

Better than cure?

Testing the case for enhancing
prevention of single homelessness
in England

Executive Summary

Executive summary

Introduction

Crisis has long campaigned for single homeless people to be given the right to housing. Almost forty years since the homelessness legislation was introduced, the law still fails to give the majority of people proper access to housing and support they need to prevent and end their homelessness¹.

In response to the urgent situation in England Crisis convened an independent panel of experts from across the homelessness sector, including lawyers, an academic, local authorities, housing association sector representatives and homelessness charities to assess the strengths and weaknesses of the current homelessness legislation². The panel set out to design a new legislative model to prevent and tackle single homelessness more effectively, while ensuring that the current entitlements for those who are assessed in priority need and owed the main statutory homelessness duty were not undermined. The new model would ensure that more robust prevention work is brought within the statutory framework and is provided at a much earlier point, irrespective of priority need status. At the time of writing a Homelessness Reduction Bill had been put forward by Bob Blackman MP which seeks to address many of the recommendations put forward by the panel.

This research was designed to explore the financial consequences of moving to a preventative model of homelessness assistance and the associated savings for local authorities, support services, the NHS and the criminal justice system.

- 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 40,000³, 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 homeless for one year.

¹ For more information please see Gousy, H. (2016) No One Turned Away: Changing the law to prevent and tackle homelessness, Crisis: London.

² The homelessness legislation: an independent review of the legal duties owed to single homeless people, (2016), Crisis: London

³ Department for Communities and Local Government (2012) Evidence review on the costs of homelessness. London: DCLG

- 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 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 use⁴. 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

⁴ 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.

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 representative⁵ 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 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.

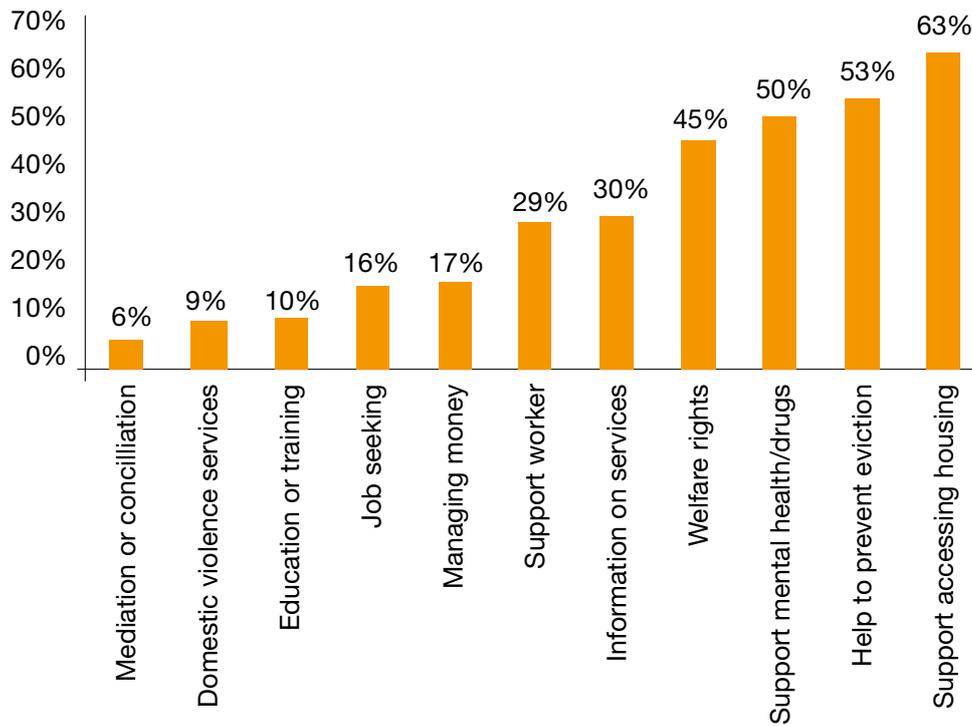
The estimated costs of single homelessness over one year

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.

⁵ 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.

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



- 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.⁶ 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

⁶ Two had been accepted as homeless and in priority need by a local authority and were awaiting rehousing.

help with benefit claims (45%). One half reported that they had needed help with drug and alcohol issues and/or drug and 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 individuals⁷, 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 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.

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 well-being 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.

Crisis head office

66 Commercial Street
London E1 6LT
Tel: 0300 636 1967
Fax: 0300 636 2012

www.crisis.org.uk

© Crisis 2016
ISBN 978-1-78519-034-6