessness, discussing the approach and then exploring the perceptions of homeless people themselves, drawing on the results of the survey.

5.2 The potential for data merging

Combining administrative data from health, social services, the criminal justice system and the benefits system, alongside data from homelessness services, would enhance understanding of the nature, extent and true human and financial costs of single homelessness in the UK. In Denmark, data merging to explore patterns of service use by homeless people has enabled a detailed understanding of the nature and costs of homelessness to develop. Alongside other findings, the high financial cost of sustained and recurrent homelessness among lone adults with high support needs has become apparent.[110] In the USA, data merging at the level of individual cities and counties has been occurring for some time, with similarly rich data being generated on who homeless people are, what services they use and just how much that service use costs.[111]

Data merging creates the potential to run large scale, longitudinal, experimental research (randomised control trials), where the effectiveness and cost of new forms of preventative services - including entire programmes or new strategies for prevention - could be tested against 'treatment as usual', i.e. existing prevention and homelessness services. These methods do have their limits, but have the potential to explore the scope and effectiveness of homelessness prevention more systematically than has been possible to date in the UK.

The use of data merging could also facilitate a much better understanding of the costs of single homelessness and on the effectiveness of homelessness services. In the US and elsewhere, better understanding of the patterns and costs of repeated and sustained lone adult homelessness has helped make the case for innovative services like Housing First and Critical Time Intervention (CTI). This is important because no preventative strategy will be *entirely* effective, indeed there is some US evidence that the benefits will be mixed, making understanding which services are needed and will be most effective when prevention fails, essential.

Alongside enhancing our understanding of the costs of homelessness, data merging has the potential to inform wider homelessness *strategy*. Prevention can and already does play a crucial role in the UK's response to single homelessness. Further data merging will allow exploration of how best to achieve enhancements to preventative services and deliver data that can help design integrated homelessness strategies, incorporating effective prevention, effective homelessness services and the statutory system. Early work in Scotland and in Wales, described in Chapter 1, is starting to show the potential for administrative data merging to inform policy planning and develop integrated strategies. A highly integrated homelessness strategy, incorporating an array of preventative services, have delivered levels of

110 Benjaminsen, L. and Andrade, S.B., 2015. Testing a Typology of Homelessness Across Welfare Regimes: Shelter Use in Denmark and the USA. Housing Studies, 30(6), 858-876.
111 Culhane, D.P. (2008) op. cit. and see Chapter 2

homelessness that are close to a functional zero[112] in Denmark and elsewhere.

There are limits to administrative data merging which can be summarised in three points. One is that administrative systems are administrative, the were not designed to answer a set of specific research questions, although they are a rich source of data. The second is that systems are not neutral, they categorize and define people in ways that reflect the underpinning logic of those systems, ideas that may be cultural and ideological, rather than evidence-based. Finally, there are – as evidenced here – single homeless people living off-grid, whose trajectories and costs cannot be tracked, or can only be tracked partially, because of restricted contact with services.

5.3 Views on data merging

Respondents to the survey were asked the following question about services sharing information with one another:

Under what circumstances would it be ok for different services to share information about you? Record all that apply.

- *All services get relevant information*
- *Services are more coordinated*
- *I get better support when information is shared*
- *So services can look at what they are doing and be more efficient*

The response was very positive, with 87 per cent of respondents agreeing with all four statements from services getting relevant information through to greater efficiency being generated by data sharing. There was some experience of this happening - which may have influenced the attitudes towards the idea - for example services were sharing information from assessments when they referred single homeless people to one another in all [three] cities.

However, the single homeless people did have some concerns about how data sharing was managed. These centred on information only being shared when necessary to improve the services that they were offered, with 68 per cent reporting that information should only be shared between services when it was 'necessary' to share it. A small number had concerns about the safety of data (5%) and some were not concerned about data sharing (12%), with 13 per cent not wanting any data shared about themselves.

In respect of anonymised data sharing for research purposes, there were few reservations. Overall 90 per cent reported that sharing anonymised data for research was acceptable. This was on the basis that name, date of birth, address and all contact details had been removed.

112 It is not actually possible to 'stop' or 'end' homelessness in the sense that the factors generating homelessness, ranging from relationship breakdown through to unemployment or something like severe mental illness cannot be stopped. However, it has been possible to stop the growth of homelessness and to greatly reduce the extent of long-term and recurrent homelessness through the use of integrated strategies employing extensive preventative services and a mix of Housing First, Critical Time Intervention and other tested service models. Reducing homelessness to this extent is effectively the maximum obtainable outcome, hence 'functional zero'. See: Busch-Geertsema, V. et al. (2014) Extent and Profile of Homelessness in European Member States: A Statistical Update Brussels: FEANTSA.

6 Conclusions

6.1 Introduction

This final chapter considers the key findings of the research. On the basis of this exploratory study it can be argued that single homelessness is likely to have significant financial costs for society, particularly when that homelessness is recurrent or sustained.

The methodological constraints of testing the estimated costs of *hypothetical* homelessness prevention against the estimated costs of single homelessness must be acknowledged. Nevertheless this exploratory research provides some evidence indicating that allowing single homelessness to occur may be more expensive than preventing homelessness. The results of this research are similar to those reported by analysis of the costs of homelessness in Australia, the USA and in European countries. Relative certainty about costs will only arrive once it is possible to properly exploit the potential of administrative data merging, but there is progress in this regard.

This study, whilst not representative, also indicates that access to prevention for single homeless people appears uneven. There is some evidence here that services are difficult to access or find.

There are caveats to the findings presented here. Time is important, single homelessness that does not endure, or repeat, may not generate significant additional financial costs. However, if single homelessness does become sustained or recurrent, the financial costs look like they can often be considerable. This exploratory study suggests that, over time, the differences in respect of contact rates with the NHS and other public services mean the sums are in favour of prevention. On a 90 day comparison of costs, prevention was estimated to be broadly cost neutral, the estimates for one year look like there is potential to save money.

Of course, there is the presumption that a person who is not homeless will not typically use services as often as someone who is homeless. Here, it is important to remember that the estimates produced by this report are based on what someone would have cost if they had *not* experienced homeless, indeed had never been homeless. If someone has been homeless for months or years, their health and well-being is, broadly speaking, likely to deteriorate[113], meaning that when they are housed, the costs of required support and treatment, may be considerably higher than for an ordinary, housed citizen. The costs of preventing homelessness are not the same as alleviating it once it has been experienced for some time. It may cost a good deal more to enable a long term or repeatedly homeless person to exit homelessness, than to prevent their homelessness from ever happening[114].

Crisis has made arguments in favour of a reform to the English homelessness legislation, to broadly mirror the major shift towards homelessness prevention in Wales, and the reasons why they supported this exploratory study are explained in the Foreword[115]. As academics, the concerns of the authors centre on increasing understanding of homelessness and providing data that can inform policy. This chapter argues that this small, exploratory study, for which there are a number of caveats, provides sufficient evidence to justify at least testing a systematic expansion of preventative services to reduce long-term/

113 Busch-Geertsema, V. et al (2010) op. cit.
114 Culhane, D.P. et al (2013) op. cit.
115 Gousy, H. (2016) op. cit.

repeated single homelessness.

6.2 The cost of single homelessness

Internationally, the evidence base consistently shows that the costs of homelessness increase as it becomes sustained or recurrent. This is both because service use simply goes on for longer and because health and well-being tend to deteriorate as experience of homelessness increases.

The interrelationships between poor health and homelessness are complex, but the evidence is that recurrent and sustained homelessness is associated with the exacerbation of existing treatment and support needs and with the emergence of new treatment and support needs. If allowed to become long-term or repeated, homelessness tends to get more expensive to solve. There has been considerable innovation in reducing homelessness among people with high support needs in the last decade, particularly in the use of Housing First[116] and related models, such as Critical Time Intervention[117]. These services end homelessness at high rates and are more cost effective, for homeless people with high and complex needs, than single-site supported housing and hostels that are designed to make someone 'housing ready'. Yet if long-term and recurrent homelessness can be prevented, where possible, at least some of the high human and financial costs that innovations like Housing First are designed to repair, need not be experienced at the same rates.

This exploratory research and the international evidence base provides enough evidence to raise serious questions about the *financial* logic of allowing single homelessness to occur. The human cost of single homelessness, which is revisited at the end of this chapter, remains fundamental, but the point that single homelessness is *expensive*, should also be a policy concern.

6.3 Access to prevention

The other important finding from this piece of research is that single homeless people, on the evidence collected here, alongside the results of other research, *cannot access* the preventative services they need. The situation is not one in which they cannot get any help at all, or in which no help is available, but support with eviction, with finding alternative housing and particularly from local authorities, had often not been available to the respondents.

Nearly half (45%) reported needing welfare rights support to claim benefits. Almost two-thirds (63%) reported needing help with accessing private and social rented housing to stop their current homelessness from occurring, help that had not been there, that had not been sufficient, or had not been accessible. One half (50%) reported a need for support services to help them manage mental health problems and/or problematic drug and alcohol use, 29 per cent reported needing a support worker and 30 per cent wanted more information on services. Over half (53%) had wanted more help to stop or manage an eviction, which in almost every case, had been from the private rented sector.

Prevention appears, despite recent increases, to have reduced the levels of statutory homelessness in England. Statutory homelessness has fallen following the major policy shift towards a preventative approach occurred in 2003/4. The statutory system is heavily focused on families and the nature of access, with the emphasis on priority need, intentionality and local connection, has

116 http://housingfirstguide.eu/
117 https://www.criticaltime.org

always made the system harder for single people to access. From this work and other evidence, issues around inequity in access to the statutory system, which created the UK's unique divide between single 'non-statutorily' homeless people and 'statutorily' homeless households who were mainly families[118], may also pervade access to preventative services.

The respondents were not representative of all single homeless people. The positives of the existing array of preventative services in the cities where the survey took place are not in evidence, because *transitionally* homeless single people, who may have been helped by prevention, were not present in the fieldwork. Nor were those who may have had their homelessness prevented by services. As noted in Chapter 1 and the Appendix, this was an exploratory study of the financial costs of homelessness and how greater use of prevention might influence those costs, not a study of the entire single homeless population.

Nevertheless, it does appear to be the case that preventative services are insufficient, or not sufficiently accessible, for some single homeless people, who are at risk of long-term/repeat homelessness. One interpretation of this is that the local authorities in which the fieldwork took place might somehow be atypical, that prevention is more effective elsewhere, but there is no evidence currently available to suggest this. Levels of single homelessness and rough sleeping seem to be rising everywhere, while the resources available to local authorities are in many instances being cut.[119]

It appears to be the case that the right mix and extent of preventative services is not sufficiently accessible, just as the statutory system itself is not sufficiently accessible to single homeless people. While no policy or strategic response to single homelessness will deliver perfect results, failures appear to be happening, both in terms of insufficient access to the statutory system in England and in terms of insufficient access to prevention[120].

6.4 Enhancing prevention

This research was designed only to explore the financial costs of single homelessness and to look at how these might compare with a situation where greater emphasis was based on preventative services. A discussion of the specific proposals from Crisis for legislative reform, and a broad attempt to cost those proposals, can be found elsewhere.[121]

From an academic perspective, the evidence presented here raises an interesting hypothesis, which requires further testing. The hypothesis is: Can expanding the range and provision of preventative services offered by local authorities reduce single homelessness and also be cost neutral/reduce public expenditure?

6.4.1 Early experience from wales

Data and estimates from an earlier phase of this work, looking at the early impacts of extending homelessness prevention in Wales are reported elsewhere[122], but it is worth noting some of the key findings.

This work drew some comparisons between one quarter before the changes to the Welsh legislation had been agreed and local authorities were using the existing systems as usual, July-September 2013, and compared this with a quarter when the changes were fully operational, July-September 2015.

118 Jones, A. and Pleace, N. (2010) op. cit.
119 Homeless Link (2015) Support for single homeless people in England Annual Review 2015 London: Homeless Link.
120 Gousy, H. (2016) op.cit.
121 Ibid.
122 Ibid. This work involved considerable inputs from Peter Mackie, University of Cardiff, see Acknowledgements and Mackie, P. K. et al (2012) Impact analysis of homelessness legislation in Wales: A report to inform the review of homelessness legislation in Wales. Project Report. Cardiff: Welsh Assembly Government.

The periods July-December 2013 and July-December 2015 were also compared. Several findings are of interest:

- From July-December 2015[123], the number of households determined not to be in priority need reduced from 1,700 to 615 when compared to the same period in 2013[124] a 64 per cent reduction.

- Reductions in use of Bed and Breakfast, for single people found statutorily homeless, were considerable, from 230 people in July-Sept 2013 to 140 in July-Sept 2015, a fall of 40 per cent. Smaller reductions occurred in the use of non B&B temporary accommodation for statutorily homeless single homeless people (12%).

- The increased emphasis on prevention in Wales, based on early results, appears to be close to cost *neutral* from a local authority perspective. Increased expenditure on prevention appears to be offset by reductions in administrative costs as fewer households enter the Welsh statutory system.[125]

Wales and England are not in the same position. Wales introduced recent reforms in a context where homelessness prevention was less widespread than is the case in England. If England were to mirror Wales – given the increases in levels of preventative activity and reductions in acceptances under the statutory system that England has already achieved – it would not generate reductions in homelessness on a comparable scale, because a strategic shift to prevention occurred in England 2003/4.

6.4.2 Exploring prevention via data merging

Large scale analysis of the differences that enhanced prevention might make to levels of single homeless, particularly the numbers of long-term and recurrently homeless people in England, is desirable. However, there are lessons from systematically testing homelessness policy before implementing it, which could be learned from the United States and the new legislation in Wales.

The best mechanism for undertaking such analysis is administrative data merging. It is only through a system-wide analysis, looking at the complete patterns of NHS, benefit system, mental health, drug and homelessness service use and contacts with the criminal justice system that the full costs and, indeed, a better idea of the extent and nature of single homelessness, can be arrived at.

The challenges in securing ethical approval from the NHS, encouraging DWP to share data and getting local authorities and homelessness services on board, along with satisfying the data protection requirements of criminal justice system and all the other agencies, are considerable. However, with the right research design, centred on generating *anonymised* data that is available for research purposes, it is possible to start to look at the case for increasing homelessness prevention systematically, to really understand the financial costs of single homelessness and what is most effective in bringing those costs down.

123 Source: Welsh Government.
124 In 2014 (immediately prior to the legislative change) Welsh local authorities were already changing their practices.
125 In July-December 2013, Welsh local authorities spent an estimated £2,413 on each household found statutorily homeless and in priority need, an estimated £2.9 million on 1,220 statutorily homeless households. In July to December 2015, an estimated £0.97 million was spent on 405 households found statutorily homeless, an estimated net saving of £1.96 million. Minor reductions in spending also occurred as fewer households were found homeless but not in priority need, intentionally homeless or not homeless. Estimated spend on prevention in July-December 2013 was £2.7 million, assisting 2,796 households and rose to £4.1 million, assisting 4,135 households in July December 2015. The increase in spending on prevention, of £1.3 million was offset by the administrative and related savings from lower numbers of households entering the statutory system. Total expenditure by local authorities was £0.63 million lower in July-December 2015 than in July-December 2015. Source: Welsh Government and calculations by Peter Mackie, University of Cardiff.

6.4.3 Cashable savings

This report has spent some time trying to explore the differences between gross and net costs and looking at potential savings, but there is another important question, which is how cashable any potential cost savings are. The extent to which greater prevention may deliver a financial dividend can be restricted by how budgets work:

- There is the potential for immediate savings for local authorities, through reduced use of the statutory system and reductions in spending on homelessness services, though these will be offset to an extent by increased expenditure on preventative services.

- While single homeless people can have high rates of contact with the NHS and criminal justice system, they are not numerous. For example, 20 entrenched rough sleepers with complex needs might use a A&E department 300 times a year between them, but stopping those 300 visits, because they represent such a small fraction of total A&E activity, means that no *effective* saving can be achieved, i.e. there cannot be fewer doctors, nurses or administrators because those homeless people represent too small a proportion of total activity. The same situation will often pertain in the criminal justice system.

- Nevertheless, the *lifetime* costs of single homelessness to the public sector can be high. There is a policy logic to stopping someone from becoming long-term or repeatedly homelessness if they are likely to cost the public purse several hundred thousand pounds more than an ordinary citizen over their life course. From this exploratory study, 86 single homeless people, some of whom were barely using services, had cost the public sector something close to £742,141 over just 90 days.

6.5 The human cost of single homelessness

Single homelessness is one of the most damaging experiences it is possible to have in the UK. Looking at the financial costs, the potential for cost savings and greater efficiency in tackling homelessness, has become an important part of the debate about how best to reduce homelessness.

It remains vitally important to remember the human beings at the heart of single homelessness. There is a moral argument about the use of what looks likely to be significant amounts of public spending on homelessness, without that homelessness being resolved. There is a case for exploring redirection of public spending, enhancing prevention and exploring the use of tested models, such as Housing First, to reduce experience of long-term and repeated homelessness, new policies towards single homelessness are required, which should include consideration of legislative reform.

6.6 Summary

- This exploratory research raises questions about the financial logic of allowing single homelessness to occur and particularly in allowing that homelessness to become sustained or recurrent. Extending prevention, in a careful way and with the right level of resources, appears to be the next step in tackling single homelessness. Clearer data about how to design effective prevention, through systematic testing of services, is highly desirable.

- The human costs of homelessness are the main argument for better homelessness prevention. Redirection of resources towards enhancement and extension of prevention, alongside alternative forms of homelessness services, has the potential to radically reduce the experience of homelessness in England.

Appendix: Research Methods

This research was not designed to explore the nature, extent or causation of all forms of single homelessness and the methodology was never intended to represent single homeless people as a whole. This study is instead an *exploratory* exercise designed to look at the financial costs of single homelessness over time and contrast these with the costs of homelessness prevention.

This study cannot compare in scale, or in methodological rigour, to much larger research projects that have focused on the costs of homelessness in Australia and the United States. Equally, the ability to merge data, particularly administrative data covering all or most aspects of service use, while there are positive developments in the UK, is in its infancy compared to the USA. System wide analyses of the costs of homelessness, based on administrative data merging, such as those led by one of the co-authors in New York and other US cities, are not yet possible in the UK.

The research was based on an administered, retrospective questionnaire survey of 86 single homeless people. The method drew on experience from Australian and American cost research using an administered retrospective questionnaires[126] and was co-designed by the authors.

The questionnaire was administered as a structured interview led by a University of York researcher, Dr Alison Wallace, who secured the necessary consents (research ethics and data protection legislation) and recorded the answers. An incentive payment of £10 was offered. The questionnaire collected data on:

- Their service use in the last 90 days (basis for the cost analysis)
- Their route into homelessness.
- Their needs, characteristics and experiences.
- The types of preventative service they think would have helped them avoid homelessness altogether and/or significantly reduced the time for which they experienced homelessness (basis for the prevention cost, to be compared with the estimated costs of their homelessness).

Participation was entirely anonymous. A separate record was kept of who had been interviewed for the duration of the fieldwork in each city, which was destroyed as soon as fieldwork was complete. No individually identifiable data were recorded on the questionnaire responses by the research team and no individually identifiable data were stored electronically.

The questionnaire was cognitively tested prior to being deployed in the field. This testing took place in York.

The retrospective questionnaire is a proven methodology; it has been deployed effectively in assessments of the costs of homelessness in the USA, Australia and Canada. In the UK, a 90 day retrospective questionnaire was successfully used to successfully assess the cost effectiveness of supported housing services for homeless and potentially homeless teenage parents, contrasting service use prior to, and following, engagement with supported housing services[127].

126 Hwang, S. W. et al (2015) Accuracy of Self-Reported Health Care Use in a Population-Based Sample of Homeless Adults Health services research DOI: 10.1111/1475-6773.12329; Zaretzky, K. et al. (2013) The cost of homelessness and the net benefit of homelessness programs: a national study AHURI Final Report 205.

127 Quilgars, D. et al. (2011) Supporting independence? Evaluation of the teenage parent supported housing pilot - Final report, DFE-RRR158, London: Department for Education

In some respects, the use of a retrospective questionnaire on service use as a means of establishing the financial costs of homelessness is simpler in the UK than in many other European countries. This is because there is generally good quality data on the actual costs of many public services, such as health services and criminal justice systems. Seven local authorities shared commissioning data and were guaranteed anonymity with only approximate spending on homelessness service commissioning was disclosed in this report. This approach was taken because commissioning data are potentially commercially sensitive.

The retrospective questionnaire could not, realistically, be a very long or complex document, but it did cover a range of subjects in some degree of detail. The research aimed for the administration of the questionnaire by a University researcher to take approximately 20-25 minutes and responses were typically within this range, though towards the upper, rather than the lower end.

Focus groups were conducted to help ensure that the representation of the views and experiences of single homeless people about homelessness prevention, recorded in the questionnaire, reflected the views and experience of single homeless people more generally. In practice, these groups did not report anything that had not been accounted for in the questionnaire responses.

About Crisis

Crisis is the national charity for homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and wellbeing services address individual needs and help homeless people to transform their lives.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

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