

**Keep Our Doors Open: The Spring Statement and support for the homelessness sector as rough sleeping rises**

Policy briefing, February 2023

# Rough sleeping rises by 26% in England between 2021 and 2022:

On 28/02/2023, the Department for Levelling Up, Housing & Communities published the annual counts and estimates data for rough sleeping in England. The data provides a snapshot of the number of people estimated to be sleeping rough on a single night in Autumn and is used to track national and local trends. This year’s count was conducted in November 2022 and was monitored and verified by Homeless Link.

It found the following:

* **3,069 people were estimated to be sleeping rough in England** on any given night.
* This figure is **26% higher than in 2021**.
* It is the **highest year on year percentage increase in rough sleeping since 2015**.
* Rough sleeping has **increased by 74% when compared with the 2010 count** (when the methodology was first used).
* **The London Borough of Westminster recorded the highest number of people sleeping rough on any given night**, with 250 people counted.
* The findings **end a run of rough sleeping falling for four years in a row.**

# Keep Our Doors Open: The Spring Statement and support for the homelessness sector

As rough sleeping rises significantly across the country, in the midst of the cost of living crisis, the homelessness sector – and the essential lifeline it provides for tens of thousands of vulnerable people each year – is at risk. Rapid inflation has acted as a catalyst to the existing problems, caused by long-standing funding shortfalls and workforce pressures, and has pushed the sector to breaking point.

If homelessness services are to continue their work, they urgently require a funding lifeline in the form of **an inflationary budget uplift**. Insight from Homeless Link shows that nearly half (47%) are at risk of closing services if their budgets remain the same. This crisis is happening at the same time as homelessness and rough sleeping rates are rising, with a 26% increase in people sleeping rough on any given night between 2021 and 2022. Unless Government take action to support the sector, we face the very real possibility of services closing at the same time as demand for their support increases, accelerating homelessness rates further and forcing many more people to sleep on our streets with nowhere safe to turn.

Services closing would deal a devastating blow to those experiencing homelessness. Rough sleeping is hugely traumatic physically and mentally. Support is a life raft, and failure to act will have far-reaching effects on the lives of those who become homeless. Locked out of support, it will mean people dying early and avoidable deaths on our streets.

Throughout the last year Homeless Link have been in regular communication with our nearly 900 members about the impact rising costs have had on their services. Our [Keep Our Doors Open campaign](https://homeless.org.uk/what-we-do/policy-and-influencing/keep-our-doors-open/) shows that the homelessness sector has faced the last year with characteristic innovation and resilience, but that these are rapidly running out. As delivery costs increase, often above inflation, restricted budgets have become deficits. Unable to make further cuts, services urgently require more funding to remain financially viable.

We have done this before: the funding injected in response to COVID-19 meant services were able to support people off the street quicker than had previously seemed possible. This experience has shown us that investment in services saves lives, reducing rough sleeping efficiently and cost-effectively. Properly resourced services are able to meet a broad range of needs, meaning less strain on the NHS and emergency services as well as reduced spending on social care and the justice system. Inflation is as significant a crisis for the homelessness sector as the pandemic and responding to it as such will save costs and lives.

Nobody should have to sleep rough in our country, and in October this Government pledged to ensure that where it does happen it is rare, brief and non-recurrent. The Spring Statement is an opportunity to show commitment to realising this goal. The Treasury must grant an uplift to homelessness budgets in line with inflation if we are to continue supporting the most vulnerable in our communities and avoid worsening any increase in rough sleeping.

## The rising cost of service delivery

### “We don’t normally ask for more money – but there’s no other solution”.

One of Homeless Link’s members, a large-scale provider in the North, told us of their struggle to keep services open while managing deficit budgets. Despite going through their finances with “a fine tooth comb”, years of budget restrictions mean they entered the current crisis with “no more fat to trim”. They have tried returning to commissioners to ask for contract increases but have been told there is no money to give. Instead, they face handing contracts back and have stopped tendering for new projects.

The cost of delivering support and accommodation has risen rapidly, and homelessness services require **an inflationary budget uplift** to meet these. Many homelessness services are delivered through ringfenced funding managed by local authorities. LA funding was frozen in the Autumn Statement 2022, meaning services managing rising costs with static incomes. As a result, one in five have already reduced their services to save costs.

The scale of the problem is enormous and growing; two thirds of our members manage services deemed “no longer financially viable” and the risk of cost-related service closures doubled between July and October 2022. Energy costs have risen by an average 136% and repairs and maintenance costs by up to 40%. Many staff have left the sector in pursuit of better wages elsewhere while services struggle to offer competitive pay. Other income streams, including donation and grant funding, have narrowed. Many services are using reserves to get by, but these are now depleted. While the Treasury has committed to reduce inflation, prices are unlikely to go back down even when this is achieved. An inflationary uplift is necessary for services to balance their budgets now and into the future.

## Accommodation providers and the Energy Bill Discount Scheme

### “If prices continue to rise, we’ll be scaling down as a charity. That would mean evictions, anything up to 70 people being made homeless”.

One member, who deliver 75 supported housing beds in the East of England, told us they had already closed six beds due to costs – the first time the charity has ever had to do so. This has directly reduced their support capacity, meaning six fewer spaces to support people away from homelessness. They have been quoted £125,000 per year for energy costs from March – over double the £50,000 they have paid in previous years. Without additional funding, they risk scaling back further or closing their doors altogether.

A crucial step to protect homelessness providers is the provision of **specialised utility support** for charities. Accommodation provision did not qualify as an Energy and Trade Intensive Industry and has therefore been excluded from the higher level of support provided through the Energy Bill Discount Scheme. Instead, providers will only benefit from the lower universal discounts, meaning they are expected to absorb costs without additional funding.

The cost of living crisis has proven challenging for businesses across the country, but homelessness charities are more vulnerable than most. Unlike profit-making businesses, increased costs cannot be recovered elsewhere, and energy consumption cannot be reduced without significantly compromising the standard of care provided to vulnerable residents. The decision to pool homelessness providers in with general businesses does not reflect the largely residential function of the sector and means that charities are paying business energy rates to heat the homes of residents. Targeted support with energy costs would insulate the sector from the volatile energy market and provide some much-needed certainty when looking ahead and forecasting for the future.

## Prevent and end homelessness with Local Housing Allowance

As rental costs continue to rise, **unfreezing Local Housing Allowance (LHA) to cover the current cost of rents** would be valuable investment in effective homelessness prevention. The shortage of social housing means that the private rental sector (PRS) is commonly used to house people away from homelessness, but LHA rates make this increasingly unaffordable. Private rental prices have risen by 12% since LHA rates were last set in 2020, while rates of homelessness from the PRS have risen 22% compared to the same period pre-pandemic. As household budgets grow tighter and LHA continues to fall behind inflation, more people find themselves unable to fund rent shortfalls. This means both a new raft of renters at risk of homelessness, and blockages in the homelessness system as unaffordable housing costs mean people are unable to move on. Unfreezing LHA would be an immediate and effective measure towards this Government preventing and ending homelessness.

## The consequences of inaction

### “We’re often providing services against less ethical suppliers who will open unsafe accommodation. If trusted providers are pushed out of the market, this leaves a vacuum for unsafe providers to step in”.

As costs continue to outweigh contracts, services are left making tough decisions to reduce their offer or close altogether, meaning fewer beds available for those who need them. **We must act now if we are to avoid leaving people with nowhere to turn but the streets.**

Resolving homelessness quickly and efficiently is almost always the most cost-effective approach, and inaction means higher costs overall. Rather than save money, a shortage of suitable emergency accommodation will mean local authorities funding expensive temporary solutions for those in priority need, such as bed and breakfast accommodation. If trusted providers fail, the gaps they leave risk creating a ‘support vacuum’ which can be exploited by less ethical providers who will bid below what is possible to run services. As has been evidenced in the recent exempt accommodation scandal and the subsequent Supported Housing Regulation Bill, what can initially appear as cost-saving is instead often expensive to rectify and hugely damaging to those who fall prey to such providers. It is in the best interest of those experiencing homelessness and the public purse that existing providers be protected rather than allowed to fail due to insufficient funding.

For the many others who do not qualify as priority need, the impact of services closing is stark. Fewer available beds mean people will be forced to sleep on our streets for longer. Any incident of rough sleeping is proven to have long-term negative impacts on physical and mental health, and these worsen the longer someone remains on the street. This puts increased pressure on the NHS and other public services and means larger numbers of people dying, often much younger than average, on our streets. It is imperative that homelessness be prevented and ended wherever possible. Homelessness services make this a reality. The Government must act now to protect the lives of those experiencing homelessness by ensuring that safe, trusted providers are able to continue their essential work to support people away from the street.

## Recommendations for policymakers

### To deliver on our shared goal of preventing and ending rough sleeping by the end of this parliament, we ask Government to:

1. Provide funds to enable local authorities to uplift commissioned contracts for homelessness accommodation and support services in line with inflation.
2. Provide targeted utility discounts for homelessness providers beyond March 2023.
3. Unfreeze the Local Housing Allowance rate so that it continues to cover the lowest 30th percentile of local rents.

**What We Do**

Homeless Link is the national membership charity for frontline homelessness services. We work to improve services through research, guidance and learning, and campaign for policy change that will ensure everyone has a place to call home and the support they need to keep it.

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