

St Mungo's Spending Review Representation

Recommendations

1. **Introduce long term and planned funding settlements for homelessness and rough sleeping** – Funding for non-statutory homelessness and rough sleeping prevention and response, including the provision of supported housing, should be delivered under 5-year funding cycles, with flexibility built in to respond to market changes, inflation, and variations in patterns of homelessness which may change the shape of service delivery. The model should allow for a three-year delivery period, one year for planning and procurement, and one year for transition.
2. **Unfreeze Local Housing Allowance Rates and increase the Benefit Cap to improve housing affordability** – The benefit cap should be adjusted to account for variations across Broad Market Rental Areas (BMRA) which determine LHA eligibility. Local Housing Allowance rates should be maintained at the 30th percentile of local rents.
3. **Build 90,000 social rented homes a year** – The Government should commit to the housing sector's recommended target of building 90,000 social rented homes a year, with the portfolio including the development of buildings where supported housing can be delivered.
4. **Funding for inclusion health** – Integrated Care Boards should be required to have a dedicated focus on tackling health inequalities for inclusion health populations, including people experiencing homelessness and rough sleeping in line with NICE guidelines. This should be accompanied by funding to support ICBs to meet this requirement.
5. **Eliminate the supported housing work disincentive** – To ensure people in supported housing do not become worse off when they work more, the Government should ensure there is parity in the taper rates between Housing Benefit and Universal Credit housing elements, with both at a taper rate of 55%, as well as increasing the Housing Benefit disregard to fully eliminate the cliff edge.

Background – About St Mungo's

St Mungo's is a leading homelessness charity with national influence. We work in partnership with local authorities, health colleagues and communities, to end homelessness and rebuild lives.

Our purpose is to end homelessness and rebuild lives. In the midst of some of the highest levels of homelessness and rough sleeping on record, we are needed more than ever.

Last year we supported 23,827 people who were homeless, or at risk of it. Of these, 9,040 were people supported by one of our 13 outreach services.

We ran 147 services in total, in London and across the South of England. Our work means we were able to provide somewhere safe to stay to 2,313 people every night.

We believe that policies and interventions can be put in place to end all forms of homelessness for good.

Current State of the Homelessness and Rough Sleeping Emergency

This Spending Review sits against a backdrop of a continuing dramatic increase in homelessness and rough sleeping over the last few years, with the highest number of homeless households in temporary accommodation ever recorded, and a 27% rise in the number of people sleeping rough in the last year alone.¹

The underlying driving force of the increase in homelessness and rough sleeping is the severe housing affordability crisis where spiralling rents and shrinking supply in the private sector, and a chronic undersupply of social rented housing and supported housing, has resulted in acute competition for homes, including from other public sector agencies. Where people do find homes, the lack of options can mean people are living in accommodation that is ill-suited to their needs or unaffordable, leaving them at risk of the tenancy breaking down.²

Local authorities who commission many homelessness services have reported unprecedented financial pressures which are being felt particularly acutely in homelessness services. London Councils estimates boroughs will collectively overspend on their homelessness budgets this year by £270m,³ a figure which has doubled over the last twelve months, as well as collectively facing a £400 million funding gap in 2024/25. This is roughly what boroughs spend on homelessness in a single year.⁴ The Levelling Up, Housing and Communities Committee's report in 2024 sets out that Local Authorities across the country find themselves in an increasingly difficult financial position with an estimated £4 billion hole in council funding arrangements for 2024-25.⁵

1. Introduce long term and planned funding for homelessness and rough sleeping

This new Government has made a commitment to put us back on track to ending homelessness. To achieve this requires crisis funding to address the current homelessness and rough sleeping emergency, as well as investment in prevention to prevent people from falling into homelessness, including investment in supported housing.

Long term investment is needed to end homelessness but the sector has faced periodic instances of short term, fragmented and uncertain funding settlements. In 2021, after multiple years of one year homelessness and rough sleeping funding settlements and continuous campaigning from the homelessness sector, the Government granted a three-year funding settlement which ran from 2022-2025. The purpose of this three-year settlement was to avoid expensive annual bidding rounds which led to issues with strategic planning, multi-agency partnership working, client engagement and staff disengagement and retention. The three-year funding settlement was an improvement on the annual funding settlements, however it still limited the effectiveness of the funding. St Mungo's receives significant funding from the Rough Sleeping Initiative (an estimated 40% of our income), and after allowing one year for services to

1 Ministry of Housing, Communities and Local Government. (2024). [Rough Sleeping Snapshot in England: Autumn 2023](#)

2 The Kerslake Commission on Homelessness and Rough Sleeping. (2023). [Turning the Tide on Homelessness and Rough Sleeping Kerslake Commission](#)

3 London Councils. (2025). [London Councils responds to Public Accounts Committee report on homelessness](#)

4 London Councils. (2024). ["Now is the time to urgently work with councils" - London Councils responds to LUHC Committee report](#)

5 Levelling Up, Housing and Communities Committee. (2024). [Financial distress in local authorities](#)

become established, this left only one year for the service to deliver a full, strategic operating model before it entered into its transitional year and the future of the service became uncertain.

In 2024, with the 2022-2025 RSI settlement in its final year, St Mungo's ran an open letter campaign to call for it to be extended for the duration of the Spending Review and that the next Government to guarantee that any move away from this model is accompanied with a reasonable transition period to sustainable future funding. This Government listened to the sector and committed to a one-year transition period, however the implications of this decision has meant that the homelessness sector has been left carrying significant financial risk and uncertainty and undergoing tendering processes at the point where funding for the service is due to end. For some of our contracts we are still waiting on the Local Authority to confirm if it will be continuing them and we are weeks away from the end of the funding.

This uncertainty has meant that our services have had to anticipate whether services will be recommissioned and where there will be reductions in staffing models, and build budgets and implement restructures around these predictions. This has led some services to pause taking new referrals as it is uncertain what capacity the service will have in the coming months, as well as causing staff to seek other roles due to the precarity of their employment, which has impacted on client engagement and the amount of clients who can be supported.

Frequent and last-minute renewals are resource intensive and increase our overhead costs, as well as deliver less value for money. Short-term and unpredictable funding programmes are also more likely to lead to siloed services which struggle to cater to the needs of people with multiple support needs, as local partners struggle to strategically pool resources to create an effective pathway.

Our organisation is conscious that the Rough Sleeping Prevention and Recovery Grant is only a one-year funding commitment so there is a risk that we face a similar cliff edge next year but this time with diminished services impacted by prolonged uncertainty.

The homelessness sector needs long-term funding settlements of at least five years so that the sector can deliver planned and strategic service models and reduce its overhead costs. Greater security for staff will also lead to a higher retention which will mean more consistent workers who are better placed to build trust with clients. Long term or continuous funding is critical to St Mungo's goal of ending homelessness as many people will still have support needs after their homelessness has been resolved and will need housing-based support to prevent a further episode of homelessness.

It is essential that when the Government announces the details for the next long term funding settlement for the homelessness sector, it also announces plan of how it will transition to the next long-term settlement and avoids a damaging transition year. An example of good practice would be Ministry of Justice accommodation services call off contracts St Mungo's deliver which operate for 5 years, allowing for a three-year delivery period, one-year for planning and procurement, and one year for transition before moving to the next long term funding settlement. This level of planning built into the funding settlement would help local authorities to commission services in a timely manner and support strategic planning.

Settlements should also have flexibility built in to respond inflation, reflecting the true cost of provision. Homeless Link has reported that those in receipt of local authority commissioning have seen contract values remain largely static in recent years despite sharp rises in inflation. Many have ramped up private grant applications through trusts and foundations or fundraising

activity to meet their core delivery costs, but describe this as leaving them vulnerable to market changes. The cost of living crisis has seen individual giving and grant fundraising drop significantly for some providers, all while the cost of delivery has risen. As services struggle to make up the shortfall in Government contracts, many have been forced to reduce the scale of their delivery and, in some cases, to close services altogether, with the latest data from Homeless Link members showing 19% of providers have already reduced or closed services, and 47% at further risk of doing so.⁶

Recommendation

- **Funding for non-statutory homelessness and rough sleeping prevention and response, including the provision of supported housing, should be delivered under 5-year funding cycles, with flexibility built in to respond to market changes, inflation, and variations in patterns of homelessness which may change the shape of service delivery. The model should allow for a three-year delivery period, one year for planning and procurement, and one year for transition.**

2. Unfreeze Local Housing Allowance Rates and increase the Benefit Cap to improve housing affordability

Private Rented Sector Unaffordability

The unaffordability of the Private Rented Sector continues to be a huge driver of homelessness. Though we welcome moves to build more homes, which should help alleviate this issue in the long-term, there are solutions which would help immediately. The most impactful measure is to unfreeze LHA rates to cover the bottom 30th percentile of local rents and increase the benefit cap.

Private rental market data from the Office for National Statistics (ONS) shows private rental prices paid by tenants in the UK increased by 6.2% in the 12 months to January 2024 and the annual rate has remained unchanged since November 2023. This represents the largest annual percentage change since the UK data series began in January 2016.⁷ When we submitted our representation to the Spring Budget in January this year, the figures were the same, highlighting the continued challenges faced in the private rented sector.

This affordability crisis is leading to increasing levels of homelessness. The Ministry of Housing, Communities and Local Government (MHCLG)'s latest quarterly Statutory Homelessness in England stats,⁸ show that end of a private Assured Shorthold Tenancy (AST) was the most common reason for households being at risk of homelessness, which accounted for 15,350 or 41.2% of households. This is an increase of 2.5% from the same quarter last year.

There was also a large increase in households at risk of homelessness due to rent arrears caused by an increase in rent. A breakdown of households owed a prevention duty due to the end of an AST shows the biggest increase was due to rent arrears from changes in benefit entitlement, which increased by 91.7% from the same quarter last year.⁹

6 Homeless Link. (2024). [Breaking the cycle: Delivering a homelessness funding system that works for all](#)

7 Office for National Statistics. (2024). [Private rental market summary statistics in England](#)

8 Ministry of Housing, Communities and Local Government. (2024). [Statutory Homelessness in England Figures \(Jan-Mar 2024\)](#)

9 Ministry of Housing, Communities and Local Government. (2024). [Statutory homelessness in England: April to June 2024](#)

St Mungo's has also contributed to research commissioned by Commonweal Housing which further highlighted the impact of the Private Rented Sector on increasing levels of homelessness. This emphasised that not only are people falling into homelessness from the Private Rented Sector but that the Private Rented Sector's unaffordability and instability is making it harder for people to recover from homelessness and find move-on accommodation.¹⁰

Greater numbers of households receiving benefits are being hit by rent increases, meaning more people are experiencing a large discrepancy between the amount of housing benefit support available through Local Housing Allowance and the actual cost of rent. In the 12 months to December 2024, private rental prices in the UK increased by 9.0%.¹¹ As a result, many households are building up arrears and debt, running down limited savings, or covering the shortfall by using their Universal Credit personal allowance, meaning they have very little financial resilience to a sudden expense which can act as the catalyst to homelessness. This is shown in the far higher poverty rates in the private rented sector compared to owner-occupied housing tenure, with the poverty rate in the private rented sector at 34%.¹²

The large gap which currently exists between rates of Local Housing Allowance entitlements which have been reduced by the benefit cap and the actual cost of rents, means that people are having to use their income support to subsidise their housing costs and face negative budgets where expenditure is much larger than income.¹³ The Trussell Trust's 'Impossible Decisions' campaign has previously highlighted that low-income households are having to make impossible choices between paying rent, bills or food due to the insufficiency of both housing and personal elements of the benefits system.¹⁴

One of the consequences of the rising cost of living, including high rents, is an increasing number of people are experiencing homelessness and rough sleeping for the first time. London CHAIN data shows that in the 2023/24 financial year, 7,974 people in London were recorded as sleeping rough for the first time, a 25% increase on the figure from the previous financial year.¹⁵ The Kerslake Commission on Homelessness and Rough Sleeping reported in 2023 that a broader range of people are experiencing the risk factors of homelessness such as decreasing financial resilience and insecure housing arrangements.¹⁶ It found that homelessness service providers are increasingly supporting people new to rough sleeping who have no or minimal support needs and in some cases are maintaining employment through an experience of homelessness. There is a risk, however, that as people go through the traumatic experience of homelessness, more complex support needs then begin to develop.

In addition to increased numbers of people newly sleeping rough, housing affordability is impacting those who are returning to rough sleeping having previously moved into independent accommodation, with annual CHAIN data shows an increase in returning rough sleepers.¹⁷ According to the Rough Sleeping Data Framework, there were 1,240 people estimated to be returning to sleeping rough over the month in September 2024 (14% of the total number of people sleeping rough over the month), an increase of 18% in the same period, from the

10 Commonweal Housing. (2024). [No Access No Way Out](#)

11 Office for National Statistics. (2025). [Private rent and house prices, UK](#)

12 Institute for Fiscal Studies. (2023). [Housing quality and affordability for lower-income households](#)

13 Crisis. (N.D). [Experiences of homelessness during a cost of living crisis](#)

14 Trussell Trust. (2022). [Impossible Decisions](#)

15 Greater London Authority. (2024). [CHAIN Statistics 2023/24 – Annual](#)

16 The Kerslake Commission on Homelessness and Rough Sleeping. (2023). [Turning the Tide on Homelessness and Rough Sleeping Kerslake Commission](#)

17 Greater London Authority. (2024). [CHAIN Statistics 2023/24 – Annual](#)

previous year. Of these, 377 (30% of all those returning to sleeping rough) were returning to sleeping rough after moving into settled accommodation in the preceding 12 months.¹⁸

The housing affordability crisis presents a significant risk in increasing levels of homelessness and rough sleeping.

In April 2024, after mounting pressure and evidence and significant campaigning by St Mungo's and other organisations through the Cover the Cost Coalition, Local Housing Allowance rates were finally unfrozen to cover the bottom 30th percentile of local rates.¹⁹ Prior to this, Local Housing Allowance rates had remained frozen at levels set in 2019 for private renters on welfare benefits. With rents soaring and Local Housing Allowance frozen for almost four years, the rent gap and shortfall in benefits had been widening for tenants and landlords.

During the LHA freeze, a survey by the National Residential Landlords Association (NRLA) found that of landlords renting to tenants on Universal Credit, only 28% were letting properties at the Local Housing Allowance rate.²⁰ Analysis from the Institute for Fiscal Studies found that by the first quarter of 2023, just 5% of properties in the private rented sector were affordable at Local Housing Allowance rates.²¹ The issue is particularly acute in densely populated urban areas, for example a report for London Councils found only 2.3% of private rental properties in the capital were affordable at Local Housing Allowance rates in 2022-23.²²

With the current uplift which was granted in April 2024 only set to last a year, we will be reverting to this dangerous position if Local Housing Allowance rates aren't permanently fixed to cover the bottom 30th percentile of local rents. Ensuring that Local Housing Allowance rates are fixed to cover the bottom 30% of rents now would be an investment, rather than incurring greater costs down the line when circumstances will make this uplift unavoidable. The previous Government did not increase any other benefits at last year's autumn statement but knew that increasing Local Housing Allowance was unavoidable.

The Levelling Up, Housing and Communities Committee's report on Local Authority funding arrangements from earlier this year also endorses this, with the following recommendation *"We recommend that the Government reconsider its position on re-freezing local housing allowance rates from 2025–26 onwards. Instead, the Government must maintain LHA rates at least at the 30th percentile of local market rents each year to ensure that those children and adults receiving benefits have sufficient access to rental properties and to prevent further escalation of pressure on local authorities' homelessness services. (Paragraph 138)"*.²³

London Councils have also previously estimated that the impact of continuing to uprate Local Housing Allowance to the 30th percentile of local market rents would be to prevent an additional 16,500 to 22,000 London households from becoming homeless over a six-year period, and would lead to savings of between £80 million and £107 million per year for London's local authorities.²⁴

18 Ministry of Housing, Communities & Local Government. (2024). [Rough Sleeping Data Framework](#)

19 St. Mungo's. (2023). [Response to the Autumn Statement](#)

20 National Residential Landlords Association. (2022). [In Focus \(2022, Qtr 1\): Universal Credit, Local Housing Allowance & Welfare](#)

21 Institute for Fiscal Studies. (2023). [Housing quality and affordability for lower-income households](#)

22 London Councils. (2023). [Supply of Private Rented Sector Accommodation in London](#)

23 Levelling Up, Housing and Communities Committee. (2024). [Financial distress in local authorities](#)

24 London Councils. (2023). [Raise housing support to prevent 60,000 London renters becoming homeless, say boroughs](#)

However, to ensure that the increase in Local Housing Allowance rates is truly effective and is aligned with other government policies, the Benefit Cap should also be increased to allow individuals to claim their full Local Housing Allowance entitlement. In Autumn 2023, the last Government committed to increasing local housing allowance (LHA) rates to the 30th percentile of local rents but did not raise the benefit cap. This has meant that the PRS in areas with high rents, such as London, has remained unaffordable with only an estimated 5% of properties actually affordable now.²⁵ As a predominantly London based provider, St Mungo's will not be able to achieve effective move on whilst the benefit cap pulls people below the level of housing benefit needed to cover affordable rents.

This creates a bottleneck in our services, where we are prevented from offering new supported housing places to people who desperately need it, and are unable to move people on who are ready for independent living.

By fixing Local Housing Allowance rates to the 30th percentile and adjusting the benefit cap, the Government would be making an important investment and intervention to prevent households from falling into homelessness, whilst also relieving the huge amount of pressure currently placed on local authorities. Whilst fixing the rates to this level would be a significant financial investment, it has clearly already been recognised by the previous Government that it is a necessary and inevitable move which provides value for money as they committed to it for one year. Fixing rates to this level will help address the damage the freeze in Local Housing Allowance rates has caused - which can in part be seen through increased levels of homelessness in recent years – and restore some certainty for renters.

The cost of this measure will also help stem the growing cost of providing temporary accommodation for homeless families, which cost local authorities £2.3bn between April 2023 and March 2024. This has increased by 29% in the last year and almost doubled (97% increase) in the last five years. Of this spend, more than one third of the total – £780 million - was spent on emergency B&Bs and hostels, which are often considered the worst type of temporary accommodation where families can be crammed into one room, forced to share beds and lack basic cooking facilities.²⁶ Without enough properties affordable to people at risk of or recovering from homelessness,²⁷ people are increasingly turning to local authorities, fuelling these large increases in the use of temporary and emergency accommodation.²⁸ There is growing evidence of the negative impacts which temporary accommodation can have on the health and socio-economic outcomes of residents, including children and families.²⁹ Improving housing affordability prevent increased use of temporary accommodation is a key part of preventing future decades of social inequalities that risk giving rise to further crises of homelessness and rough sleeping in years to come.

The current housing affordability crisis is such that high levels of public spending on subsidising housing costs are inevitable, however that money would be better spent on prevention interventions which support people to stay in their homes.

Recommendations

25 London Councils. (2024). [Only 5% of London private rentals affordable to low-income households, research finds](#)

26 Shelter. (2024). [Homelessness bill doubles in five years to 2.3bn](#)

27 Crisis. (N.D). [Falling short: Housing benefit and the rising cost of renting in England](#)

28 Shelter. (2022). [Temporary accommodation: the new social housing?](#)

29 APPG for Households in Temporary Accommodation. (2023). [Call for evidence findings](#)

- **The benefit cap should be adjusted to account for variations across Broad Market Rental Areas (BMRA) which determine LHA eligibility. Local Housing Allowance rates should be maintained at the 30th percentile of local rents.**

3. Invest in Social Rented Housing

We are in the midst of a housing affordability crisis in the private rented sector, which is pushing people into homelessness and making it more challenging for them to move on from homelessness services. Due to a chronic undersupply of social rented housing, many people who would have benefitted from this type of housing have been placed in temporary accommodation or in the private rented sector, living in expensive and insecure arrangements. As supply in the PRS shrinks, rents increase at record levels and thousands of households are placed in temporary accommodation, we can no longer rely on this sector to provide housing for low income and vulnerable groups.

This current situation has brought to a head a long-standing issue of housing affordability and urgent action is needed to increase the supply of social rented housing. The work and recommendations of the Kerslake Commission focus on social rented housing as this tenure is most appropriate for people at risk of, or recovering from, homelessness and rough sleeping, with tailored support where needed. However, increasing the supply of social rented housing must sit within a large-scale national programme of housing development that increases housing supply across a variety of tenures and locations. The current crisis in housing is felt by a broad spectrum of income groups and housing tenures, however it is those on lower incomes and in more insecure housing that feel the biggest squeeze. Therefore, alleviating this crisis requires solutions across the spectrum of incomes and tenures, with social rented housing being a key priority.

At its best, social housing is affordable, safe, long-term and allocated on the basis of need. Although social housing tenancies are no longer always for life, they still provide significantly more stability than the PRS. Social rents have also remained consistently affordable as they are pegged to local incomes, and increases are controlled by central Government.³⁰ Research suggests people living in the PRS were less likely than those living in social housing to have received on-going support following homelessness, and it is also more difficult to deliver innovative wraparound support, such as Housing First, in the PRS.³¹ Fundamentally, the solution to homelessness should focus on providing permanent homes rather than temporary accommodation.³²

Research by the NHF found there were 1.6 million households in need of social housing in England in 2021.³³ However, in the year to March 2021, there were only 246,000 new social housing lettings, a decrease of 20% or 60,000 lets from the previous year. Most of these homes were old stock, which came up for rent as people moved out of their homes.³⁴

30 Ministry for Housing, Communities and Local Government. (2019). [Policy statement on rents for social housing](#)

31 Jones K., Gibbons A., Brown P. (2019). [Assessing the impact of Housing First in Brighton and Westminster](#)

32 Kerslake Commission on Homelessness and Rough Sleeping. (2021). [A new way of working together](#)

33 National Housing Federation. (2021). [People in Housing Need: A comprehensive analysis of the scale and shape of housing need in England today](#)

34 Department for Levelling Up, Housing and Communities. (2022). [Social Housing Lettings: April 2020 to March 2021, England](#)

The reducing supply of social housing is in part due the lack of new homes being built, as the insufficient capital funding and high cost of land make new social rent developments not financially viable. In 2019-20, only 7,528 newly built properties were available at social rent.³⁵

The housing and homelessness sector has consistently recommended that to meet housing need, the Government should be building 90,000 new social rented homes a year.³⁶ Due to this year-on-year significant shortfall of social housing development, it will take time to scale up and deliver on this commitment. This is why the next housing strategy needs to be adopting a long term plan to meet housing need, built around a set of tangible outcomes which can drive real change, year on year.³⁷ This plan should aim to build 900,000 social rented homes over the decade through significant investment in grant funding. There should be a cross-party agreement on this plan because the timeline for housing delivery will outlast any single administration.

Whilst this house building programme is upscaled, bridging solutions will be needed to expand capacity in the intermediate term, with consideration given to topping up existing Shared Ownership and Affordable Rent developments with grant funding to turn them into social rent, as well as conversions of empty properties and the building of modular units.

Developments should be used to expand the supply of buildings where supported housing can be delivered, with a portfolio that suits a range of support needs.

Recommendation

- **The Government should commit to the housing sector's recommended target of building 90,000 social rented homes a year, with the portfolio including the development of buildings where supported housing can be delivered.**

ICB prioritisation of inclusion health groups

Unmet health and care needs are both a cause and consequence of an individual's experience of homelessness, often being linked to psychological trauma and adverse childhood experiences. People with experience of homelessness are likely to have very poor health outcomes and the NHS recognises this contributes considerably to increasing health inequalities.³⁸ Homeless Link's Homeless Health Needs Audit gives important insight into the health challenges for people experiencing homelessness:

- 63% reported a long-term illness or disability
- 37% reported problems with joints, muscles and bones
- 36% reported dental problems.
- 82% of respondents had a mental health diagnosis
- 81% of those with a mental health condition experience comorbidities
- 72% reported experiencing depression
- 45% self-medicate with drugs or alcohol to manage their mental health
- 76% reported they smoke, and 50% of those would like to stop smoking
- 33% typically only eat one meal a day

35 Department for Levelling Up, Housing and Communities. (2022). [Live tables on Affordable Housing Supply](#)

36 Housing, Communities and Local Government Committee. (2020). *Building more social housing* [Building more social housing](#).

37 National Housing Federation. (2023). [Why we need a long-term plan for housing report](#)

38 NHS England. (N.D). [Inclusion health groups](#)

- 66% ate one or fewer portions of fruit or vegetables per day.³⁹

Tragically the average age of death for a person registered as homeless is just 45 years old.⁴⁰

The focus of our health and social care system must be on preventing people with experience of multiple disadvantage from reaching crisis point and becoming at risk of homelessness. This will require a large-scale preventative infrastructure for those who have slipped through earlier support and trauma-informed practice at a system level. There will also be a need for health and care services that are more bespoke and tailored for people with complex needs and who may have previous experience of street homelessness.

Integrated Care Boards

To ensure people with multiple disadvantage are prioritised within the health service, the Kerslake Commission has recommended that the needs of inclusion health populations are built into the development of the new Integrated Care Boards (ICBs).

The Department of Health and Social Care (DHSC) describes inclusion health as:

“Action to improve health and care for people who are socially excluded, experience multiple overlapping risk factors for poor health (such as poverty, violence and complex trauma) and stigma and discrimination. They are not consistently accounted for in electronic health databases, which makes them effectively ‘invisible’ in health and care needs assessments. These experiences frequently lead to barriers in access to healthcare and extremely poor health outcomes, contributing considerably to health disparities. Inclusion health groups typically include people experiencing homelessness, including people who sleep rough, vulnerable migrants, Gypsy, Roma, and Traveller communities and sex workers, as well as victims of modern slavery, people with drug and alcohol dependency and people in touch with the criminal justice system.”⁴¹

There is widespread research showing the difficulty in accessing healthcare for people with experience of multiple disadvantage, including homelessness.⁴² This is due to a lack of understanding of complex needs; singular treatment pathways rather than treating people holistically; inadequate signposting; fear of stigmatisation; attitudinal issues within services; practical barriers such as paying for travel to appointments; and low self-esteem meaning some people do not think they are ‘worthy’ of help. Inflexibility in service provision in the form of strict rules around appointment slots and short windows for consultations do not work for people for whom it is particularly challenging to keep appointments.

Due to advocacy undertaken by the homelessness sector and the Kerslake Commission, current DHSC guidance recognises that “certain groups, such as inclusion health groups or people with trauma from violence or abuse ... can face multiple disadvantage and strategies could include a focus on what can be done for those experiencing significant, and multiple disadvantage”.⁴³ However, analysis conducted by Crisis and Pathway suggests that many ICB strategies’ content on inclusion health and homelessness is brief and lacks substance in terms of how service provision or commissioning might alter to meet the needs of this population group. This evidences that when it is made optional for ICBs to have a focus on inclusion health,

39 Homeless Link. (2022). [The unhealthy state of homelessness 2022](#)

40 Crisis. (2024). [Homeless deaths should not go unnoticed](#)

41 Department of Health and Social Care. (2022). [Guidance on the preparation of integrated care strategies](#)

42 St. Mungo’s. (2016). [Stop the Scandal: an investigation into mental health and rough sleeping](#)

43 Department for Health and Social Care. (2022). [Guidance on the preparation of integrated care strategies](#)

this group can fall down the list of priorities, despite experiencing the most severe public health inequalities.

Ensuring an inclusion health lens is embedded across all ICBs and developed through the culture of the workforce, with NICE guidelines setting the standard, would progress the accessibility of mainstream health services and support the development of bespoke in-reach and outreach health services for inclusion health groups. It would create accountability and help eradicate inequalities in access to healthcare across the country.

A requirement for ICBs to focus on inclusion health groups would be more effective if also accompanied by visible leadership on homelessness prevention and the importance of trauma-informed health services. Prioritising this work will help achieve other strategic health objectives, such as reducing the NHS backlog and addressing A&E pressures.⁴⁴ A study in Birmingham, which looked at patient data from a specialist primary healthcare service, found homeless people to be 60 times more likely to visit A&E than the general population.⁴⁵

Additional funding would support ICBs to implement this new requirement to focus on inclusion health, which is weighted towards communities and groups where there is greatest need and helps resource additional provision. Ring-fencing would ensure that inclusion health programmes are not swallowed up by immediate pressures in the wider health system. The use and effectiveness of this funding would need to be evaluated and monitored, much like the Mental Health Investment Standard.⁴⁶

Recommendation

- Integrated Care Boards should be required to have a dedicated focus on tackling health inequalities for inclusion health populations, including people experiencing homelessness and rough sleeping in line with NICE guidelines. This should be accompanied by funding to support ICBs to meet this requirement.

4. Support Entry into Employment for People Living in Supported Housing

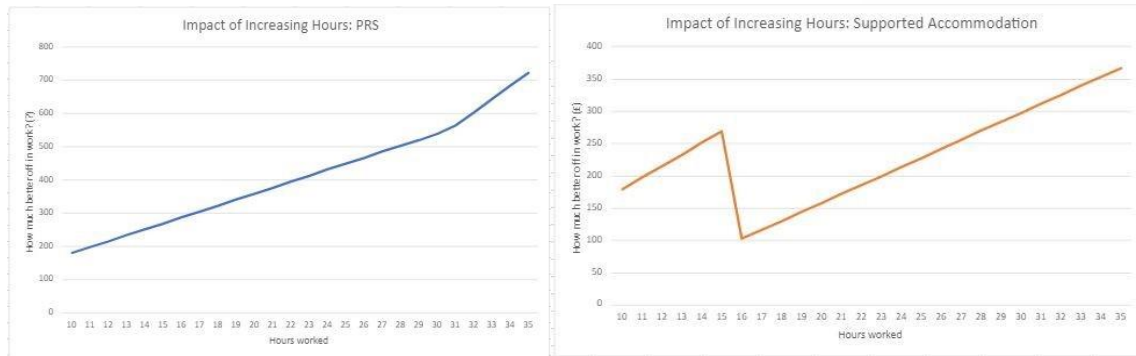
Gaining employment has wide-ranging positive impacts for people in supported housing and can be a life-changing pathway in their recovery. However, people in supported housing face a specific barrier and disincentive to work due to the way the welfare system is configured. Unlike people in the Private Rented Sector who will become steadily better off the more they work, people in supported see their benefits taken away more quickly and can become worse off when working more hours. This is due to a higher taper rate for Housing Benefit claimants who are working (HB 65% vs UC 55%), and the fact that under this system there are two benefits which are tapered, rather than one. Under Universal Credit, support is withdrawn via a single taper whereas under Housing Benefit, people experience a 'double tapering' which means both their Housing Benefit and Universal Credit Income Support is tapered, leading them to lose more of their benefit.

The below graphs illustrate the Impact on income when working hours increase: PRS vs Supported Accommodation.

44 Crisis. (2016). [Better than cure](#)

45 British Journal of General Practice. (2019). [Multimorbidity and emergency department visits by a homeless population: a database study in specialist general practice](#)

46 The Kerslake Commission on Homelessness and Rough Sleeping. (2023). [Turning the Tide on Homelessness and Rough Sleeping Kerslake Commission](#)



The rate at which Universal Credit and Housing Benefit is withdrawn for people in work means claimants quickly become liable to pay the high rents and service charges associated with supported accommodation out of their wages. This is often unaffordable as well as unsustainable and can risk a return to homelessness if people build up significant arrears.

Consequently, people living in supported accommodation are almost always better off significantly limiting their working hours, to avoid impacting their Housing Benefit and putting their accommodation at risk.

For people in supported housing not in work, it creates a disincentive for them to seek employment. When our client's were asked in our 2023 survey - 'What barriers put you off from going into work, if any?', 27% of our clients stated 'I'm concerned that working whilst living in homelessness accommodation will cause problems with my benefits' (See Appendix).

This issue of taper rates is recognised by service providers, local government and policymakers across the country, as can be seen in the current work being undertaken with West Midlands Combined Authority (WMCA). As part of the Trailblazer Devolution Deal, DWP have agreed to work with WMCA Homelessness Taskforce to develop a regional pilot 'rent simplification' scheme for young workers in commissioned supported accommodation. The scheme is intended to support young people to gain and maintain employment whilst living in supported housing.

The previous Government's Rough Sleeping Strategy also recognises that stable employment improves both the long and short-term accommodation prospects for people with experience of homelessness and can also improve wellbeing and motivation.⁴⁷

In the 2022 Rough Sleeping Strategy, the previous Government highlighted the DWP Personalised Employment Support, which provides £39 million of funding over the next three years to support people with complex needs around drug and alcohol use into employment through the IPS model. We're pleased that the Government recognised the success and viability of this support model through this funding. St Mungo's has similarly seen the positive results of the IPS model in our Employment Support provision and the benefit of integrating this approach within housing and homelessness services.¹

Through a combination of measures to improve the Housing Benefit rules, the Government can open up greater opportunities for people recovering from homelessness to gain employment and prevent the accrual of arrears which could lead to a return to the streets. There is a clear

47 Department for Levelling Up, Housing and Communities. (2022). [Ending Rough Sleeping For Good](#)

desire from the majority of our clients to work – 63% of our clients in supported housing want to work and 5% are already in work (see Appendix).

We suggest creating parity in the taper rates between Housing Benefit and Universal Credit housing elements, with both at a taper rate of 55% and increasing the Housing Benefit disregard to ensure people are not worse off in work. To solely adjust the Housing Benefit taper rate would lead to a shallower and shorter decrease in income at the point the Housing Benefit taper kicks in. Therefore, there would remain the issue that people in supported housing would be worse off in work, since both their Housing Benefit and Universal Credit is being tapered.

Taken together, these two measures will remove barriers to employment that are currently experienced by people recovering from homelessness in supported housing. This will create a clear progression whereby as people work more hours, they see their income increase and can build financial resilience to move on into independent accommodation.

Centrepont has conducted research estimating the cost/benefit to UK Government of removing the work disincentive for young people (16-25) living in supported accommodation. In doing this, Centrepont looked at the impact of reducing the Housing Benefit taper rate and increasing the applicable amount, finding that these recommendations, working in concert, would have a net positive impact on the UK economy, saving £12,253,100 per year.³

Recommendation

- Remove employment disincentives to help people in supported housing into work -**
 To ensure people in supported housing do not become worse off when they work more, the Government should ensure there is parity in the taper rates between Housing Benefit and Universal Credit housing elements, with both at a taper rate of 55%, as well as increasing the Housing Benefit disregard to fully eliminate the cliff edge.

Mark's story -

Mark had a history of homelessness and poor mental health and was living in semi-independent accommodation.

He had found a job independently and was gradually increasing his hours and found this was benefitting his mental health.

This caused him to go into rent arrears and he was at risk of losing his accommodation.

Working with an Employment Specialist, Mark reduced his hours of work to just 10pw, to avoid accruing more rent arrears,

Mark could not move on into independent accommodation due to his rent arrears. This was only resolved through a Discretionary Housing Payment.

Mark is now living independently, and working full time.

Bryan's story -

Bryan became homeless and was accommodated in a St Mungo's assessment centre in Brighton.

He was working 22 hrs a week in a supermarket.

When living in Supported Accommodation, Bryan was better off reducing his hours to just 13 per week.

There was a delay in implementing this change of hours, meaning the client did fall into arrears, which he is now repaying.

Since moving on, the client has increased their hours back to 22hrs a week.

Appendix – St Mungo’s Client Feedback Survey 2023-24 Employment Data Analysis

Interest in Work

Client Feedback Survey 23/24 Q.11) “Are you interested in working?”

Fig.1 - St Mungo’s Supported Accommodation* Clients Interest in Working

Clients in Supported Accommodation	
Are you interested in working?	%
Yes - in the next 6 months	16
Yes - in the next 6-12 months	11
Yes - at some point in the future (in a year or more)	36
No	32
I am already working	5
N	437

(*The client survey is broken down into several service categories, including ‘residential’ services – this is synonymous to the government definition of ‘supported accommodation’ with clients residing in semi-independent self-contained units, or communal hostels, with access to onsite support. Clients residing in care homes and/or over the age of 70 have been excluded from this sample to more accurately reflect clients with direct employment support as part of their recovery – supported accommodation will be used as the term for this sample throughout this document)

- **Over two-thirds (68%) of clients in supported accommodation are already in or interested in working**

These latest results indicate **the majority of clients (63%) are interested in working**, even if at some point in the future. This interest is contrasted with **only 5% of clients already in some form of employment**. Clients residing in supported accommodation will have been assessed to have medium to high support needs requiring longer term support – with stays of up to 2 years reflecting the individual’s needs. Despite this **16% of clients expressed they were interested in working** within the next 6 months, the most immediate timeframe. The 68% figure of clients interested in or already working remains unchanged when looking at clients across all service category types within the survey (with care homes removed).

Fig. 2 - St Mungo's Clients Interest in Working Across Age Brackets – All services*

Clients in ALL SERVICES		
Are you interested in working?		
Age Bracket	Yes/already working (%)	N (per age bracket)
18-25	97	34
26-35	81	133
36-50	69	263
51-60	51	130
61-70	20	51
70+	11	19
N	630	

(*Category types for 'all services' included within the survey are: Residential, Floating Support, Temporary 'Emergency' Accommodation, Outreach)

- The majority of clients across all services, up to the age of 60, are interested in or already working

The table above contains the age range of clients that St Mungo's supports across all services, without a supported accommodation filter applied. It again illustrates that the majority of clients within each age group are interested in or already working; with the exception of those in categories of age 61 and over who are approaching retirement age.

As we can see, the younger the age group the higher percentage of clients interested or already in work, highlighting how early interventions could have greater impact when clients are more willing and able to engage in support.

Barriers to work

Client Feedback Survey 23/24 Q.12) "What barriers put you off from going into work, if any? Please select up to 4 and rank them from most to least important, putting a 1 next to the most important and a 4 next to the least important."

Fig.3 - St Mungo's Supported Accommodation Clients with any barriers to work

Clients in Supported Accommodation	%
Yes (any barrier selected)	93
No ('I do not have any barriers')	7
N	423

- 93% of clients in supported accommodation face at least one barrier to going into work

Fig.4 - St Mungo's Supported Accommodation Clients barriers to work

Clients in Supported Accommodation	
Barrier selected from 1-4	%

I'm concerned that working whilst living in homelessness accommodation will cause problems with my benefits	27
I have other concerns about managing my money when moving into work	16
I'm unsure about my eligibility to work (such as immigration status or offending history)	6
My physical health	35
My mental health	41
My substance use	22
I've got low confidence in my skills	23
Other	9
I do not have any barriers	7
N	423

- **Working whilst living in homeless accommodation causing problems with benefits was cited as the 3rd most common barrier to employment, only behind Physical and Mental health concerns**

Supported accommodation clients may be at different stages of recovery depending on their journey and unique set of support needs. One or more of Physical, mental, and substance use barriers are to be expected in homelessness accommodation, with existing policy initiatives in place as a support provider to improve specialist and integrated 'health' support accessible to clients.

Employment support related barriers (grouped here as benefits issues, money management, eligibility and skills related concerns when moving into work) are demonstrated here as a significant concern for clients. **27% of clients stated 'I'm concerned that working whilst living in homelessness accommodation will cause problems with my benefits'**, the 3rd most common barrier to employment overall only behind 41% of clients citing mental health and 35% citing physical health.

Fig.5 - St Mungo's Supported Accommodation Clients barriers to work groupings

Clients in Supported Accommodation	%
Clients facing one or more employment support related barrier	63
Clients facing one or more health support related barrier	78
I do not have any barriers	7
N	423

- **63% of clients face one or more employment support related barrier to work**

Fig.6 - St Mungo's Supported Accommodation Clients Number 1 ranked barrier to work

Clients in Supported Accommodation	
Number 1 ranked barrier	%

I'm concerned that working whilst living in homelessness accommodation will cause problems with my benefits	23
I have other concerns about managing my money when moving into work	3
I'm unsure about my eligibility to work (such as immigration status or offending history)	3
My physical health	22
My mental health	28
My substance use	9
I've got low confidence in my skills	5
Other	7
sum	100
N	393

- **28% of clients stated that Mental Health was their Number 1 ranked barrier to going into work**
- **23% of clients stated that working whilst living in homelessness accommodation causing problems with benefits was their Number 1 ranked barrier to work – the second highest number 1 ranked barrier over even physical health and substance use**

Fig.7 - St Mungo's Supported Accommodation Clients grouping of Number 1 ranked barrier to work

Clients in Supported Accommodation	%
Client with Employment support related barrier ranked number 1	34
Clients with Health support related barrier ranked number 1	59
'Other' barrier ranked number 1	7
sum	100
N	393

- **Over one-third (34%) of clients in supported accommodation have an employment support related barrier as their Number 1 ranked barrier to going into work**

Other barriers

From the open text box where we asked clients who selected 'other' to specify, the most common themes oriented around; needing further training and language support, help sourcing a suitable job, general confidence issues about maintaining a job, multiple support needs, and facing the stigmatisation of people who have experienced homelessness. Examples of which can be seen below:

- "Language, but I'm attending college to improve my English. I also have knee injury which can be a barrier"
- "Struggling to find work due to Christmas period due to short contracts. Have been working until recently. Options are limited."

- *“Trying to ease back into work and start with training. Focused on mental well-being also.”*
- *“No equal opportunity because of the stigmatisation of my life. Economics of low paid work. Distress of past and future life is 'paralyzing’”*