

# Comprehensive Spending Review 2020: written representation from St Mungo's

September 2020

## About St Mungo's

St Mungo's is a leading homelessness charity. We work with people experiencing homelessness and those who are at risk of homelessness.

Last year, we supported more than 32,000 people who have experienced or were at risk of homelessness. We provided a bed and support to 2,850 people each night, and 92% of our clients said that St Mungo's staff helped them make a positive change in their lives.

We have 1,500 staff, 1,400 volunteers and thousands of generous supporters. We work together with 53 local authorities across London and the south of England, as well as managing major homelessness sector partnership projects such as StreetLink and the Combined Homelessness and Information Network (CHAIN).

Since the start of the pandemic we have supported a further 2,914 people in emergency hotels and helped 1,072 of those move into longer-term housing.

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## Background and summary

This submission focuses on the solutions to homelessness and, in particular, the further steps the Government can take as part of the Comprehensive Spending Review (CSR) to end rough sleeping by 2024 in line with its 2019 election manifesto commitment.

Before the pandemic spiralling housing costs, increasing insecurity for private renters and cuts to homelessness services had seen rough sleeping more than double in ten years.

Official counts and estimates of the number of people sleeping rough on a single night in England show the number has risen by 141% since 2010, when the methodology was first used, from 1,768 to 4,266 people. This number has started to decrease since the Government's 2018 Rough Sleeping Strategy was adopted, which is promising. In 2019, the total number sleeping rough on a single night was down 10% compared to the 2017 peak of 4,751 people.<sup>1</sup> Although reports from the CHAIN database of rough sleeping in London show an upward trend in the capital since 2017/18.<sup>2</sup>

Rough sleeping is the most dangerous form of homelessness. 796 people died while sleeping rough or in emergency accommodation in England and Wales in 2018. The average age of

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<sup>1</sup> MHCLG (2020) *Rough sleeping snapshot in England (autumn 2019)*  
<https://www.gov.uk/government/publications/rough-sleeping-snapshot-in-england-autumn-2019/rough-sleeping-snapshot-in-england-autumn-2019>

<sup>2</sup> GLA (2020) *CHAIN annual report: Greater London April 2019-March 2020*  
<https://data.london.gov.uk/dataset/chain-reports>

death was 45 for men and 43 for women, more than 30 years younger than the average age of death in the general population.<sup>3</sup>

Sleeping rough is devastating for individuals and costly to wider society, placing pressure on a wide variety of public services, including the police and acute health services.

During the COVID-19 pandemic, sleeping rough carries even more risks. It is extremely welcome, therefore, that the Government has taken urgent action to respond to rough sleeping during the pandemic. This has shown what's possible when homelessness is made a priority and partners work together.

In just two months, almost 15,000 people sleeping rough or at risk of rough sleeping were housed in emergency accommodation. This has been an amazing achievement and has almost certainly saved lives.

The Government has also shown admirable dedication to ensuring that no-one in this group returns to rough sleeping in the short term. This has included:

- the creation of a taskforce, initially led by Dame Louise Casey, with a focus on ensuring as few people as possible return to rough sleeping;
- £105mn to provide further interim accommodation and support to people currently housed in emergency accommodation;
- funding to provide 3,300 long-term homes and support for this group within 12 months, with a total of 6,000 to be provided over four years.

However, without long-term solutions and support many of these people will sleep rough again, and more will join them as the recession bites.

Furthermore, as new restrictions are put in place to help deal with a second wave of COVID-19 cases, continued leadership on rough sleeping will be needed from central government in order to save lives by ensuring everyone has a safe place to stay where they can follow public health advice to protect themselves and others.

We know the crisis is not over, but we now face a unique opportunity to change things for good and build a positive, lasting legacy from the 'everyone in' initiative.

## **KEY RECOMMENDATION**

For lots of people who have slept rough, or are at risk of doing so, a roof is just the first step. They need ongoing support to cope with complex problems like poor mental health, substance use and domestic abuse in order to find and keep a roof over their head and stay off the streets for good.

Homelessness services provide this support and are there for people at every step of their recovery. Crucially, they can also prevent people from sleeping rough in the first place.

However, since 2008, nearly £1bn has been cut from what councils spend on homelessness services every year.<sup>4</sup> This money hasn't been replaced by the emergency COVID-19 response, and these vital services are still unable to help everyone who needs them.

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<sup>3</sup> ONS (2019) *Deaths of homeless people in England and Wales: 2018*  
<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/deaths/bulletins/deathsofhomelesspeopleinenglandandwales/2018>

<sup>4</sup> WPI Economics (2020) *Local authority spending on homelessness: 2020 update*  
<https://www.mungos.org/publication/local-authority-spending-on-homelessness-2020-update/>

**In order to seize the opportunity to help thousands stay off the streets for good, join up support for those still stuck sleeping rough and prevent further homelessness, the Government should invest an extra £1 billion in homelessness services every year until at least 2024 via a specific grant to local authorities.**

## **OTHER RECOMMENDATIONS**

- Introduce a duty on local authorities, backed by sufficient funding, to ensure emergency accommodation is provided for everyone with nowhere safe to stay, for at least the next 12 months.
- Suspend 'no recourse' and 'habitual residence test' rules that restrict access to support for some non-UK nationals for at least the next 12 months.
- Invest in specialist services that can provide immigration advice and employment support alongside accommodation.
- Suspend the Benefit Cap and lift Local Housing Allowance (LHA) rates in line with average rents.
- Make the increase to the standard allowance of Universal Credit (UC) permanent.
- Ensure people living in supported housing can earn more before their benefits are affected, helping them to experience the positive impact of work without putting their housing at risk.
- Build 90,000 social homes per year for the next 15 years.
- Improve private sector renting to better suit the needs of people with a history of sleeping rough by swiftly ending Section 21 evictions and permanently increasing LHA rates to cover the cost of private sector rents.

## **KEY RECOMMENDATION**

**Invest an extra £1 billion in homelessness services every year until at least 2024 via a specific grant to local authorities.**

### Seizing the unique opportunity to ensure thousands stay off the streets for good

At the beginning of the pandemic, the Government charged local authorities with getting 'everyone in' by supporting everyone sleeping rough, or at risk of doing so, to move into suitable emergency accommodation. St Mungo's has been heavily involved in this effort, helping clients find self-contained accommodation, follow public health guidance, and access services including mental health support and drug and alcohol services.

Since the onset of the pandemic, we have supported almost 3,000 people in emergency hotels, managing 15 hotels at the height of the initiative and have so far supported over 1,000 people to move into longer-term housing, including homes in the supported housing, social and private rented sectors.

We recognise the significant funding the Government has invested in responding to rough sleeping since the 2018 Rough Sleeping Strategy, and as part of the COVID-19 response. We are particularly pleased that the Next Steps Accommodation Programme (NSAP) recognises the need for revenue funding alongside capital investment in order to provide the support services people need to manage their housing and avoid a return to rough sleeping.

The Government must now use the CSR to build on this positive work to bring rough sleeping numbers down and protect people facing rough sleeping during the ongoing public health crisis.

The NSAP aims to provide 6,000 long-term homes with support over four years for people who have slept rough. However, we know further investment will be needed to ensure all of the 'everyone in' cohort gets the help they need to leave rough sleeping behind for good.

St Mungo's internal data shows that 50% of clients we have supported in emergency hotels in our areas of operation outside of London (Bristol, Brighton, Bournemouth, Reading and Oxford) require housing with support provided alongside in order to successfully move on from emergency accommodation. Supported housing, Housing First and specialist women-only supported housing are among the services required. However, demand continues to exceed the services available.

According to the MHCLG data from May 2020, 10,160 people have been provided emergency accommodation under 'everyone in' outside of London, with a further 4,450 accommodated inside London. This suggests that 5,000 homes with support are needed for the 'everyone in' cohort outside of London alone.

#### Joining-up support for those still stuck sleeping rough

While 'everyone in' has helped many thousands to escape rough sleeping during the pandemic, it hasn't been able to reduce rough sleeping to zero, and among those who have slept rough throughout are some people with very complex support needs. The initiative has provided further evidence that some people need specialist accommodation and support that could not be provided in empty hotels, or similar emergency accommodation services. As of July 2020, 14% of clients we had been supporting in emergency hotels had abandoned the hotel accommodation, often returning to sleep rough.

There is evidence that temporary accommodation can have a negative impact on individual health and wellbeing, and that uncertainty and insecurity creates anxiety. For some people this causes them to avoid or abandon hostel, or even hotel accommodation.

Every individual is different and everyone should be able to access accommodation that suits their needs, and the right level of support to help them cope with any problems that might put their accommodation at risk. While we work hard to provide person-centred support, tailored to individual needs, being in hotel accommodation hasn't suited everyone.

Services such as supported housing, Housing First and 'floating' tenancy support provide this specialist support and are proven to effectively prevent and reduce homelessness among single adults or couples without dependent children. They do this by preventing a recurrence of homelessness where it has already occurred, and by preventing homelessness in the first place by sustaining existing housing when someone with high and complex needs is at risk of homelessness.

For example, research by the University of York on behalf of St Mungo's, found that when data was still being collected at scale on accommodation-based homelessness services in England, rates of success were high. In 2010/11, 119,200 people using housing-related support services funded by the then Supporting People programme in England were reported as needing assistance with 'securing and obtaining settled housing', 73% of whom were recorded as having a successful outcome at exit from those services.<sup>5</sup>

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<sup>5</sup> University of York (2018) *Using Housing First in Integrated Homelessness Strategies*  
[https://www.mungos.org/app/uploads/2018/02/ST\\_Mungos\\_HousingFirst\\_Report\\_2018.pdf](https://www.mungos.org/app/uploads/2018/02/ST_Mungos_HousingFirst_Report_2018.pdf)

A recent report by The Salvation Army states that just 4% of the 5,958 people helped by the organisation's support services in England in 2019 were recorded as having returned to a position of rough sleeping.<sup>6</sup>

To be most effective, services need to be fully resourced to address all of the support needs of people who are homeless. This means having substance use and mental health workers who can help people to access the healthcare they need.

There is also a need for more women-only accommodation services. All services should be psychologically informed and offer effective support for people whose homelessness is rooted in repeated traumatic experiences, including violence and abuse. In the words of one of our London hostel managers:

*"The more people you have, the more people can invest in the relationships that they have with their clients and so there's more time for them to do that. That's what makes a difference."*

### Preventing a further rise in rough sleeping

We know what works to prevent homelessness and end rough sleeping, however, government cuts to council funding over the past decade have resulted in cuts to vital homelessness services for people who need extra support.

Research by WPI Economics on behalf of St Mungo's and Homeless Link found that council spending on all homelessness related activity has fallen from £2.9 billion in 2008/9 to £2.2 billion in 2018/19. This research also shows that the cuts have fallen on homelessness prevention and support services, including those described above, while councils have been forced to spend more on temporary housing for homeless families because of a shortage of social housing and cuts to housing benefit in the private rented sector.

Between 2008/9 and 2018/19 council spending on support services for single homeless households decreased by 74% and nearly £1bn has been cut from what councils spend on these services every year. During the same period, spending on temporary accommodation for those considered to be in 'priority need' for housing has increased by 23%.<sup>7</sup>

This is all the more concerning when the evidence points to a return to rising homelessness and rough sleeping as a result of rising unemployment and the economic recession. Research by Shelter suggests more than 300,000 renters have fallen into rent arrears since the pandemic began, which could put their home at risk.<sup>8</sup>

We also know COVID-19 has led to the collapse of sofa surfing and other insecure housing arrangements. This is clear from the latest quarterly CHAIN report on rough sleeping in London. The report shows a 77% increase in the number of people found sleeping rough for the first time in the capital between April and June 2020, and a 33% increase in the total number sleeping rough during this same period (up from 3,172 in Q1 2019/20 to 4,227 in Q1 2020/21).<sup>9</sup>

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<sup>6</sup> The Salvation Army and WPI Economics (2020) *Future-Proof the Roof. The case for sustainable investment to tackle homelessness and rough sleeping post-COVID-19*  
<https://www.salvationarmy.org.uk/futureproof>

<sup>7</sup> WPI Economics (2020) *Local authority spending on homelessness: 2020 update*  
<https://www.mungos.org/publication/local-authority-spending-on-homelessness-2020-update/>

<sup>8</sup> Shelter (2020)  
[https://england.shelter.org.uk/media/press\\_releases/articles/landlords\\_letting\\_agents\\_and\\_charities\\_urge\\_the\\_government\\_to\\_help\\_renters\\_clear\\_covid-19\\_rent\\_debts\\_and\\_stay\\_in\\_their\\_homes](https://england.shelter.org.uk/media/press_releases/articles/landlords_letting_agents_and_charities_urge_the_government_to_help_renters_clear_covid-19_rent_debts_and_stay_in_their_homes)

<sup>9</sup> GLA (2020) *CHAIN quarterly report: Greater London April to June 2020*  
<https://data.london.gov.uk/dataset/chain-reports>

The CSR is a golden opportunity to address this problem and prevent a new homelessness crisis emerging.

### Supporting the social and economic recovery from COVID-19

Investment in homelessness services that prevent people spiraling into crisis, promote employment and allow vulnerable people to live healthier, more independent lives, also helps reduce the use and cost of more expensive, emergency public services. Supported housing has played a crucial role in helping keep vulnerable people safe during the pandemic and has adapted quickly, continuing to provide vital support despite the challenging circumstances. However, the pandemic has also exacerbated the existing financial pressure on these services.

According to results from a National Housing Federation survey of supported housing providers in August 2020 “supported housing providers are facing greater financial pressures due to extra costs and void losses associated with coronavirus. Long-term investment in housing-related support services would ensure that these services can continue to support as many people as possible and contribute fully to the social and economic recovery from the pandemic.” Half of survey respondents reported increases in costs as a result of the pandemic with additional costs being incurred for extra staffing, sick pay, IT, PPE and cleaning. 57% of respondents also reported an increase in demand for short term supported housing schemes.<sup>10</sup>

Given the need to increase the supply of supported housing in line with demand<sup>11</sup>, it is very encouraging to see capital investment earmarked for new supported housing as part of the Government’s Affordable Homes Programme for 2021-2026. However, revenue funding to pay for the support services will also need to be available in order to give developers the confidence to invest in new schemes.

Furthermore, homelessness and housing related support services are important to achieving the Government’s ambitions to reduce reoffending rates and the crime associated with drug addiction. A recent investigation by HM Inspectorate of Probation report provided further evidence that ‘obtaining and retaining settled accommodation is a key factor in successful rehabilitation’ and that reduced funding for supported housing and floating support services is one of the main barriers to finding settled accommodation for prison leavers.<sup>12</sup> While recent research by St Mungo’s into drug and alcohol problems and rough sleeping identified the need for the right housing with support to be central to any strategy for reducing harm and rebuilding lives for people with substance use problems.<sup>13</sup>

Finally, we are concerned there is no guarantee of funding for local authorities to provide emergency or interim accommodation and support services for people sleeping rough, or at

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<sup>10</sup> NHF (2020) *Briefing on the financial impact of the coronavirus crisis on supported housing providers* <https://www.housing.org.uk/resources/briefing-on-the-financial-impact-of-the-coronavirus-crisis-on-supported-housing-providers>

<sup>11</sup> Sitra (October 2015) *Estimating the Need for Supported Housing* [http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Sitra\\_Supported\\_Housing\\_Needs\\_Assessment\\_Report.pdf](http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Sitra_Supported_Housing_Needs_Assessment_Report.pdf)

<sup>12</sup> HM Inspectorate of Probation (2020) *Accommodation and support for adult offenders in the community and on release from prison in England* <https://www.justiceinspectorates.gov.uk/hmiprobation/inspections/accommodationthematic/>

<sup>13</sup> St Mungo’s (2020) *Knocked Back. Failing to support people sleeping rough with drug and alcohol problems is costing lives* [https://www.mungos.org/app/uploads/2020/01/StM\\_Knocked\\_Back\\_DA\\_Summary\\_Report\\_Final\\_Sp\\_2901.pdf](https://www.mungos.org/app/uploads/2020/01/StM_Knocked_Back_DA_Summary_Report_Final_Sp_2901.pdf)

risk of doing so, beyond March 2021 when the Rough Sleeping Initiative and the Next Steps Accommodation Programme funding streams for these services end.

Longer-term investment in all homelessness services will be crucial in ensuring that rough sleeping is ended for good. Investment and guidance will be needed to ensure that emergency accommodation, assessment and support services can continue to be offered to everyone and the risk from COVID-19 can be managed. This should include providing self-contained accommodation to ensure that the services can adhere to public health guidance and offer spaces where social distancing and self-isolation is possible.

There is a consensus the government can build on the success of 'everyone in' and use the CSR to invest in services that help prevent further homelessness. Ultimately this investment would also deliver financial benefits, by reducing the pressure on other parts of the public sector, especially health services.

Crucially, it will help the government meet its manifesto commitment to end rough sleeping and its ambitions to prevent homelessness. We know that these goals are achievable with the right focus on ensuring everyone has the support they need to find, and keep, a home for good.

**In order to seize the opportunity to help thousands stay off the streets for good, join up support for those still stuck sleeping rough and prevent further homelessness, the Government should invest an extra £1 billion in homelessness services every year until at least 2024 via a specific grant to local authorities.**

## **OTHER RECOMMENDATIONS**

### Provide ongoing emergency accommodation

As outlined in detail above, we welcome the action already taken by the Government to help protect people sleeping rough during the pandemic.

However, we are not out of the woods yet, and we are concerned that an increased number of people will be at risk of rough sleeping over the coming months. The Government must take action to ensure that everyone who is rough sleeping, or at risk, has access to suitable emergency accommodation – particularly while the risk of COVID-19 remains.

Unfortunately, data from CHAIN in London has shown that new people have continued to start sleeping rough during the pandemic. In the period April to June 2020, outreach teams recorded 2,680 people sleeping rough in the capital for the first time. The number of new rough sleepers recorded during this period was 77% higher than the same period last year.

Much of the usual support which is provided to people who are rough sleeping, or at risk, has had to close due to the pandemic. This includes night shelters and day centres, and these services are unlikely to be able to reopen safely for some time. This means that outreach teams must continue to work in extremely difficult circumstances. Winter is now approaching and without sufficient, suitable emergency accommodation, more people will be at risk of dying on the streets as temperatures drop.

There is also a significant risk that homelessness will increase dramatically as a result of job losses, or reduced pay caused by the coronavirus crisis, particularly as the furlough scheme and evictions ban end.

**In order to prevent a dramatic increase in rough sleeping over the coming months, we urge the Government to:**

- **Introduce a duty on local authorities, backed by sufficient funding, to ensure emergency accommodation is provided for everyone with nowhere safe to stay, for at least the next 12 months.**

#### Supporting non-UK nationals at risk of rough sleeping

Non-UK nationals represent a significant proportion of the people who sleep rough in England. In London in 2019-20, non-UK nationals made up 52% of all people who were seen sleeping rough whose nationality was known (5,089 people).<sup>14</sup> According to figures from the MHCLG on the number of people seen sleeping rough on a standard night in autumn 2019, 42% of people were EU nationals and 7% were from outside the EU and the UK.<sup>15</sup>

It is broadly more challenging for non-UK nationals to access the support needed to prevent rough sleeping. People who are from outside the EU and have either only limited leave to remain in the UK or no legal status generally cannot claim support through the welfare system, or access homelessness assistance from local authorities. The same is true for people from within the EU who do not meet certain criteria, such as passing the habitual residence test.

For those who are not eligible for welfare support or homelessness assistance, there is only limited help available, usually provided by voluntary sector organisations. Services such as day centres and night shelters vary by local area and are sometimes only available at certain times of the year. Access to immigration advice can be very limited, and accommodation offered alongside this is rarer still.

As the depth of the COVID-19 crisis became apparent, the Government began the ‘everyone in’ initiative to support people who were at risk of rough sleeping into emergency accommodation. This support was available to everyone, regardless of their immigration status.

The initiative was run in a similar way to the Severe Weather Emergency Protocol (SWEP), which provides emergency accommodation for all people sleeping rough – again regardless of immigration status – during extreme weather in both winter and summer. The aim is to prevent loss of life.

The Government has also announced that the ‘suspension of the derogation rule’ – allowing EEA migrants to access emergency accommodation and floating support for up to three months – has been extended to cover all of England until the end of 2020.

These changes are a step in the right direction to end rough sleeping for everyone.

However, they are not enough to resolve the complex issues facing people currently in emergency accommodation, or to protect others from rough sleeping over the next year – particularly with such uncertainty ahead.

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<sup>14</sup> GLA (2020) *CHAIN annual report: Greater London April 2019-March 2020*  
<https://data.london.gov.uk/dataset/chain-reports>

<sup>15</sup> MHCLG (2020) *Rough sleeping snapshot in England (autumn 2019)*  
<https://www.gov.uk/government/publications/rough-sleeping-snapshot-in-england-autumn-2019/rough-sleeping-snapshot-in-england-autumn-2019#demographics>



We know that non-UK nationals have unfortunately continued to sleep rough during the pandemic. Data from CHAIN shows that 49% of people seen sleeping rough in London between April to June 2020 were non-UK nationals.<sup>16</sup>

Although there is currently more emergency support for people who would otherwise be at risk of rough sleeping, it is unclear how long this will continue to be available for and we are aware of local authorities now returning to a business as usual approach and not providing emergency accommodation for people newly sleeping rough due to their 'no recourse to public funds' immigration status.

As set out already, temporary accommodation alone will not resolve an individual's homelessness. Depending on their circumstances, people who are at risk of rough sleeping may need support to find a secure a long-term home and help to pay their rent, employment or tenancy sustainment support, support with on-going health needs, and/or support to resolve their immigration status.

Unfortunately, too many non-UK nationals remain ineligible for most, if not all, of these types of support. If this is not resolved, then people may be forced to return to rough sleeping once the 'everyone in' initiative wraps up.

The Government has committed to ending rough sleeping by 2024, and has made admirable progress towards achieving this goal during the Covid-19 pandemic. However, as set out already, the economic consequences of this period have yet to be fully felt, and it is sadly likely that the number of people at risk of rough sleeping will increase. Research by IPPR has found that migrant workers are at higher risk of redundancy or income loss due to COVID-19, as they are more likely to work in industries such as hospitality or retail, and have temporary employment or be self-employed. Migrants are also more likely to live in accommodation in the private rented sector, rather than owning their own home, which may put them at higher risk of homelessness once the ban on evictions ends.<sup>17</sup>

St Mungo's has been helping to support people with NRPF into employment in partnership with Radical Recruit during the pandemic. We have found that our clients often have a significant professional and work experience, but have lost jobs, or have struggled to maintain steady or secure work while homeless. We will also be publishing new research at the end of September which sheds light on the interwoven nature of transient (insecure work) and homelessness.

If the Government is serious about its commitment to ending rough sleeping for good, it must introduce policies which protect everyone, including non-UK nationals, from the increased risk of homelessness following COVID-19.

**We recommend that the Government uses the CSR to:**

- **Suspend 'no recourse' and 'habitual residence test' rules that restrict access to support for some non-UK nationals for at least the next 12 months.**
- **Invest in specialist services that can provide immigration advice and employment support alongside accommodation.**

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<sup>16</sup> GLA (2020) *CHAIN quarterly report: Greater London April to June 2020*  
<https://data.london.gov.uk/dataset/chain-reports>

<sup>17</sup> IPPR (2020) *Migrant workers and coronavirus: risks and responses*  
<https://www.ippr.org/blog/migrant-workers-and-coronavirus>

## Ensuring that the welfare system supports people at risk of rough sleeping

In March 2020 the Government announced a series of changes to the welfare system, which were designed to mitigate some of the impact of the COVID-19 pandemic on claimants. This included raising Local Housing Allowance (LHA) rates to cover the lowest 30% of rents, and increasing the standard allowance within Universal Credit (UC) by £20 a week. These measures were welcomed by many, including St Mungo's.

However, some of these changes have only been introduced on a temporary basis, putting people at risk of homelessness or destitution if their income suddenly drops as a result of a return to previous rates. Further changes are also needed to ensure that everyone can benefit from the current increases.

One policy which was left unchanged following the pandemic was the benefit cap. At St Mungo's, we have had concerns about the benefit cap for some time. Many of our services are based in London and other urban areas with high housing costs, and our clients are often single adults looking to move into the private rented sector (PRS). The cap can prevent move on from homelessness services, by dramatically reducing the amount of Housing Benefit (or housing costs within UC) to which our clients are entitled. These concerns have been put into stark relief during the COVID-19 pandemic.

As noted above, LHA rates were increased to ensure housing benefits cover at least 30% of market rents in every local area, to help people find properties they can afford. However, even with rates set at the 30<sup>th</sup> percentile it can prove difficult to find suitable properties for people who rely on welfare to cover the costs of their housing, including vulnerable people who are rebuilding their lives after rough sleeping.

St Mungo's has directly noticed the impact of the benefit cap on our clients, both in London and elsewhere. Many of our clients who live in London and are preparing to move on into independent accommodation are entitled to claim the one bedroom LHA rate.

We reviewed LHA rates in 63 Broad Market Rental Areas in London<sup>18</sup> and found that:

- Prior to the welfare changes in April 2020, there were 37 areas where people who were claiming the standard allowance in Universal Credit could claim the full one bedroom LHA rate without hitting the benefit cap;
- After April 2020, this reduced to just six areas.

This shows that, as a result of the benefit cap, the increase in LHA rates has done very little to improve housing affordability across London.

Without fundamental changes to the welfare system it will be very difficult to find suitable long-term housing for everyone currently in emergency accommodation. For people with low support needs, the private rented sector offers the most likely option for move on given the current scarcity of social housing.

St Mungo's staff who are working with clients currently living in emergency accommodation, such as hotels, have already reported that the benefit cap is preventing people from moving on into private rented housing. It can be very difficult to find any properties to rent at the 30<sup>th</sup> percentile, and the added pressure of the benefit cap has led to some services reporting that

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<sup>18</sup> Broad Rental Market Area boundaries are used to determine LHA rates

there are no suitable properties available at all in their local area for our clients who are looking to move on.

In increasing LHA rates, the Government has acknowledged that housing costs have increased since they were previously frozen and that housing benefits should be more closely aligned to the cost of rent to help prevent financial hardship and homelessness. However, the benefit cap means that many people in this group have not benefitted from the increase. If the Government is to ensure that the people accommodated under the 'everyone in' initiative do not simply return to the streets and more people are prevented from becoming homeless, it must ensure that housing benefits are able to cover the cost of renting.

Forthcoming research by St Mungo's into transient work and homelessness has also found that some people who live in supported housing are dis-incentivised from finding work due to rules around claiming UC.<sup>19</sup>

If someone living in supported housing receives UC, they can claim the full amount of housing benefit to cover their rent in supported housing. However, once they start working enough hours to no longer be eligible to claim UC, they lose their entitlement to full housing benefit and this will start to taper off.

Furthermore, although people in supported housing should be able to claim their full rent through housing benefit if they claim UC (as set out above), their standard allowance will still start to taper off as they increase their working hours. As a result, people can earn more from working a small number of hours a week and retaining some UC instead of increasing their hours to the point where they can't receive any income from the welfare system.

The Government has recognised the higher cost of providing supported housing, when compared to general needs housing, and agreed that Housing Benefit should be available to cover the rent and eligible service charges. They should now ensure that those living in supported housing, who are ready to work, can earn more before their Housing Benefit claim is affected. This could be achieved by re-introducing a 'work allowance' for everyone living in supported housing.

**Therefore, we recommend that the Government:**

- **Suspend the Benefit Cap and lift Local Housing Allowance (LHA) rates in line with average rents.**
- **Make the increase to the standard allowance of Universal Credit (UC) permanent.**
- **Ensure people living in supported housing can earn more before their benefits are affected, helping them to experience the positive impact of work without putting their housing at risk.**

#### Tackling the housing crisis and putting homes at the heart of recovery

The pandemic has brought into sharp relief the need for everyone to have access to safe, secure and affordable housing. However, the housing crisis continues due to a chronic shortage of social housing and widespread problems with affordability and insecurity in the private rented sector. This must be addressed if the Government is to meet its commitment to end rough sleeping by 2024.

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<sup>19</sup> St Mungo's (2020) *Tackling transient work and homelessness (forthcoming publication)*

**We recommend the Government uses the CSR to commit to:**

- **Building 90,000 social homes per year for the next 15 years.<sup>20</sup>**
- **Improving private sector renting to give greater security to renters by swiftly ending Section 21 evictions and permanently increasing LHA rates to cover the cost of private sector rents.**

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<sup>20</sup> Last month the HCLG committee inquiry into building more social housing, endorsed the National Housing Federation and Crisis' recommendation that the government invest £10bn a year in social housing. This would be enough to build 90,000 new social rented homes every year, the number needed to meet demand. The report added that this should be a top priority to rebuild the country from the impact of Covid-19.