Crisis

At what cost?

An estimation of the financial costs of single homelessness in the UK

Nicholas Pleace, Centre for Housing Policy, University of York

July 2015

The University of York

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About Crisis

Crisis is the national charity for single homeless people. Our purpose is to end homelessness.

Homelessness is devastating, leaving people vulnerable and isolated. We believe everyone deserves a place to call home and the chance to live a fulfilled and active life.

Crisis helps people rebuild their lives through housing, health, education and employment services. We work with thousands of homeless people across the UK and have ambitious plans to work with many more.

We are also determined campaigners, working to prevent people from becoming homeless and to change the way society and government thinks and acts towards homeless people

About the author

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Contents

Foreword ..... *iv*
Executive summary ..... *vi*
1. Introduction 1
2. The existing evidence 2
3.The additional costs of homelessness 5
4. Illustrative vignettes: estimated additional costs 10
5. Discussion 18
Appendix 1: Additional Costs at 24 Months *22*

Foreword

Homelessness exacts a personal cost to those who endure it. In addition to the trauma and the emotional duress that can accompany the precipitating events of one's loss of housing, once people become homeless they experience the indignities of destitution, surviving at the hands of charities, in many cases spending hours each day in public spaces exposed to victimisation and the entrapments of the street subculture. It can mark the beginning of a steep downward spiral. While the *social* impact may be less obvious, it is no less important, as the downward spiral can involve ricocheting among public systems at great cost to the taxpayers. Remarkably, even after spending significant periods of time in a range of treatment systems, without an endgame housing plan, many people remain homeless with further costs yet to accrue. This report marks an initial attempt in the UK to begin to put some faces – and cost figures – on the problem, and in so doing will hopefully inspire even deeper investigation *and* investment in solutions.

About fifteen years ago, researchers in the US began to focus on the economic impact of homelessness to government. Early research in New York City which tracked nearly 10,000 people who were homeless with a severe mental illness tallied the average cost of their services use at $40,500 per person per year (in 2002 dollars), including time spent in hospitals, shelters and jails.[1] Once housed, these costs were reduced such that they effectively offset the entire costs of providing people with housing subsidies and intensive supportive services. More than 60 replication studies have demonstrated that in every US city where it has been examined, very high costs are associated with the most entrenched forms of homelessness.[2] Research in Canada and Australia has further confirmed that such high costs are not unique to the US.[3] Importantly, such "cost studies" have helped to inspire additional government investment in housing solutions, even among politicians usually resistant to increased social spending on poverty, because the economic argument has proven to be persuasive.[4]

Of course, all is not as simple as this argument may imply. Many people who experience long-term homelessness are not high cost service users, at least in any given year.[5] Longer-term studies are needed, but in the short run anyway, many people who are homeless seem to fly below the radar in any given year, and the prospect of offsetting their housing costs with reduced services use thus seems less than achievable. Homelessness prevention programs that try to *avert* the onset of homelessness can also be tricky from a cost perspective, in that many "at risk" people might self-resolve and wouldn't become homeless absent the extra assistance. Broad based prevention programs for the at-risk might therefore need to be relatively "light touch" and low cost to achieve cost effectiveness. Indeed, a recent randomised controlled study in the US has found that the prevention of family homelessness was better than a break-even investment, once they targeted the intervention to only the highest risk families, and given that the intervention was quite efficient compared to shelter (the average cost per case of prevention was slightly more than $2,200 per family, whereas shelter was a bit more than $3,000 per family per month, with average stays of nine months, or $27,000).[6]

Regardless of whether one can guarantee a net positive return on investment, introducing an understanding of the cost of homelessness into the research and policy analysis communities will serve a critical function for homelessness advocacy. People, including the general public and legislators, need to appreciate that homelessness is not a cost neutral phenomenon. Although people who are homeless may appear not to be using mainstream housing resources,

their lives *and* their use of other acute service systems has the potential to spiral out of control. Furthermore, for people and families *at risk* of homelessness, averting their homelessness upfront also has the potential to forestall such a decline, and the ravages it can exact on the people and the service systems to which they would otherwise descend. 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 document helps to reveal, there is a cost to doing nothing, and a cost to the holes in the safety net. Further investigation through research *and* further investment of resources can make a potentially life-and-pound saving difference.

Dennis P. Culhane
Dana and Andrew Stone Professor of Social Policy
University of Pennsylvania

Summary

- Homelessness has a human cost. The unique distress of lacking a settled home can cause or intensify social isolation, create barriers to education, training and paid work and undermine mental and physical health. When single homelessness becomes prolonged, or is repeatedly experienced, there are often very marked deteriorations in health and well-being.

- There is a need for better understanding of the costs of single homelessness in the UK and Crisis is working to develop further work in this field. This report, using qualitative and service cost data drawn from recent research, presents estimates that provide an overview of the additional financial costs of single homelessness can cause for the public sector.

- The additional financial costs of homelessness vary by the location, type and nature of support provided by homelessness services. For the NHS and criminal justice system, the additional costs centre on the greater likelihood of more frequent and sustained contact with some single homeless people compared to other citizens.

- There is international concern, both in Europe and North America, that sustained and repeated homelessness may have significant impacts on public expenditure. Costs for health care systems, including mental health services and emergency services at hospitals may be particularly high, as may costs for criminal justice systems. There is some evidence that this pattern is being repeated in the UK.

- Four illustrative vignettes, based on estimations of additional costs, are presented in the report. These are a young woman experiencing homelessness, a man in his 30s who becomes a rough sleeper, a man with a learning difficulty who loses his existing home and a woman in her 20s escaping domestic violence. The additional financial costs of their homelessness are compared using two scenarios, one in which homelessness is prevented or quickly resolved and another in which homelessness persists for 12 months.

- In the first illustrative vignette, preventing homelessness costs the public sector an additional £1,558, while allowing it to persist for 12 months costs £11,733. For the second vignette, the figure for resolving homelessness quickly is £1,426, rising to £20,128 if homelessness persists for 12 months. For the third vignette, the figures are £4,726 compared to £12,778 and for the fourth, £1,554 compared to £4,668.

- The additional costs of homelessness can quickly become significant. Thirty people sleeping rough for 12 months, with an equivalent pattern of service use to vignette 2, would cost over £600,000 a year in additional public expenditure, rising to £1.2 million if the situation persisted for two years. Even in the lowest cost scenario, shown in vignette four, 30 people with equivalent patterns of service use would cost the public sector an additional £140,000, rising to £280,000 if their homelessness persisted for three years.

- The illustrative vignettes show that different experiences of single homelessness cause a diversity of public expenditure, varying in type and in level. However, there is a very clear message, preventing and rapidly resolving homelessness always costs less public money than allowing homelessness to become sustained or repeated. Public expenditure on single homelessness is likely to rise in parallel to the duration and frequency of homelessness. The longer someone is homeless, or the more often

they experience homelessness, the more they will cost the taxpayer.

- Preventing and quickly resolving single homelessness is, almost certainly, typically much less expensive for the public sector than allowing homelessness to be experienced for sustained periods or on a repeated basis.

1. Introduction

This report discusses the potential for generating significant savings in public expenditure from reducing the prevalence and duration of single homelessness in the UK. The evidence on the financial costs of homelessness needs further development before it is possible to be precise. However, exploring the data that is available, in the light of experiences from other countries, it is possible to estimate what kinds of financial costs are likely to be attached to single homelessness in the UK. The cost estimation exercise in this report suggests there should be concern about the financial cost of single homelessness in terms of public expenditure, alongside existing concern about the high human costs attached to this extreme form of poverty and socio-economic marginalisation.

The report reviews existing evidence on the additional costs of homelessness to the public sector, before moving on to detail the development of four illustrative vignettes, which are employed to describe these additional costs. The report then presents the four illustrative vignettes, which show the nature and extent of the additional costs of single homelessness to the public sector. The report concludes with a discussion of the results, the need for further and more robust understanding of the additional financial costs of single homelessness and the potential policy implications.

2. The existing evidence

Research on how reducing homelessness can save public money

Single homelessness has a human cost. The unique distress of lacking a settled home, can cause or intensify social isolation, create barriers to education, training and paid work and undermine physical and mental health even over quite short periods of time. When single homelessness becomes sustained, or is often repeated, premature death occurs at high rates, with some research suggesting an average age at mortality of 47.[1] Long-term single homelessness is associated with marked deteriorations in mental and physical health, sustained social isolation and worklessness.[2]

There is growing evidence that public expenditure on homelessness rises in parallel to increases in the human costs of single homelessness. Both the human and financial costs rise as single homelessness becomes sustained and recurrent.

American research first demonstrated that sustained and recurrent homelessness was financially expensive for the US taxpayer in the 1990s. Pioneering work in this area showed that a very high need group of long-term and repeatedly homeless people, who were only 10% of the homeless population, used 50% of the annually available bed-spaces in emergency accommodation.[3]

Long-term and repeatedly homeless people were found to typically cost the US taxpayer a lot more than ordinary US citizens, with one detailed analysis suggesting a particular long-term homeless individual had cost close to $1m in additional public spending over the course of his life.[4] A large scale study, covering nearly 10,000 homeless people with severe mental illness in New York, suggested that prior to housing, the additional cost to the public sector was an average of $40,500 per person, per year in use of homelessness services, health and mental health services and contact with the criminal justice system (1998 figures). To end their homelessness, this group of people with severe mental illness required supported housing, costing an average of $17,200 per year. It was found that, once housed in supported housing, the use of other publicly funded services *fell* significantly, by an average of $16,200 per year. There was still a net cost, of approximately $1,000 per person, per year, but the cost of providing supported housing – ending homelessness among this group of people with severe mental illness – was almost entirely offset by the cost savings made elsewhere.[5]

These kinds of cost studies, which have tended to focus on very high need people with sustained experience of homelessness, raise an interesting possibility. There is new evidence that some long-term and repeatedly homeless people are individuals who 'age

1 Thomas, B. (2012) *Homelessness kills: An analysis of the mortality of homeless people in early twenty-first century England.* London: Crisis. www.crisis.org.uk/data/files/publications/Homelessness%20kills%20-%20full%20report.pdf

2 Jones, A. and Pleace, N (2010) *A Review of Single Homelessness in the UK 2000 - 2010.* London: Crisis www.crisis.org.uk/data/files/publications/ReviewOfSingleHomelessness_Final.pdf; Busch Geertsema, V. et al (2010) *Homelessness and Homeless Policies in Europe: Lessons from Research.* Brussels: European Commission www.feantsaresearch.org/IMG/pdf/fea_020-10_en_final.pdf; Bowpitt, G. et al (2011) Comparing men's and women's experiences of multiple exclusion homelessness. *Social Policy and Society* 10,4, pp. 537-546.

3 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.

4 Culhane, D.P. (2008) 'The Cost of Homelessness: A Perspective from the United States'. *European Journal of Homelessness* 2 (1) pp. 97-114. http://repository.upenn.edu/cgi/viewcontent.cgi?article=1156&context=spp_papers Figures are from 1998, covering homelessness service use, health service use and contact with the criminal justice system. Not all service use could be tracked in this study.

5 Gladwell, M. (2006) Million Dollar Murray: Why problems like homelessness may be easier to solve than to manage. *The New Yorker 2006-02-13*; United States Interagency Council on Homelessness (2010) *Opening Doors: Federal Strategic Plan to Prevent and End Homelessness.* Washington DC: USICH.

in place'.[6] This means some of those who become long-term homeless people start off (relatively) physically and mentally well, but experience deteriorations in health and well-being, making them potentially more expensive for the public sector over time and making their homelessness more and more costly to resolve as their needs become complex. If homelessness can be stopped rapidly, or prevented from occurring, then the potential financial savings for the public sector could be very significant.

A similar pattern appears to exist across other developed economies. Sustained homelessness has been linked to higher levels of public expenditure in Australia[7] and there is evidence from Denmark and from Finland[8] of small groups of high-need, long-term homeless people making repeated and sustained use of services.

Patterns of service use by homeless people that closely mirror those found in the USA, Australia and elsewhere in Europe are clearly evident in the UK. There is, undoubtedly, a small, very high need group of long-term and repeatedly homeless people, including long-term rough sleepers.[9] There is evidence of sustained and repeated use of accommodation-based housing related support services, i.e. hostels and supported housing schemes for single homeless people, that are designed to be temporary. A recent evaluation of Housing First pilots in England reported that almost two-thirds of a group of 60 long-term homeless people, had spent five years or more living in one or more nominally temporary accommodation-based services prior to using Housing First.[10] Some single homeless people make very high use of Accident and Emergency (A&E) departments in hospitals and there are associations between homelessness and use of mental health services.[11]

The need for better evidence

There is international concern that failures to prevent and reduce homelessness are causing significant, but potentially avoidable, increases in public expenditure. However, there are also limitations in the quality of evidence on costs of homelessness, both in the UK and in comparable European countries.[12]

The main methodological problem is a lack of longitudinal data on costs. Essentially, this refers to the availability of large, statistically representative, data sets that would enable accurate tracking of the nature and extent of service use by homeless people in the UK. There is a second, related methodological problem, which centres on whether or not administrative systems in publicly funded services record whether or not an individual is homeless and how accurate that recording is. Some services simply do not record whether someone is homeless. When recording does occur, such as in the 'no-fixed abode' data collected by Hospital Episode Statistics (HES) and 'person without accommodation' marker used for benefit claimants by DWP,

6 Culhane, D.P; Metraux, S.; Byrne, T.; Stino, M. and Bainbridge, J. (2013) *The Aging of Contemporary Homelessness.* Retrieved from: http://works.bepress.com/dennis_culhane/119

7 Flatau, P.; Zaretzky, K.; Brady, M.; Haigh, Y. and Martin, R. (2008) *The cost-effectiveness of homelessness programs: a first assessment: Volume 1* – main report AHURI final report No 119. Melbourne: Australian Housing and Urban Research Institute.

8 Benjaminsen, L., and Andrade, S. B. (2015) 'Testing a Typology of Homelessness Across Welfare Regimes: Shelter Use in Denmark and the USA'. *Housing Studies,* (ahead-of-print), pp. 1-19; Pleace, N.; Culhane, D.P.; Granfelt, R. and Knutagård, M. (2015) *The Finnish Homelessness Strategy: An International Review.* Helsinki: Ministry of the Environment. https://helda.helsinki.fi/bitstream/handle/10138/153258/YMra_3en_2015.pdf?sequence=5

9 Jones, A. and Pleace, N. (2010) op. cit.; Bowpitt, G., Dwyer, P., Sundin, E., & Weinstein, M. (2011) 'Comparing men's and women's experiences of multiple exclusion homelessness'. *Social Policy and Society*, 10(04), 537-546; In 2013, drawing on data from the CHAIN database in London, an estimated 831 'persistent' rough sleepers were estimated to be present. Source: CHAIN www.mungosbroadway.org.uk/chain

10 Pleace, N. and Bretherton, J. (2013) *Camden Housing First: A 'Housing First' Experiment in London.* York: University of York www.york.ac.uk/media/chp/documents/2013/Camden%20Housing%20First%20Final%20Report%20NM2.pdf; Bretherton, J. and Pleace, N. (2015) *Housing First in England: An Evaluation of Nine Services.* York: University of York. www.york.ac.uk/media/chp/documents/2015/Housing%20First%20England%20Report%20February%202015.pdf

11 Homeless Link (2014) *The Unhealthy State of Homelessness.* London: Homeless Link; See also: www.pathway.org.uk/

12 Pleace, N.; Baptista, I., Benjaminsen, L. and Busch-Geertsema, V. (2013) The *Costs of Homelessness in Europe: An Assessment of the Current Evidence Base.* Brussels: FEANTSA. www.feantsaresearch.org/IMG/pdf/feantsa-studies_03_web.pdf

that recording can be incomplete and inconsistent.[13]

Periodic attempts at estimating the financial costs of homelessness have been constricted by a very limited range of data and have often been little more than guesswork.[14] In 2003 and 2008, the New Economics Foundation estimated that a single homeless person, if they were homeless for one year, would cost the UK public purse between £24,500 and £26,000 *more* than other citizens.[15] A 2012 review of the financial costs of homelessness in England, conducted by DCLG, estimated that annual public spending was up to £1 billion higher as a result of homelessness,[16] but limitations in available data made it difficult to be precise.

13 Health and DWP recording centres on having no fixed abode, i.e. no address, whereas someone who is homeless may have a temporary, insecure address, which they may give, meaning they are not recorded as homeless. There is also evidence that single homeless people can fear stigmatisation and may therefore sometimes seek to conceal their situation. Pleace, N. and Bretherton, J. (2006) *Sharing and matching local and national data on adults of working age facing multiple barriers to employment.* London: DWP.

14 Kenway, P. and Palmer, G. (2003) *How Many, How Much? Single homelessness and the question of numbers and cost.* London: Crisis.

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

16 Approximate figures cited from Department for Communities and Local Government (2012) op. cit.

3. The additional costs of homelessness

Developing a new estimate of additional costs

The estimates produced for this report draw on three pieces of recent research conducted by Joanne Bretherton and the author at the University of York:

- Two evaluations of the use of innovative Housing First services to reduce long-term and recurrent homelessness among people with high support needs in England. One was a small scale longitudinal study conducted in the London Borough of Camden in 2012/13,[17] the other a 2014/15 evaluation of nine Housing First services[18] in London, The South East, the Midlands and the North East.

- A large scale, longitudinal, study which is tracking the progress towards education, training and employment of a cohort of homeless people who use the Crisis Skylight Programme.[19] Skylight is a major initiative centred on promoting economic and social integration for single homeless people. The research is taking place in Birmingham, Edinburgh, London, Merseyside, Newcastle and Oxford. This study began in 2013 and will conclude in 2016.

The results of the two studies on Housing First are useful for producing cost estimations, because they collected data on the costs of existing homelessness services to compare with Housing First. Data on actual commissioning costs for homelessness services were collected from a total of eight local authorities, three of which were London boroughs and also from the Greater London Authority. This cost data included the actual commissioning costs of outreach services, low intensity floating support services, low, medium and high intensity accommodation-based (hostel and supported housing) for homeless people.[20]

Both the Housing First research and the ongoing evaluation of the Crisis Skylight programme are also sources of detailed information about the paths that people take into and through homelessness. In all three cases, detailed information was collected from homeless people using the Housing First and the Crisis Skylight services about their experiences of homelessness. Thirty people using ten Housing First services[21] and 135 people making use of Crisis Skylight,[22] took part in face-to-face semi structured interviews that covered their experiences of homelessness in detail.[23]

This short report has been written because concern about the implications of single

17 Pleace, N. and Bretherton, J. (2013) op. cit.
18 Bretherton, J. and Pleace, N. (2015) op. cit.
19 Pleace, N. and Bretherton, J. (2014) *Crisis Skylight An Evaluation: Year 1 Interim Report.* London: Crisis
20 Eight homelessness service providers shared information on the operating costs of their Housing First services and, where applicable, the costs of the other homelessness services they provided.
21 Not all respondents for the 2012/13 study of Camden Housing First were interviewed directly, but all granted free and informed consent for University researchers to access to their detailed personal files, which contained records of their routes into and through homelessness.
22 There was no requirement placed on these respondents to talk about their routes into and through homelessness, but almost all opted, giving free and informed consent, to share their experiences.
23 In theory, it would be possible to combine these two sets of data and employ detailed descriptions of actual pathways through homeless-ness, to which the actual commissioning costs of homelessness services could be added. This would still be an exercise in cost estimation, but would be directly based on actual experience. In practice, it is not quite possible to do this. One reason is a question of research ethics, in that respondents talking about their experiences of homelessness are always given the protection of anonymity. This is because discussion of routes into and through homelessness can involve sharing of deeply personal and sensitive information. Theoretically, it would be possible to present actual life stories by removing any references that might allow an individual to be identified. However, using an actual life story, even if carefully redacted, would break the spirit, if not the actual letter, of the guarantees of anonymity expected in ethically conducted research.

homelessness for public expenditure is starting to influence debates about homelessness in the UK.[24] Qualitative data on routes into homelessness and cost data, originally collected for other purposes, were also suitable to begin a process of looking at the financial costs of homelessness in a wider sense. A discrete, robust research exercise focused on costs should be conducted and is planned by Crisis. Nevertheless, there is still enough data here to begin to explore what the financial costs of single homelessness might be.

What is presented here is based on actual data, but at the same time is very clearly no more than an estimation of the approximate financial costs of homelessness. This report is structured around four fictional vignettes. These vignettes have been constructed so that they closely resemble, though do not replicate, the real-life experiences of similar people among the 165 respondents for the two Housing First and Crisis Skylight research projects discussed above. The costs used are close to, but again do not replicate, the actual costs shared by local authorities and homelessness service providers.[25]

The costs of homelessness services will vary according to three main factors:

- The *location* in which support is delivered, for example, some areas of the UK have higher than typical wages and providing the building and infrastructure for a service is more costly than elsewhere. London is obviously more expensive than elsewhere, for example.

- The *type* of support provided also influences costs, for example, the operational costs of a mobile worker, i.e. floating support service - providing housing related support to a homeless person with high needs resettled into ordinary private or social rented housing - will typically be lower than those for an accommodation-based service, which provides similar support but also has the costs of running a specialised communal or congregate building.

- The *nature* of the support provided. This breaks down into two main components. One is the degree of specialisation and training that staff have. For example, a homelessness service using trained medical or social work professionals will have higher costs than one which uses less qualified staff. The intensity of support will also be a variable, as obviously homelessness services providing several hours of support a week will cost less than those which provide lower intensity support.

The estimated costs that are presented here are an attempt to show the *additional* financial costs of homelessness. This is a very important point to note. Everyone in the UK costs public money. A working person, paying tax, incurs public expenditure every time they drive their car, send their child to school, or goes to the doctor, but these costs are offset, or exceeded, by the tax revenue that the state gets from that person. If that person loses their job, and has to rely on Universal Credit for subsistence and to pay the rent on private rented or social housing, their cost to the public sector increases.

There is clear evidence, from the Crisis Skylight programme, that many homeless and formerly homeless people both want to work, and can sometimes find work, if the right support is in place.[26] Nevertheless, the associations between homelessness

24 Pleace, N. et al (2013) op. cit.
25 There were some concerns that using actual costs would release information that is sensitive in contexts where organisations are offered funding for homelessness services by local authorities through a process of competitive tendering.
26 Pleace, N. and Bretherton, J. (2014) op. cit.

and economic disadvantage are marked.[27] People who experience single homelessness are known to be *very* likely to be unemployed before, during and after their homelessness. The additional costs estimated here are framed in this context, i.e. given someone at risk of homelessness or who experiences homelessness is *very* likely to be unemployed, how much more do they cost the public sector if they are homeless and claiming benefit,[28] compared to if they are housed and claiming benefit.

For example, if someone is living in supported housing for homeless people, there will be a support cost for this service, which will be met through public expenditure. There will also be a weekly rent for accommodation, equivalent to the weekly rent on a shared house or a small flat and the person will also be claiming benefit. The *additional* cost of homelessness is the support cost.

Table 1 shows the approximate support costs of homelessness services in England, based on the service cost data collected by the 2012/13 and 2014/15 research described above.[29] As can be seen, median support costs were slightly lower than average costs, both for accommodation based services and floating support services, reflecting the presence of a small number of intensive services. These intensive services were usually targeted on single homeless people with comorbidity of severe mental illness and problematic drug and alcohol use.

Unit cost data for street outreach services for people sleeping rough were not available. However, an approximate cost of £300 for a successful service intervention was reported by commissioners and providers across two street outreach services, both based in London.[30]

Table 1: Approximate support costs of homelessness services in 2014

Support costs of accommodation based services and floating support for Housing First in 8 local authorities (2014) approximations[1]	**Support cost per person per week**	**Number of services (Base)**
Accommodation-based service, mean (average)	£235	24
Accommodation-based service, median	£196	24
Accommodation-based service, lower intensity, mean	£108	7
Accommodation-based service, medium intensity, mean	£203	10
Accommodation-based service, specialist/high intensity, mean	£407	7
Floating support service, mean	£50	5
Floating support service, median	£30	5

1 Approximations based on actual cost (see preceding text). Costs are standardised to 2014 levels, 2013 costs adjusted for inflation using the Bank of England inflation calculator. Based on data collected for Pleace, N. and Bretherton, J. (2013) op. cit.; Bretherton, J. and Pleace, N. (2015) op. cit.

27 Jones, A. and Pleace, N. (2010) op. cit.
28 There can be significant barriers to social protection for some homeless people in the UK, see Pleace, N. and Bretherton, J. (2006) op. cit.
29 Pleace, N. and Bretherton, J. (2013) op. cit.; Bretherton, J. and Pleace, N. (2015) op. cit.
30 Bretherton, J. and Pleace, N. (2015) op. cit.

Costs for the provision of advice and information by local authority Housing Options Teams and the administrative costs of the statutory homelessness system have been derived from the recent analysis supported by Shelter.[31] The health and social care costs used in this report are drawn directly from the standard reference point for the UK, the annual compendium of costs prepared by researchers at PSSRU.[32] Criminal justice costs and hospital A&E costs[33] are taken from the work undertaken by New Economy.[34]

The estimated costs in this report

This report estimates three sets of costs:

- The costs of effective interventions to prevent and rapidly end single homelessness, compared to the financial costs when homelessness is not effectively prevented, nor rapidly resolved.
- The additional financial costs that can arise in resolving long-term and recurrent single homelessness, compared to effective prevention, or effective early intervention to end homelessness.
- The effects on public expenditure when single homelessness becomes repeated or sustained, including the costs for homelessness services, the NHS and the criminal justice system.

These estimations explore the extent to which the costs of single homelessness rise as the duration and frequency of homelessness increase. Two broad ideas are explored:

- The additional financial costs of single homelessness rise as an individual experiences homelessness for longer or at a high frequency.
- Single homelessness that becomes sustained and/or recurrent becomes progressively more expensive to resolve.

There are some additional financial costs from homelessness that is not possible to include in this estimation. One is the loss of economic productivity, which is difficult to include because there is no data on which to project the rate at which people would get paid work, if they were not homeless.

Another cost estimate it is not possible

31 Acclaim Consulting (undated) *Value for money in housing options and homelessness services.* London: Shelter.
32 Curtis, L. (2014) Unit Costs of Health and Social Care PSSRU.
33 A&E attendance (all scenarios)
34 New Economy Unit Cost Database http://neweconomymanchester.com/

to include is the effect of visible street homelessness on trade and tourism. There is an assumption that when people can be seen sleeping rough and begging, that this deters investors, urban regeneration, lessens commercial activity of all sorts and also undermines tourism. There is also a some evidence that cities with visible homelessness feel less safe to their inhabitants, as well as being less attractive environments.[35] In 2012, London sought to avoid hosting the Olympics with visible rough sleeping in evidence. This is not an aspect of the costs of homelessness that has been quantified, assuming that there is some sort of measurable, negative effect, and the data is not available to attempt it here.

Some forms of homelessness are examples of severe, multiple disadvantage, which can have high financial costs across the public sector.[36] With the data available here, it is not possible to explore and estimate these kinds of system-wide costs.

The additional financial costs of homelessness covered in this estimation include:

- The financial cost of providing homelessness services. This includes sustained and heavy use of homelessness services by homeless people with high support needs.[37] This also includes administrative costs for local authority housing options teams and the operation of the homelessness legislation.

- Additional costs for health and social care services associated with homelessness.

- Additional costs for criminal justice systems associated with homelessness.

Health, social care and criminal justice systems experience the same costs when they encounter single homeless people as with any other citizen. The differences lie in the greater frequency of contact and the higher cost per-contact that can be associated with homeless people. To take one example from the NHS, there is evidence that single homeless people may be more likely to use Accident and Emergency (A&E) in a hospital, because sleeping rough, moving between short term supported housing or sofa surfing, makes it difficult to register with a general practitioner. They may also present only at the point when health problems become acute. This can mean that homeless people may use A&E more than ordinary citizens and are also more likely to need to be admitted into the hospital.[38]

For criminal justice services, there can be frequent, low level contact with some homeless people for small offences and anti-social behaviour. As with contact with health and social services, homeless people will not always have greater, or indeed any, contact with the Police, but there is some evidence linking recurrent and sustained homelessness among people with higher levels of contact with the criminal justice systems.[39]

35 O'Sullivan, E. (2012) 'Varieties of Punitiveness in Europe: Homelessness and Urban Marginality' *European Journal of Homelessness* 6 (2), 69-97.
36 LankellyChase Foundation (2015) *Hard Edges: Mapping severe and multiple disadvantage in England* www.lankellychase.org.uk/
37 St Mungo's Broadway (2014) *CHAIN Street to Home Annual Report 2013/2014.* London: St Mungo's Broadway.
38 Homeless Link (2014) op. cit. N.B. It is important to note that misuse of A&E is widespread among the general population, as many people opt to get rapid access to a doctor for minor ailments, rather than wait for a GP appointment.
39 Roy, L., Crocker, A. G., Nicholls, T. L., Latimer, E. A., and Ayllon, A. R. (2014). 'Criminal behaviour and victimization among homeless individuals with severe mental illness: a systematic review.' *Psychiatric services* 65(6), 739-750.

4. Illustrative vignettes: estimated additional costs

This report uses four illustrative vignettes to give an overview of the additional costs of homelessness. As noted, each vignette is based upon qualitative data drawn from 165 interviews conducted across three recent studies that have explored routes into and pathways through homelessness.

Each vignette explores two trajectories and their associated additional costs. In the first trajectory, homelessness is prevented, or resolved, relatively rapidly. In the second trajectory, homelessness persists for one year. Additional costs at 24 months of homelessness, assuming an equivalent pattern of service use, are included as Appendix 1 of this report.

The four vignettes are:

- A young homeless woman who is forced to leave the parental home, exhausts informal sofa surfing arrangements with friends and becomes homeless.
- A man in his thirties who becomes homeless and sleeps rough because he lost his job.
- A man with a learning difficulty in his thirties who recently lost a family member whom he was dependent on and who became homeless.
- A woman in her twenties who has been violently attacked by an ex-partner and is seeking help from a local authority to avoid homelessness.

Vignette 1: Young homeless woman

A 19 year-old woman is expected to leave the parental home and exhausts sofa surfing arrangements with friends.

- In the first scenario, her homelessness is prevented by a local authority Housing Options team working in collaboration with voluntary sector services. A homelessness service for young people provides immediate temporary accommodation in supported housing for four weeks, then negotiates a short-term return to the parental home for six weeks. During these six weeks, a low intensity floating support service[40] is provided. The floating support enables her to make a planned move into suitable shared private rented accommodation, engage with education, training and help her with job seeking and claiming benefits. Parental relationships become positive and are sustained ensuring access to social support. She is able to live independently and secures paid work within one year.
- In the second scenario, she applies for assistance from the local authority, she is found not to be in priority need and ineligible for the main duty and is referred to a housing advice service which gives her a list of private rented accommodation, but no other assistance. She relies initially on sofa surfing, i.e. staying with friends, relatives and acquaintances, but negative experiences from these arrangements lead to a deterioration in her mental health. She begins to make increasing use of homelessness services (being resident in these services for 41 weeks during

40 Low intensity floating support can include housing and benefits advice, practical assistance with housing issues (which might range from decoration or furnishing through to help with disputes with a landlord), money management and debt advice and case management/service brokering, e.g. ensuring registration with a GP, that benefit entitlements are being claimed and that access to any required services has been arranged. These services are sometimes referred to as resettlement or tenancy sustainment services.

the 52 weeks of her homelessness). She begins to use drugs as a result of stress and depression. She becomes highly suspicious and untrusting because of her experiences and increasingly withdrawn. Homelessness and medical services face significant challenges in engaging her with appropriate support and treatment. She is taken to hospital by ambulance called by a homelessness service and has a non-elective long stay as a direct result of the deterioration in her health. With support from homelessness services and the NHS she attempts to end her drug use and is admitted into residential detoxification service for six weeks, but lack of settled, suitable housing present major challenges in trying sustain an end to her drug use.

Obviously the additional financial costs are that much higher if her homelessness is allowed to persist. At one year, her homelessness has caused much more public expenditure than if it had been prevented. This additional cost is also ongoing, as her homelessness has not, in Scenario 2, been resolved.

The additional costs from one year of homelessness could be higher or lower. It might, of course, be the case that she does not use the NHS or get access to residential detoxification, which would bring the costs down significantly. However, if a drug problem was present and not addressed, the additional costs associated with her homelessness could still escalate.

The costs also depend on what she would be able to access in terms of support services. If, for example, she spent 41 weeks in a high intensity accommodation based service, designed for someone with comorbidity of mental health problems and problematic

Table 2: Vignette 1, Estimated additional costs of homelessness prevention and failure to prevent homelessness at 12 months

Scenario 1: Successful prevention	**Cost**
Preventative intervention by Housing Options Team[1]	£826
Low intensity accommodation based service (mean support cost, 4 weeks)[2]	£432
Floating support (mean support cost, 6 weeks)[2]	£300
Total cost	£1,558
Scenario 2: Homelessness persists for 12 months	**Cost**
Processed by Housing Option Team, refused assistance[1]	£558
Low intensity accommodation based service (mean support cost, 41 weeks)[2]	£4,428
Seen by ambulance crew and taken to hospital[3]	£233
Non-elective long stay in hospital[3]	£2,716
Residential detoxification (6 weeks)[3]	£3,798
Total cost	£11,733

1 Based on median unit costs reported in Acclaim Consulting (undated) Value for money in housing options and homelessness services London: Shelter
2. See Table 1
3. Curtis, L. (2014) *Unit Costs of Health and Social Care PSSRU*, residential detoxification is approximately £633 per week.

drug use, the additional support costs would be in the order of £16,687, not £4,248.[41] This estimate also presumes she is able to access lower intensity accommodation based support, but that might not be present in her location. If the accommodation-based service available had the mean or median costs, the support cost for 41 weeks would be in the order of £9,635 (mean) or £8,036 (median). The total additional cost of a year of homelessness in Scenario 2 could be as much as £23,594 if she stayed in high intensity, rather than low intensity accommodation-based service.

Vignette 2: Rough sleeper

A man in his 30s becomes homeless and after informal arrangements to find accommodation break down, sleeps rough. He has lost this job and is heavily in debt.

- In the first scenario,, after three weeks of sleeping rough, he seeks help from the local authority and is offered help from a floating support service that finds him a private rented flat[42] and offers low intensity support for 12 weeks. The low intensity floating support is used to facilitate resettlement and also enables him to begin managing and paying back his debts. He is able to get back into paid work within six months of becoming homeless.

- In the second scenario, rough sleeping persists after he is refused assistance by a local authority Housing Options team and is offered only housing advice services. After six months he has developed mental health problems associated with sustained isolation and his physical health has also started to deteriorate markedly.[43] He has also begun drinking alcohol at a problematic level. He starts to make frequent visits to an A&E department and gets admitted into hospital twice. He also starts to have regular contact with the criminal justice system. He makes some use of homelessness services, but spends much of his time living and sleeping on the street, becoming increasingly alienated and socially isolated. As homelessness persists to twelve months in duration, his support needs increase as his physical and mental health continue to deteriorate and his alcohol consumption increases. He is referred to high intensity homelessness services, but attempts to support him run into difficulties resulting from his experiences and support needs.

41 See Table 1.

42 This could be self-contained if he were aged under 35 and had been assessed as exempt from the shared accommodation rate, although it would be technically necessary for him to be a former residents of a hostel for homeless people. Aged over 35, he would, in common with any claimant of that age, have entitlement for sufficient rent to cover a one bedroomed flat.

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

Both health and homelessness services are actively working to help him but face multiple hurdles.

Scenario 2 shows the kinds of additional cost that are possible when rough sleeping, the most extreme form of poverty and social marginalisation that exists in UK society, becomes protracted. These costs are not as high as they could be, because the individual concerned is still spending most of their time on the street. If he spent 24 rather than 12 weeks in high intensity accommodation based services, the cost would become around £9,768. Again, in scenario 2, the costs are ongoing, his homelessness has not been resolved at 12 months and if an equivalent pattern of service use persisted for five years, the additional cost to the public sector would be over £100,000. If, as in scenario 1, he not only exited homelessness but returned to work, not only would this expenditure not arise, but he could become a net contributor to the UK economy.

The implications of this type of homelessness being replicated - even a small scale - are potentially very significant in terms of public expenditure. Say an equivalent pattern of service use exists in 30 individuals at any one point in time, in a city of a quarter of a million people. The public expenditure for that city would be £602,000 higher per year than would otherwise be the case. If the homelessness and rough sleeping of those 30 people is not resolved in two years, the additional public expenditure is in the order of £1.2 million. As the American experience has shown, a few vulnerable people experiencing long-term and repeated homelessness can be enough for public expenditure to start to spiral upward.

There is clear evidence of deteriorations in health and well-being associated with sustained and recurrent experience of single homelessness. Increasing support needs mean that homelessness is likely to become more expensive to resolve over time. If

Table 3: Vignette 2, Estimated additional costs of homelessness prevention and failure to prevent homelessness

Scenario 1: Successful prevention	**Cost**
Preventative intervention by Housing Options Team[1]	£826
Floating support (mean support cost, 12 weeks)[2]	£600
Total	£1,426
Scenario 2: Homelessness persists for 12 months	**Cost**
Processed by Housing Option Team, refused assistance[1]	£558
Visits to A&E department (20)[4]	£2,340
Non-elective long stay in hospital (2)[3]	£5,432
Anti-social behaviour (6 incidents) [4]	£4,038
Arrested and detained (four times)[4]	£2,876
High intensity accommodation-based service (mean support cost,12 weeks)[2]	£4,884
Total	£20,128

1. Based on median unit costs reported in Acclaim Consulting (undated) op. cit.
2. See Table 1
3. Curtis, L. (2014) op. cit.
4. New Economy Unit Cost Database http://neweconomymanchester.com/ costs for anti-social behaviour are Police and Local Authority administrative costs.

scenario 2 occurs and there is a service intervention after 12 months, that service intervention is likely to cost more than would have been the case if homelessness had been rapidly resolved or prevented. In this estimated example, the costs of sustainably ending 12 months of rough sleeping and homelessness are six months of intensive accommodation based service support, followed by a further year of floating support to facilitate resettlement (Table 4).

Table 4: Vignette 2, Estimated costs of ending homelessness at 12 months

Cost element	Costs
Two contacts with Street Outreach Team[1]	£600
High intensity accommodation-based service (mean support cost, 26 weeks)[2]	£10,582
Floating support (mean support cost, 52 weeks)[2]	£2,600
Total	£13,782

1. Based on approximate costs for two London based outreach services, see above. 2. See Table 1.

Vignette 3: Person with a learning difficulty

A man with a learning difficulty in his thirties has recently lost a family member on whom he was very dependent. The bereavement led to mental health issues which were compounded when the landlord sold the property which his family member had been renting. A temporary arrangement with a friend broke down leaving him facing homelessness.

- In the first scenario, his needs are recognised by a local authority housing options team who arrange access to a floating support service. The floating support service is able to support him in finding and sustaining his own private rented flat. There is an ongoing need for low intensity support, but the risk of homelessness ceases and he is able to engage with structured, productive activity. His mental health improves and he is able to sustain his housing.
- In the second scenario, he is refused assistance by the local authority housing options team. For 12 months, he stays in an accommodation-based homelessness service which ensures he is stably accommodated, but the service is unable to properly support his needs.

In Scenario 2, the additional estimated costs are, again, significantly higher and a vulnerable individual is remaining in a situation of homelessness with neither his support needs nor his homelessness being addressed. There is again the potential for the costs of resolving his homelessness to be higher at one year into homelessness than if his needs had been addressed properly early on. If, for example, he required semi-supported living, funded by social services, prior to being able to live independently, the cost would be £20,852 for six months.[44]

Table 5: Vignette 3, Estimated additional costs of homelessness prevention and failure to prevent homelessness

Scenario 1: Successful prevention	**Cost**
Preventative intervention by Housing Options Team[1]	£826
Floating support (mean support cost, 18 months)[2]	£3,900
Total	£4,726
Scenario 2: Homelessness persists for 12 months	**Cost**
Processed by Housing Option Team, refused assistance[1]	£558
Accommodation-based service (mean support cost 12 months)[2]	£12,220
Total	£12,778

1. Based on median unit costs reported in Acclaim Consulting (undated) op. cit.
2. See Table 1.

44 Curtis, L. (2014) op. cit.

Vignette 4: Woman escaping domestic violence

A woman in her twenties has been violently attacked by an ex-partner. After initially staying with relatives, she is in a situation in which she is unsafe and needs to move to another area because of a sustained physical threat. Moving to another area will result in her losing her existing employment.

- In the first scenario, her homelessness is prevented by the use of a sanctuary scheme, which she is referred to by a local authority Housing Options team. The sanctuary scheme secures her existing home against her violent ex-partner. She is able to re-establish her life and to retain most of her existing social supports and to sustain her existing employment.

- In the second scenario, she leaves her home seeking safety and is able to access a refuge service in another area. However, she is found not to be owed the main duty under the homelessness legislation (i.e. is not statutorily homeless and in priority need) when she seeks assistance from the local authority. She is unable to keep her job. The refuge, under pressure to support other women in her situation, helps her secure shared private rented housing. However, she is located by her ex-partner and has to move back to her point of origin, where she at least has access to some social support. She is also told she is not owed the main duty under the homelessness legislation by the local authority in her home area. There are further episodes of short-term homelessness, when she is forced to move, during which she stays in refuges. Moving around makes it difficult for her to remain registered with a GP that she can easily reach, which means she becomes reliant on A&E as a source of medical care. She experiences stress-related deteriorations in her mental health but is able to access NHS counselling services.

Table 6: Vignette 4, Estimated additional costs of homelessness prevention and failure to prevent homelessness

Scenario 1: Successful prevention	**Costs**
Preventative intervention by Housing Options team[1]	£826
Sanctuary Scheme installation[2]	£728
Total	£1,554
Scenario 2: Homelessness persists for 12 months	**Costs**
Refused assistance by Housing Options teams (twice)[1]	£1,116
Accommodation-based service (mean support costs 10 weeks out of 52)[3]	£2,350
Visits to A&E department (6)[4]	£702
Counselling (NHS) 1 hour sessions (10)[4]	£500
Total	£4,668

1. Based on median unit costs reported in Acclaim Consulting (undated) op. cit.
2. Jones, A., Bretherton, J. et al.. (2010) *The Effectiveness of Schemes to Enable Households at Risk of Domestic Violence to Remain in Their Own Homes.* London: Communities and Local Government. Average cost based on 2010 figures updated to 2014 using Bank of England inflation calculator.
3. See Table 1.
4. New Economy Unit Cost Database http://neweconomymanchester.com/

In this final illustrative estimation, the additional financial costs of a woman experiencing intermittent homelessness over 12 months as a result of domestic violence are higher, but not dramatically higher, than if her homelessness were prevented. The human costs of her homelessness, living in a situation of near permanent precariousness and worry, taking an inevitable toll on her mental health, are apparent. However, her high degree of self-reliance and only occasional use of services keeps the additional financial costs of her homelessness down, in terms of public expenditure. Although in scenario 2 she also loses her job and has to rely on the welfare system.

Homelessness, even in situations where individuals are able to exercise a high degree of self-reliance in response to losing their home, is still likely to be generate at least some additional public expenditure. While the effects in terms of public expenditure may be less pronounced in this kind of situation, the potential damage caused by homelessness to an individual and in a wider societal sense, remain evident. It is also important to remember that these patterns of homelessness do not need to be repeated often before the costs really start to rise. Thirty women in her position for 12 months would increase public spending by an additional £140,000, rising to £280,000 if their situation persisted for two years.

5. Discussion

This report is an illustrative exercise, an estimation of the additional costs of homelessness based on a limited array of data. However, there is, arguably, still enough material here to raise concern.

Central government has already reached the point of assuming that single homelessness has negative implications for public expenditure.[45] The evidence may still only be patchy, but the indications are that the more single homelessness there is, the more frequently it is experienced and the more often it is sustained, the worse the implications for public spending are likely to be.

The international evidence obviously does not apply to the UK directly, but it is clearly the case that comparable countries are often finding that sustained and recurrent homelessness generates significant, additional costs to the public sector. The idea that the financial costs of homelessness in UK will be markedly different from those in similar economies with similar health, homelessness and social protection systems seems an unlikely one.

Of course, the vignettes in this report are no more than illustrations, indeed they are only based on estimates, of the kinds of costs that can arise. Four vignettes cannot represent the diversity of homelessness or the diversity of costs and the assumptions within the vignettes could easily be changed to raise and lower the estimated costs presented. However, the experiences of homelessness used and the costs that the vignettes use are based on the results of recent research.

The reality of homelessness causation is a complex one. However, routes into homelessness clearly involve systemic failures, due to lack of coordination or insufficient resources, and also situations in which particular sets of needs, characteristics and experiences make successful service interventions difficult. The story of single homelessness is often how one problem can lead to another, a mental health service cannot be accessed, benefits are sanctioned because a health problem is not recognised,[46] someone is found not to be statutorily homeless when they are actually entitled to the main duty,[47] a parent or relative will not help, and that event sets someone on a trajectory where they encounter more difficulties. Too often, a potentially salvageable situation, that need not escalate into sustained or recurrent single homelessness, becomes a downward spiral.[48]

Obviously, it is important to be cautious when discussing how far public expenditure may be reduced by lessening experience of homelessness. Nevertheless, it must be noted that effective means to reduce the prevalence of single homelessness are already at hand.

The UK currently retains universally accessible health care and, at present, has extensive social protection, provided by the welfare system, all of which is accessible to homeless people. There are the four statutory homelessness systems in England, Wales, Northern Ireland and Scotland, and a relatively extensive, largely publicly funded, homelessness service sector, which includes a wide array of preventative

45 DCLG (2012) op. cit.
46 Crisis (2013) op. cit.
47 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.
48 Busch-Geertsema, V. et al. (2010) op. cit.

services. Successful programmes from successive governments have reduced street homelessness in London and in other parts of the UK to levels that are fraction of those seen in some comparable countries, beginning with the *Rough Sleepers Initiative* (RSI) programmes and continuing through to *No Second Night Out.*[49]

There are also British successes in housing related support services to prevent and reduce homelessness. An array of preventative,[50] accommodation-based and floating support services for homeless people[51] keep the prevalence of homelessness down. Innovations such as using the Social Investment Bond (SIB) approach[52] to fund homelessness services may also help expenditure on reducing homelessness to be sustained in the face of ongoing austerity measures.

Yet, if the prevalence of single homelessness and the extent of additional public expenditure related to homelessness are to be minimised, it is important to build upon this success, and not allow the achievements of the homelessness sector to fade. Lessons can be drawn from international experience, for example the coordinated strategic responses to homelessness which significantly lowered long-term homelessness in Finland.[53] Equally, there is always scope to learn from international innovations like Housing First[54] and Critical Time Intervention,[55] which may offer highly cost effective ways of meeting the needs of vulnerable single homeless people at risk of sustained and recurrent homelessness.

There is a simple message from the existing evidence and the illustrative cost estimations in this report. However, it would be over simplistic to suggest that significant reductions in public spending can be quickly and easily realised when levels of single homelessness are reduced.

One point here is that single homelessness is dynamic, there are always people joining as well as leaving the population. While overall public expenditure can be brought down through an effective, comprehensive and integrated homelessness strategy, that strategy has to stay in place. Stop spending on prevention and reduction and the levels of single homelessness and the associated additional public expenditure costs, will rise.

Another point relates to the extent to which some reductions in public expenditure are actually realisable. Practical difficulties exist in delivering cost savings from reducing single homelessness in some contexts. When publicly funded services or systems are engaging with a very large number of people, such as the NHS or the criminal justice system, the rate at which they encounter homeless people is proportionately, extremely low.

For example, some homeless people may over use A&E departments in hospitals, but still only represent a tiny fraction of total activity by those A&E departments. If homeless people collectively represent, for example, well under 1% of total activity for an A&E department in one year, it may not be possible to reduce staffing or other costs. This is because, even if homeless

49 Randall, G. and Brown, S. (2002) *Helping rough sleepers off the streets.* London: ODPM; Hough, J. and Jones, A. (2011) *No Second Night Out: An evaluation of the first six months of the project.* London: Broadway. www.nosecondnightout.org.uk/

50 Pawson, H. et al. (2007) *Evaluating Homelessness Prevention.* London: DCLG.

51 Homeless Link (2014) *Support for Single Homeless People in England: Annual Review 2014.* London: Homeless Link.

52 www.london.gov.uk/priorities/housing-land/tackling-homelessness-overcrowding/rough-sleeping/social-impact-bond-for-rough-sleepers

53 Pleace, N. et al. (2015) op. cit.; Pleace, N. (2013) *Evaluating homelessness services and strategies: A review.* Brussels: Habitact.

54 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, pp. 21-41.

55 Bretherton, J. and Pleace, N. (2015) op. cit.; Busch-Geertsema, V. (2013) *Housing First Europe: Final Report* www.socialstyrelsen.dk/housing-firsteurope/copy4_of_FinalReportHousingFirstEurope.pdf; 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, pp. 21-41; http://evidencebasedprograms.org/1366-2/critical-time-intervention-top-tier

people were no longer present in an A&E department, there would still be more than 99% of the original traffic to deal with. The same situation may also exist in the criminal justice system.[56]

Of course, bringing down single homelessness should still reduce some of the pressure on what can be overstretched public services, such as A&E departments. In addition, the proportion of total activity accounted for by single homeless people may sometimes be higher, which may make at least some cost savings realisable.

Homeless people may use far less public money than other citizens, indeed they may sometimes use almost none at all. Homeless people can lack information about services and entitlements, avoid using services, be refused services or find bureaucracy difficult to deal with. This might mean they do not claim benefits, use the NHS or access homelessness services. Some research on women's experience of homelessness, for example, suggests heavier reliance on informal arrangements, such as sofa surfing, than use of homelessness services. This could mean women's homelessness has lower immediate financial costs to the public sector, but that potentially high levels of individual need among homeless women are not being recognised or met, that in the long term could end up being more financially expensive for the state.[57] Reducing homelessness in some instance might therefore sometimes cause some short and medium term *increases* in public expenditure, as homeless people are connected to public services that they require and have a right to.[58]

Another issue is the social return on investment that can be realised from preventative services. In the illustrative vignettes used in this report, homelessness is rapidly resolved, or prevented, in the first scenario, while persisting for 12 months in the second. There is the potential for a third scenario, which is someone self-exiting from homelessness after a few days or weeks, without any need for help and at no additional cost to the public sector.

Offering preventative services means balancing two sets of risks against one another. The first risk is that some people will receive assistance they do not actually need. The second risk is the one shown in this report, the potentially high costs to public finances when homelessness is allowed to become recurrent or sustained.

Mitigating the first risk is not as simple as it might seem. Sustained and recurrent homelessness is associated with certain characteristics, e.g. severe mental illness combined with problematic drug/alcohol use.[59] However, recent work shows that certain trigger events and contextual factors, may actually outweigh individual characteristics in explaining sustained and recurrent homelessness, making it hard to predict.[60] Accurate targeting of homelessness prevention to optimise expenditure may be difficult to get entirely right. However, risk of spending slightly too much on prevention has to be balanced against the risk of spending a lot more dealing with the consequences of an increased prevalence of sustained and recurrent homelessness.

56 Pleace, N. et al (2013) op.cit.

57 www.womenshomelessness.org/ and see Vignette 4.

58 Pleace, N. et al. (2008) found evidence that homeless families and lone young people were sometimes causing temporary spikes in expenditure when they were connected with health, social services and the benefits system following acceptance as statutorily homeless by a local authority. See: Pleace, N. et al (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds.* London: DCLG.

59 Benjaminsen, L. (2015). 'Homelessness in a Scandinavian welfare state: The risk of shelter use in the Danish adult population'. *Urban Studies*, 0042098015587818.

60 Parsell, C., & Marston, G. (2012). 'Beyond the 'at risk' individual: Housing and the eradication of poverty to prevent homelessness'. *Australian Journal of Public Administration*, 71(1), 33-44; O'Flaherty, B. (2010) Homelessness as Bad Luck: Implications for Policy and Research in Gould-Ellen, I. and O'Flaherty, B (eds) *How to House the Homeless.* New York: Russell Sage; Busch-Geertsema, V. et al. (2010). op. cit.

It is clear that there are significant financial and human costs to single homelessness. Homelessness has economic, social and personal costs that have tangible, negative consequences for society. There is a clear case for improving understanding of the financial costs of homelessness through focused research which is being planned by Crisis. Ensuring better data on the costs of homelessness are available is also important for two other reasons:[61]

- The economic case for using homelessness services to prevent and reduce homelessness needs to be properly assessed. Comparison of cost effectiveness and social return on investment between different types of homelessness service will only become possible when clear cost data are available.

- The NHS, social services, the welfare system and the criminal justice system are all probably experiencing additional costs as a direct consequence of homelessness. Understanding these additional financial costs is important, because it helps clarify the economic case for preventing and reducing homelessness.

Finally, it is vitally important to not lose sight of the scale of the human cost of single homelessness.[62] The unique distress of lacking a settled home, which can be combined with isolation, high support needs and a disconnection from mainstream social and economic life, is perhaps the most damaging form of poverty and marginalisation that can be experienced in the UK.

61 Pleace, N. et al (2013) op. cit.
62 Culhane, D.P. (2008) op. cit.

Appendix 1: Additional costs at 24 months

Table A1: Estimated Additional Costs of Failure to Prevent Homelessness at 24 Months

Homelessness Persists for 24 Months	Costs
Vignette 1:	£23,466
Vignette 2:	£40,256
Vignette 3:	£25,556
Vignette 4:	£9,336

Sources as for Tables 2, 3, 5 and 6. Assumes equivalent pattern of service use and homelessness.

This table summarises the kinds of additional costs that would be seen if homelessness persisted for 24 months. The table assumes that service use would be equivalent to that during the first 12 months, though of course it would vary and perhaps vary in ways that caused additional costs to rise or fall. It is important to note that the available evidence indicates there are likely to be deteriorations in mental and physical health associated with sustained and recurrent experience of homelessness. Service use generally, and contact with the health and criminal justice systems might be expected to increase over time.[63]

63 Busch Geertsema, V. et al. (2010) op. cit.

Endnotes

1 Culhane, D. P., Metraux, S., & Hadley, T. (2002). Public service reductions associated with placement of homeless persons with severe mental illness in supportive housing. *Housing Policy Debate*. doi:10.1080/10511482.2002.9521437

2 Dennis P. Culhane, Kennen S. Gross, Wayne D. Parker, Barbara Poppe, and Ezra Sykes. "Accountability, Cost-Effectiveness, and Program Performance: Progress Since 1998" *National Symposium on Homelessness Research* (2008).

3 Mental Health Commission of Canada. (2014). *National final report: Cross-Site At Home/ Chez Soi Project*. Retrieved from www.mentalhealthcommission.ca

4 Dennis P. Culhane. "The Cost of Homelessness: A Perspective from the United States" *European Journal of Homelessness* 2.1 (2008): 97-114.

5 Stephen R. Poulin, Marcella Maguire, Stephen Metraux, and Dennis P. Culhane. "Service Use and Costs for Persons Experiencing Chronic Homelessness in Philadelphia: A Population-Based Study" *Psychiatric Services* 61.11 (2010): 1093-1098.

6 Rolston, H., Geyer, J., & Locke, G. (2013). *Final Report: Evaluation of the Homebase Community Prevention Program*. New York City Department of Homeless Services.

Single homeless people who ask their councils for help are often turned away with no choice but to sleep on the streets. This can have a terrible human cost, but it's also incredibly expensive for the public purse.

This report was commissioned to support the Crisis No One Turned Away campaign, which calls for the Government to review the law so that no one is forced to sleep rough.

www.crisis.org.uk/nooneturnedaway

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