

Making it count

Value for money and effectiveness
indicators for use by private rented
sector schemes

Julie Rugg and Nicholas Pleace

About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change. Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives. We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

Crisis has worked to open up access to the private rented sector for homeless and vulnerably housed people all over the UK since 1997. With the support of the Department for Communities and Local Government, Crisis manages the Private Rented Sector Access Development Programme which funds and supports local community organisations across England to help single homeless people find and then keep a private rented home. We also work with the Scottish Government to support the development of rent deposit guarantee schemes. Crisis has a wealth of experience and practical resources on private renting available at www.privaterentedsector.org.uk

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Foreword

Crisis has worked with the private rented sector (PRS) for more than 15 years and is the national lead on best practice in the sector. Following the success of the Smartmove network, our work advising local authorities and the establishment of our longstanding national advisory service for private renting, Crisis was funded by DCLG to deliver the PRS Access Development Programme. This three-year funding Programme sees Crisis allocate £10.8m to fund and support more than 143 private rented access schemes across England.

Private rented access schemes support homeless people or those at risk of homelessness to find and to keep a home in the private rented sector. These schemes are often integral to local homelessness strategies, as they help both prevent and reduce homelessness. Working with both tenants and landlords, the schemes are constantly developing innovative ways of recruiting landlords and supporting both parties to develop successful and lasting tenancies.

But the voluntary sector agencies at the forefront of this work are under constant pressure to raise funds to continue their work. As this Programme funding is for an initial two year period only, Crisis spotted the need to help existing schemes to make the case for funding locally. In order to help PRS schemes to make the case to commissioners, funders and even internally, we commissioned this very practical *Making it count* tool to help schemes to assign robust costings to the services they deliver and demonstrate that it makes sound financial sense to invest in PRS access support work.

A number of additional indicators have been included in the *Making it count* tool to provide effective measures of scheme activity. All of the indicators have been put together following discussions with schemes and with stakeholders including Department for Communities and Local Government and the Probation Service. The tool itself has been roadtested by ten schemes.

We know that too often PRS access schemes undersell the range of benefits they deliver. These indicators aim to help schemes identify many of the positive aspects of their service and underline the fact that it delivers both value for money and additional value to potential funders.

We hope that schemes will find *Making it count* useful.

The tool can be downloaded here: www.privaterentedsector.org.uk/makingitcount.asp



Sarah Mitchell

Head of Private Renting and Housing, Crisis

How to use the *Making it count* tool

You can download the *Making it count* tool from our website, here:
www.privaterentedsector.org.uk/makingitcount.asp

It is a simple Excel spreadsheet. Once you've inserted the figures from your scheme you can use these to help you to demonstrate the value of your scheme, by:

- Including cost savings achieved in funding applications
- Promoting the value for money of your scheme in your promotional materials
- Assigning a clear cost-saving per tenancy created in your bids and tenders

Funders who may be interested in seeing a robust assessment of the value for money of your scheme include:

- Probation Service commissioners
- Local authority service commissioners
- Charitable trusts
- Individual and corporate donors

The tool may be downloaded free of charge, but please ensure full acknowledgement of publisher and source is given when you use it.

Guide to indicators

1. Scale of operation

Commissioners sometimes define the number of clients they expect you to work with over a given time period, which for the most part centres on the number of individuals who have been settled in accommodation. These clients will be 'caseworked', and the first indicator is:

Number of clients currently caseworked

If you are a Crisis funded scheme your monitoring system is set up so that there is no double-counting of clients, and so you should be readily able to count how many clients you are currently 'responsible' for. Do not include any clients who are still in accommodation you have arranged for them but are now beyond their assigned period with the scheme (usually six or twelve months), any clients you are helping for the second time, or any clients for whom you have not yet found accommodation.

Changes to the Local Housing Allowance (LHA) mean the many of your clients may only be able to access and afford shared properties. This kind of tenancy can be difficult to set up and support since it requires a lot of time spent matching sharers. Higher levels of support are also sometimes needed, in mediating between sharers. Schemes should be quick to declare any success they have in this area.

Number of current caseworked clients in shared properties

Include in this count all your clients in shared properties.

You will find that your work draws in many more clients than you directly house and it is useful to quantify this number to demonstrate the additional value of your work. As a consequence, two further measures should be used to quantify your scale of operation. There will be some overlap.

You generally help many more people than the number of clients you currently casework. Schemes are paying increasing attention to the fact that clients often require a level of training, advice or support before they are deemed to be 'tenancy-ready'. For some clients, help to become tenancy-ready is sufficient support for them to go out and secure their own tenancy. Once in a tenancy, training helps your client to understand what being a responsible tenant means, so avoiding some of the pitfalls that could lead to a tenancy being brought to an end. Tenancy-readiness is effective prevention work, and should not be overlooked.

Number of individuals receiving help to become tenancy-ready in the last quarter

This work skills up the client to the degree that they may then be capable of securing a tenancy without the assistance of the scheme and so tends not to feature in quantification of the number of clients helped. Here tenancy readiness is defined as any intervention which may include formal training, workshops, or one-to-one advice to prepare an individual to take on a tenancy.

Your work is ongoing, and in addition to underlining the number of tenancies you are currently dealing with it is helpful to demonstrate that new tenancies are always being created, as this shows your schemes' ability to find new homes with landlords to meet demand.

Number of new tenancies created in the last quarter

You should readily be able to count the number of new tenancies you have created in the last quarter.

2. Estimating social benefit

PRS access schemes vary a great deal, and can be sorted into different categories depending on whether they aim to meet generic housing need or concentrate on particular client groups such as young people, rough sleepers or ex-offenders. Even if your scheme has a target client group, the degree of support need will vary substantially across the group.

In calculating social benefit, the spreadsheet estimates the 'cost' to the public purse of a client continuing in their current situation for another three months, with no effective intervention by the scheme: essentially, this calculates what the cost to the public purse would be if your scheme was not there. The costs included in the *Making it count* spreadsheet are based on likely trajectories of individuals in the housing and need categories indicated.

Gross cost saving: housing

The first cost relates to housing circumstances, and asks for you to classify the housing circumstances of each of the caseworked clients you have into one of four categories.

Housing circumstances of your currently caseworked clients who were helped into a PRS tenancy

The spreadsheet offers four options for the housing circumstances of your caseworked clients:

At risk

This is a client who is housed more or less adequately but at risk of losing that accommodation without help. This costing assumes that the help is not given, and the client then loses their settled accommodation within the next two months, spends two weeks in emergency B&B accommodation (£194 a week), and the remaining six weeks in a hostel (£518 a week).

Street homeless

This client will have no direct housing costs, but will be using a day centre for three days a week (£77.80 per day) and a night shelter two nights a week (£74 per night).

B&B

Client assumed to be living in a B&B, at a rate of £194 a week.

Hostel

Client assumed to be living in a hostel, with attached support workers, at £518 a week.

Gross cost saving: non-housing

To assess non-housing costs, it is necessary to assign a need category to your **clients currently caseworked**. These categories have been simplified. This is not to underestimate the complexity of the work you do, but rather stands as an indication that some client groups are much more expensive to help than others.

Again, the cost benefit calculation assumes the on-going costs– in this case, non-housing costs – associated with the client if a scheme had not been there to settle them into accommodation.

Clients with more acute and complex needs will incur higher costs and higher risks, but the social benefit of the housing provided by your scheme will also be greater. This calculation will enable schemes dealing with smaller numbers of riskier clients to represent their effectiveness as well as larger schemes that may deal with a lower-risk clientele. This indicator rests on four classifications.

Needs level of currently caseworked clients before they were helped into a PRS tenancy

Clients with low-level support need

People capable of setting up and maintaining a tenancy without on-going support or with very minimal support, but needing monetary assistance with bonds/rent in advance and/or advice on their benefit entitlement and their tenancy rights. Their non-housing costs are deemed to be nil.

Clients with medium-level support need

People who have found it difficult to sustain a tenancy in the past and may have had some experience of homelessness. These people will need help in setting up a tenancy and would benefit from medium-intensity support to sustain a tenancy, with support deliverable by the scheme perhaps through the use of volunteers. The cost here is for one floating support visit at £78 a week.

Clients with high-level support need

*People who have had chaotic housing careers and who need regular, professional high-level support intervention from the scheme **and/or** from specialist agencies including mental health, drug and alcohol services. Without settled circumstances in which to deal with support needs, this group will perhaps use A&E in lieu of access to GP services and we calculate that, given the poor health amongst this group, there will be two visits in a three month period at a cost of £147 each visit and being hospitalised once at a cost of £3,015. Also, it is estimated that these clients will be involved in at least one incident of common assault, at a cost of £2,741.*

People with a history of offending

Where clients have a history of offending, resolving their housing difficulties means that re-offending may be less likely, with a greater social benefit. Without assistance to meet more complex needs, it is calculated that this group may be tempted to shoplift (three occurrences at a cost of £1,115 each) and also be involved in one incident of common assault (£2,741).

Adding the figures classifying your tenants into the spreadsheet will give an automatic calculation of gross cost saving, per quarter: gross housing and non-housing costs together produce a total figure for the gross costs accrued for individuals in a range of housing circumstances and in different levels of need, who are *not* helped by a scheme.

3. Successful outcomes

There are a number of ways that you can demonstrate successful outcomes. One of the most obvious is to demonstrate that your tenancies are sustainable over a long period. This indicator must not penalise the instances where the ending of a tenancy is actually a very positive outcome, for example, if the client takes up the offer of employment and has to move.

Rather than trying to capture information such as the average length of time in a tenancy, these indicators encourage you to consider successful outcomes using two other measures. For those schemes in the PRS Access Development Programme both these measures should be readily available to you within the monitoring information required by Crisis.

Number of tenancies coming to an end in the last quarter

In order to make the calculation, it is necessary to first input the number of tenancies that came to an end in the last quarter: that is, the number of tenancies where the initial six or twelve month term terminated plus the number of tenancies that ended – for whatever reason – sooner than the expected term.

Percentage of tenancies where the initial tenancy term has come to an end in the last quarter, and the tenancy has been renewed

Where both the landlord and tenant agree to continue a tenancy beyond its initial term, there has clearly been a successful intervention and the tenancy can be regarded as sustainable. The tenant is sufficiently settled and has created a good relationship with the landlord and the landlord is happy with the tenancy. If you input the number, the spreadsheet will calculate a percentage.

Percentage of cases where the tenancy has not been renewed but still ended positively in the last quarter

In some circumstances, tenancies come to an end for positive reasons, which will again be collated as part of the Crisis monitoring. These reasons might include the fact that the tenant has moved in order to take up an education or employment opportunity, or has entered into a relationship, or found property they prefer. If you input the number, the spreadsheet will calculate a percentage.

4. Foothold in the local housing market

In dealing with landlords, you are expected by them to operate in a professional, and even commercial way. These indicators help you show that you have a strong foothold in the local rental market, and match the types of indicator a commercial letting agency would use. At the same time, funders want to see that you are using good quality property: a great deal of criticism is attached to the notion that local housing allowance is paid out for poor quality property.

These indicators will also be useful to show how, over time, your engagement with the market has increased.

Number of landlords using the service twice or more in the last quarter

Here simply count the number of landlords that have returned to the scheme for 'repeat business', either through the offer of multiple properties in one development or a succession of separate properties; or where you are generally confident that the landlord will continue to make further offers of property. Over time, this number should increase.

Number of landlords new to the scheme in the last quarter

Here give the number of tenancies created in the last quarter where the landlord has not used the service before. This indicates that you are making inroads in terms of procurement and not just re-using the same small group of landlords.

Number of tenancies matched with a client within five days of a property being accepted by the scheme

The focus here is on the speed with which you are able to create new tenancies once the property has been accepted by the scheme as meeting its quality standards. This rate of turnaround matches landlords' expectations of a commercial lettings agency. It also minimises the amount of time a client spends in insecure housing.

Number of properties where scheme intervention led to an improvement in the property standard

Many schemes will inspect properties prior to accepting them on the scheme, and in some instances the scheme will advise the landlord on the measures required to improve property standards. This indicator quantifies improvement in local property standards for which the scheme is directly responsible.

5. Creating sustainable tenancies

For everyone in access work, it makes little sense to set up a tenancy that is not sustainable. You know that your clients will not stay in property which does not feel like home, where the rent is not affordable in the medium and longer term, where property quality is poor, and where they feel unsafe.

This group of indicators helps you to highlight the things you do to make tenancies work, and is broken down into a number of components.

Percentage of properties used by your currently caseworked clients that were inspected by the scheme and met criteria agreed with the local authority

Property quality can be problematic in areas where demand is high and the market tight. However, some schemes work in conjunction with the local Environmental Health Office to assess whether properties meet decent standards. It is important to be able to stress that you only use properties meeting a reasonable standard, and so this figure is expected to be close to 100 per cent.

Percentage of your currently caseworked clients who received support setting up home, where required

In many cases, new tenancies are abandoned because clients do not have the items essential to day-to-day living, such as kitchen equipment and bedding. Many schemes either directly provide packages of items to help them set up home or can refer clients to agencies able to provide this assistance. Again, this figure is expected to be close to 100 per cent.

Percentage of your currently caseworked clients who have made formal arrangements to pay the rent and/or LHA

Here you need to input the number of your currently caseworked clients who have a formal method for paying the rent. The intent of this indicator is to demonstrate that you have worked with the client to secure a bank account or use their bank account to pay the rent by direct debit, or that – where the client is perhaps more vulnerable – arrangements have been made to have the rent paid directly to the landlord. This figure is expected to be close to 100 per cent.

Your objective is to ensure that tenancies work. One of the best ways to quantify tenancy success is to use the data you already collect on the reasons why tenancies fail. Crisis-funded schemes report this information directly in the monitoring database.

Two final indicators in this section indicate where tenancies fail as a consequence of rent arrears or because of anti-social behaviour. In these two instances, you should be aiming to reach none, or zero per cent.

Percentage of tenancies that, in the last quarter, ended as a consequence of rent arrears

Indicators of affordability in terms of rent levels and shortfalls will vary substantially across the country, but all have the same standard outcome: where a tenancy is not affordable, it is likely to end because of rent arrears. Where the percentage of tenancies ending as a consequence of rent arrears is close to nil, you can demonstrate that you create affordable tenancies. There is also an implicit indication that you do effective budgeting work with clients to maximise their benefit income and deal with any debt management issues either before the tenancy or as it continues, particularly in cases where a client's income fluctuates as they move into work.

Rent arrears may also arise as a consequence of administrative difficulties with LHA and the local benefits office. Again, this indicator demonstrates that you are working effectively with your local benefits office – not least through completing the application forms accurately, and perhaps having a named contact in case of difficulties.

Here the indicator should be close to zero.

Percentage of tenancies that, in the last quarter, ended as a consequence of anti-social behaviour

Landlords are hugely apprehensive about anti-social behaviour, as are your clients who may face the possibility of having to share with individuals with challenging behaviours. To demonstrate your effectiveness in tackling this issue, this indicator covers anti-social behaviour by and against your clients.

Most schemes will deal with anti-social incidents, but this indicator demonstrates that no tenancies have been lost for that reason. This is because you have been successful in mediating with the parties involved, to arrive at a workable solution. Again, the indicator should be zero. Where it is not, then you should underline the volatility your client group and emphasise just how close to zero you are able to get.

6. Meaningful activity

There has always been an expectation that benefit recipients will be actively seeking work, but there is now increased pressure to demonstrate that your clients are engaged in some type of meaningful activity including training, education or volunteering opportunities.

This indicator does not necessarily mean that you have been directly responsible for clients taking up work or any of the other activities mentioned. Schemes are remarkably varied in their willingness and ability to commit time and resources to this type of service. However, you will at the very minimum be operating as effective signposts to opportunities, including the creation of volunteer posts within your own organisation.

Furthermore, you will have contributed substantially to an individual becoming sufficiently settled to allow meaningful activity to become possible.

Percentage of your currently caseworked clients who have:

Sustained or entered into part-time or full-time employment

Begun training courses

Begun studying for further or higher education qualifications

Taken up volunteering opportunities

There will be some double-counting in these figures. Note that even a low percentage – where the client group has very high-level needs – should be celebrated as demonstrating the contribution you have made to resettlement.

‘Sustained’ indicates that some of your clients are able to work despite housing difficulties, and the scheme’s assistance has helped them continue in that employment.

7. Value for money

You will be in competition for funding with many other agencies, and you know it is essential to demonstrate that you offer both value for money and indeed – where possible – added value.

Most of your expenditure will be on staff costs. However, because you are a third-sector organisation you will often be able to draw on additional cost-free resources that a local authority would have to fund if it ran the scheme in-house. You can demonstrate value for money in a number of ways.

Annual value of volunteer staffing resource

You should do an audit of hours contributed to your scheme by volunteers, and quantify the value as if you had to buy that resource. If your service was being delivered by a statutory authority, it would have to pay for the staff hours. An obvious example is a scheme using volunteers to help clients move into properties or give secretarial support. Even at minimum wage the volunteer hours amount to a substantial annual sum that can be construed as 'matched funding' for any statutory contribution to a scheme. However, this indicator encourages you to insert what would be a local hourly rate for either support work or for administrative support, which are the two common types of volunteer activity. You can add to the indicators, by specifying any other types of volunteer support you are able to secure. The spreadsheet calculates an annual cost, assuming that 48 weeks of the year are worked.

Access fund: net non-staff cost per tenancy

You will probably have a small fund that you use to pay deposits, back guarantees, pay rent in advance or use to provide rent guarantees. Many schemes 'hoard' this resource carefully so that it covers as many tenancies as possible. Often, landlords who routinely return to you for new tenants can be persuaded not to take any advance payment at all. This can be contrasted with an incentives-based approach that tends to be more heavily reliant on large up-front, non-repayable sweeteners to landlords, leading to a higher non-staff cost per tenancy created. You should calculate the net expenditure from your access fund over the last quarter, and divide this by the number of tenancies you currently casework.

Added value for the local authority: optional indicators

Your non-staff cost per client housed should look like exceptionally good value for money if you use the indicators above. However, commissioners often seek a little ‘added value’. These are some suggestions that you might use to express to the local authority how far funding you adds value to its own service delivery.

Number of properties where scheme has enabled landlord to secure an energy improvement grant

You will be routinely offering landlords advice and assistance on a number of fronts, and helping them get access to energy improvement grants contributes to broader targets for energy efficiency across the housing market.

Number of properties used that would otherwise have remained empty

Some schemes are working in close co-operation with empty homes initiatives to bring properties into use for their client. In some instances this work also includes using scheme clients as volunteers to bring properties up to standard. Where you are doing this work, you should quantify how you are adding to both property supply and property quality in an area.

Number of clients given a budgeting and debt advice

You will have given your clients a budgeting health check before the start of a tenancy to maximise their benefit income, and – where necessary – arrive at a manageable plan for the repayment of any debt. This service is routine to every scheme, but constitutes a cost saving to the local authority in reducing the number of clients who would otherwise use their money advice services. It is probable that this figure exceeds your total for currently caseworked clients, as you may have worked with individuals on their budgeting as part your pre-tenancy training package.

Number of tenancies created that have relieved overcrowding in social housing tenancies

Many PRS access schemes contribute to prevention agendas, and work with young people who are at risk from an over-hasty movement out from the parental home. One helpful initiative is for schemes to create shared PRS tenancies where the tenants are part of the same family, so relieving pressure on the parental home. This service is particularly valuable where the parental households' overall housing benefit entitlement may be reduced by non-dependent deductions, or where the parental household may then be able to move to a smaller property.

Number of poor-quality properties reported to the Environmental Health Officer

Local EHOs are generally reactive rather than proactive, and lack the resources to complete ad hoc property inspections. Although you do not want to be placed in a policing role, it makes sense to report property that falls well below the minimum standard, and where the landlord shows no intention to make any improvement. This is a positive intervention that helps to improve local property standards. Also, it ensures that the sub-standard property is reported when it is vacant, and so no tenant is likely to be affected by possible retaliatory eviction.

Not all of these examples will be relevant to every scheme and every area, but these are suggestions to encourage you to count and highlight ways in which your work can meet other agendas for a local authority commissioner.

Appendix 1: Illustrative example

The example below demonstrates how the *Making it count* spreadsheet can be used in practice.

Ready Rents is a fictional small PRS access agency working with clients who are at risk of homelessness with low to moderate support needs. Referrals come from the local authority’s housing options department or through self-referrals. They make good use of volunteers to help with supporting clients in their new homes, and run a popular pre-tenancy training programme that helps people develop the essential skills for managing an independent tenancy.

Crisis performance indicators			
1. Scale of operation			
			Number
Number of clients currently caseworked			40
Number of current caseworked clients in shared properties			10
Number of individuals receiving help to become tenancy-ready in the last quarter			80
Number of new tenancies created in the last quarter			10
2. Estimating social benefit			
A. GROSS COST SAVING, HOUSING			
Housing circumstances of your currently caseworked clients who were helped into a PRS tenancy			
	Cost to society per quarter	Number of clients in that category	Overall cost
At risk	£3,496	35	£122,360
Street homeless	£4,577		£0
B&B	£2,328		£0
Hostel	£6,216	5	£31,080
	Gross cost saving, per quarter: housing		£153,440

B. GROSS COST SAVING, NON-HOUSING			
Needs levels of currently caseworked clients before they were helped into a PRS tenancy			
	Cost to society per quarter	Number of clients in that category	Overall cost
Low	£0	30	£0
Medium	£936		£0
High	£6,050		£0
Ex-offender	£6,086	10	£60,860
	Gross cost saving, per quarter, non-housing		£60,860
	TOTAL GROSS COST SAVING, PER QUARTER		£214,300
3. Successful outcomes			
		Number	Percentage
Number of tenancies coming to an end in the last quarter		5	
Percentage of tenancies where the initial tenancy term has come to an end in the last quarter and the tenancy has been renewed		3	60%
Percentage of cases where the tenancy was not renewed but still ended positively in the last quarter		2	40%
4. Foothold in the local housing market			
		Number	
Number of landlords using your scheme twice or more in the last quarter		7	
Number of landlords new to the scheme in the last quarter		3	
Number of tenancies matched with a client within 5 days of a property being accepted by the scheme		9	
Number of properties where scheme intervention led to an improvement in the property standard		5	

5. Sustainable tenancies			
		Number	Percentage
Percentage of properties used by your currently caseworked clients that were inspected by the scheme and met criteria agreed with local authority		40	100%
Percentage of your currently caseworked clients who received home-making support, where required		40	100%
Percentage of your currently caseworked clients who have made formal arrangements to pay the rent		40	100%
Percentage of tenancies that, in the last quarter, ended as a consequence of rent arrears		0	0%
Percentage of tenancies that, in the last quarter, ended as a consequence of anti-social behaviour		0	0%
6. Meaningful activity			
		Number	Percentage
Percentage of your currently caseworked clients who have:			
• Sustained or entered into full-time or part-time employment		1	3%
• Sustained or begun training courses		8	20%
• Sustained or begun studying in further or higher education		3	8%
• Taken up volunteering opportunities		11	28%
		NOTE THAT THESE PERCENTAGES WILL NOT ADD TO 100	

7. Value for money			
Annual value of volunteer staffing resource			
	Number of hours per week	Per hour (minimum wage)	Total value
Support staff	20.0	£6.19	£124
Administrative staff	2.0	£6.19	£12
Other		£6.19	£0
		Weekly	£136
		Annually (over 48 weeks)	£6,537
Access fund: net cost per tenancy			
	Net non-staff access costs in the last quarter	Number of tenancies currently caseworked clients	Net access cost per tenancy in the last quarter
	£2000.00	40	£50.00

Appendix 2: Assumptions on costings

While a number of studies have been published on the nature and extent of costs associated with homelessness in the UK, these reports have often been based on partial data or on sets of assumptions about patterns and extent of publicly funded service use. In addition to the relative absence of clear data on patterns of service use by homeless people, there are additional complications associated with homelessness varying in its nature and effects on those experiencing homelessness. The recent *Evidence Review of the Costs of Homelessness* by the DCLG¹ noted that:

It is difficult to pinpoint the costs of homelessness. Many individual characteristics and circumstances both lead to, and are perpetuated by, homelessness. Drug and alcohol addiction, and offending, are examples of where causal and symptomatic effects can be difficult to separate.

Table 1: gross total cost per week per person if in hostel and using daycentre

Cost element	Low level needs	Medium level needs	High level needs	Offender needs
Hostel or supported housing	£518	£518	£518	£518
Daycentre (five days @£77.80)	£389	£389	£389	£389
Minimum cost if on IS	£991	£991	£991	£991
Minimum cost if on JSA	£971	£971	£971	£971
<i>Annual Income Support</i>	<i>£51,532</i>	<i>£51,532</i>	<i>£51,532</i>	<i>£51,532</i>
<i>Annual Job Seekers Allowance</i>	<i>£50,492</i>	<i>£50,492</i>	<i>£50,492</i>	<i>£50,492</i>
If hospitalised			£3,015	
Acute Mental health inpatient			£4,494	
If make one use of A&E	£1,138	£1,138	£1,138	
Using community treatment drugs/alcohol		£1,042		
Using Drug/Alcohol inpatient detox			£1,029	
Economic cost of shoplifting				£1,115
Economic costs of common assault				£2,741
Minimum gross cost per week	£971			

The broad estimates produced here try to summarise the main potential costs and the additional potential costs of spending one week outside housing and in accommodation for lone homeless people. The base assumption is that a homeless person is accommodated in emergency or other accommodation for homeless people, is making regular use of a daycentre (five visits per week) and is unemployed and claiming benefits. This produces a range, drawing on earlier work commissioned by Crisis in 2003,² of gross costs of between £971 and £991 a week, dependent on whether a single homeless person is claiming Job Seekers Allowance or Income Support. If not using a daycentre, the basic cost would fall to £582 if on JSA and £602 if on Income Support. Gross costs would fall to the level of individual benefit claims,

assuming benefits were being claimed, if someone were sleeping rough and not making use of a daycentre. However, there are economic costs to city centres and retail in contexts in which there is visible rough sleeping and/or criminal justice system costs if enforcement is used to clear the streets of people sleeping rough, meaning that significant costs for the public sector may arise if someone is sleeping rough and not using services.

Costs increase in relation to support needs and use of services. An average single use of Accident and Emergency which did not include a hospital admission cost the NHS £147 in 2011,³ meaning that the gross cost of a homeless person to the public purse, using A&E because they did not have access to a GP, would rise to some £1,138 in those weeks when they visited an A&E department once (£1,118 if claiming JSA rather than IS). If someone experienced an average stay in hospital during a particular week, the costs would rise to £3,015,⁴ assuming they made no use of a hostel or daycentre during that week, though costs would be higher if the hostel kept their room or studio flat open for their use. High costs are associated with admission into a mental health ward for acute treatment, at some £4,494 per week,⁵ assuming no costs for hostel stays or daycentre use, though again, costs would be higher if a hostel place were kept open. Similarly, a cost of £1,029 is associated with using inpatient detoxification services for a week,⁶ assuming no costs were associated with hostel accommodation or daycentre use, though again costs would be higher if a hostel place were kept open.

There is growing evidence that only a minority of single homeless people are likely to be in the higher needs groups, but the costs of even a relatively small population who are not housed and have high support needs are potentially very high.⁷ However, it is also the case that recent US work suggests prolonged exposure to homelessness can damage people's health and well-being over time,⁸ creating a general imperative to prevent homelessness when possible and minimise the duration of homelessness when it does occur. Conclusive UK evidence is not available on the impact of access to suitable and affordable housing on the health and well-being of formerly and potentially homeless people. However, extensive research in the USA on Housing First and other resettlement services for people whose homelessness is associated with severe mental illness and problematic drug and alcohol use strongly indicates that the stability offered by suitable housing appears to help stabilise drug and alcohol use and reduce the rate at which emergency medical services are used. Housing homeless people with higher support needs appears to improve their well-being and reduce their use of emergency medical services.⁹ There is also evidence that rehousing homeless people may be more beneficial to reducing problematic drug and alcohol use among homeless people than abstinence based services which are expensive to run and have a high attrition rate.

Ascribing total costs to offending behaviour by homeless people is difficult because the level of cost will depend very much on the nature and frequency of offences being committed. It cannot be assumed that former offenders will necessarily commit further crimes nor that homeless people with no criminal record will not undertake criminal acts. Some research suggests that a *combination* of meaningful activity and suitable housing is one means by which the level of reconviction among former offenders can be brought down, though the link is not a clear cut one, as many other variables, such as being under a certain age are strongly associated with a tendency to be reconvicted. Nevertheless, there is evidence to suggest that if a former or potential offender is in a stable and suitable home that can help stabilise them and help address some of the potential causes of crime, i.e. drug and alcohol use and 'survival' crime.¹⁰ It is difficult to ascribe 'weekly' costs to crime, but assuming that all the costs of a

crime, in the sense of the financial costs of anticipating and trying to counteract crime, the crime itself and the costs to the criminal justice system accrued in one single week, the total cost of a homeless person committing shoplifting or a common assault are shown in Table 1.¹¹

If temporarily accommodated in a B&B rather than a hostel or supported housing and using a daycentre for five days a week, the base cost would fall to £647 a week,¹² dropping to £425 a week if no use were being made of a daycentre (Table 2). Use of B&B accommodation, particularly outside London, may lower total costs, as emergency temporary accommodation may be cheaper than if someone is being temporarily housed in a hostel, but at an estimated figure just short of £200 a week, it is still significantly higher than the weekly cost of private renting. Costs would increase if floating support services were being provided to a homeless person in B&B accommodation, adding £78¹³ to the costs if someone were receiving one resettlement or sustainment team visit per week, bringing the total to £725 per week if they were regularly using a daycentre or £503 if no use was being made of a daycentre (Table 2).

Table 2: gross total cost per week per person if in B&B hotel and using daycentre

Cost element	Low level needs	Medium level needs	High level needs	Offender
B&B	£194	£194	£194	£194
Daycentre (five days @ £77.80)	£389	£389	£389	£389
BASE COST	£583	£583	£583	£583
Minimum cost if on IS	£667	£667	£667	£667
Minimum cost if on JSA	£647	£647	£647	£647
Annual Income Support	£34,684	£34,684	£34,684	£34,684
Annual Job Seekers Allowance	£33,644	£33,644	£33,644	£33,644
If hospitalised			£3,015	
Acute mental health inpatient			£4,494	
If make one use of A&E	£814	£814	£814	
Using community treatment drugs/alcohol		£718		
Using drug/alcohol inpatient detox			£1,029	
Economic cost of shoplifting				£791
Economic costs of common assault				£2,741
Minimum gross cost per week	£637			

There are no set single set of costs for single homelessness as much will depend on the needs, characteristics and experiences of the individual who is experiencing homelessness, the duration of their homelessness and the pattern of service use by each individual. One person may frequently use a daycentre if one is available, another may be in a situation where a daycentre cannot be accessed or choose not to use it. Similarly, one single homeless person may ignore symptoms that cause another one to attend Accident and Emergency and perhaps then be admitted to hospital.

As the recent DCLG review of costs notes, there is also a lack of clear data on the exact patterns of services used by homeless people, which makes calculation of the exact costs of

homelessness difficult, with that report noting average annual costs of £24,000 - £30,000 per homeless person.¹⁴ When this is coupled with a largely American evidence base that appears to show reductions in emergency service use and gains in well-being for single homeless people associated with access to suitable and secure housing, rather than directly collected British evidence on how suitable housing can improve well-being of single homeless people, the calculation of the net benefits from rehousing people in the private rented sector is not made any easier. There is evidence that homeless families rehoused through the statutory homeless system in England in the mid 2000s did report gains in well-being due to being rehoused,¹⁵ but it cannot be assumed that this would always be the case for single homeless people, particularly as single homeless people are more likely than homeless families to have high support needs.

What can be said is that the costs of homelessness, both in the sense of keeping single homeless people in hostels or direct access accommodation and providing them with daycentre services and in the sense of keeping them in B&B accommodation on a temporary basis are almost certainly significantly *higher* than the typical costs of rehousing them in the private rented sector on Housing Benefit. Benefits to health and well-being, while not unproblematic to estimate, are, on the strength of robust evidence from the USA, likely to result from being suitably housed in the private rented sector, reducing costs for emergency medical and criminal justice services.

Endnotes

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- 13 Kenway and Palmer, 2003, op cit.
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About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives. We measure our success and can demonstrate tangible results and value for money.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

We have ambitious plans for the future and are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own. But we take a lead, collaborate with others and together make change happen.

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Homelessness ends here