Crisis

Assessing the costs and benefits of Crisis' plan to end homelessness

June 2018

pwc

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Executive summary

Introduction

To mark its 50th anniversary, Crisis is publishing a plan to end homelessness. This sets out the steps needed to prevent most homelessness from happening in the first place and, where homelessness is experienced, to ensure that it is short term and non-recurrent.[1]

In February 2018, Crisis commissioned PricewaterhouseCoopers LLP ("PwC") to estimate the expected costs and benefits of achieving its plan through the different combinations of interventions (solutions) which Crisis has identified are necessary to address and prevent homelessness.

Context

Homelessness remains an important problem in Great Britain; an estimated 158,400 households experienced 'core' homelessness in 2016.[2] The 'core' homeless includes people who are rough sleeping, 'sofa surfing', squatting, living in hostels and unsuitable forms of temporary accommodation as well as those forced to sleep in cars, tents and night shelters.

Homelessness generates a financial, social and economic burden for society. In 2015-2016, local authorities spent more than £1.1 billion on homelessness (excluding any wider costs from the impact of homelessness on public services such as health services). More than three quarters of this was spent on the provision of temporary accommodation.[3] In 2014, it was estimated that Scottish local authorities spent £94 million on temporary accommodation for homeless households.[4]

Recent research for Crisis suggests that, if current policies continue unchanged, the most acute forms of homelessness are likely to increase by more than 15% in the next decade and almost double by 2041.[5] Moreover, if current policies continue, research shows that 'wider' homelessness, defined as a range of situations where people are at risk of homelessness or have experienced it, is also likely to increase.[6]

Following consultation across Great Britain, Crisis has defined what ending homelessness would mean in terms of five objectives. Objectives 1 to 3 refer to people defined as 'core' homeless whereas Objectives 4 and 5 refer to 'wider' homelessness. Drawing on projections of homeless households commissioned by Crisis from Professor Glen Bramley at the Heriot-Watt University, we estimate how many households will need to be supported if Crisis is to achieve each of its five objectives.[7] In total, nearly 246,000 households will need support in 2018 and this will rise to nearly 436,000 by 2041 with unchanged policies (see Table 1).[8]

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[1] Crisis (2018)

[2] Bramley (2017)

[3] NAO (2017)

[4] Hunter and Lindsay (2014)

[5] These estimates are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.

[6] Ibid.

[7] Ibid.

[8] Crisis (2017a)

Table 1: Number of households across Crisis' five objectives in Great Britain expected to be supported by the recommended solutions (2018-2041)

	Crisis' objectives	2018	2041
Core	Objective 1: No one sleeping rough	8,227	19,819
	Objective 2: No one forced to live in transient or dangerous accommodation such as tents, squats and non-residential buildings	85,699	148,090
	Objective 3: No one living in emergency accommodation	64,133	143,256
Wider[9]	Objective 4: No one homeless as a result of leaving a state institution such as prison or the care system	2,422	3,117
	Objective 5: Everyone at immediate risk of homelessness gets the help they need that prevents it happening	85,470	121,646
	Total	**245,952**	**435,928**

For each objective, Crisis recommends a different combination of interventions (solutions) that are designed to achieve it. Table 2 describes each solution and explains which objectives each is expected to contribute to.

Table 2: Crisis' recommended combination of interventions (solutions) to achieve its five objectives

Solution	*Crisis' summary*	*Crisis' objectives*
Housing First	Housing First prioritises rapid access to a stable home for a homeless person and enables her or him to begin to address other support needs through coordinated wraparound support and case management. Permanent housing is provided without a test of having to be 'housing ready', and there is no obligation to engage in support services to continue to maintain a tenancy. Housing First is built upon the principle of a human right to housing, and harm reduction is taken above any other goals such as sobriety or abstinence. It is a model specifically designed for homeless people with complex and multiple needs. It proves most successful when it forms part of a wider integrated strategy to end homelessness. For the purpose of the analysis, the initial duration of the recommended solution is two years. If required, this is followed by additional support through Housing First or low to medium support on a longer term basis.	Objectives 1-3
Long term supported accommodation	Long term supported accommodation is designed to provide on-site intensive support for people needing specialist care and assistance who have become homeless. It is likely to be most suited to people with long term health needs who are unable to live independently and/or where Housing First is not a suitable option. The recommended solution is envisaged to have an initial duration of three years followed by additional support (if required). In addition, Crisis recognises that some groups require supported accommodation for fixed periods of time until they move into permanent independent accommodation. These groups include young people and those experiencing domestic violence.	Objectives 1-3
Low to medium support for housing access	This solution consists of help to access social and private rented sector accommodation through a social lettings agency and National Private Rented Access Scheme with a Guaranteed Deposit Scheme. The initial duration of the recommended solution is two years of housing access support in combination with floating support (see below). This is followed by additional support for two years for those who require it.	Objectives 1-5

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[9] Note that these estimates represent only that subset of households in Objectives 4 and 5 that are expected to fall into core homelessness if current policies continue as planned.

Solution	Crisis' summary	Crisis' objectives
Floating support	Floating support is envisaged to be offered in isolation or combined with the other interventions (e.g. support to access housing). It takes the form of in-tenancy support which help people to sustain their housing in the long term.	Objective 5
Unsuitable temporary accommodation (7 day restriction)	Unsuitable temporary accommodation (UTA) is a type of temporary accommodation, such as unsupported hostels or bed & breakfast accommodation that is of low standard with poor basic facilities, including inadequate access to toilet, washing and cooking facilities. Crisis recommends that all homeless households across Great Britain are placed in this type of accommodation for no more than seven days before they are moved to more suitable forms of temporary accommodation or permanent accommodation.	Objective 3
Housing Options	Local authority housing option services offer people a range of services to prevent and address their homelessness. These include keeping people in their existing home by means of mediation with their landlord or helping people access housing quickly by providing a deposit or working with a housing association to access social housing. Crisis recommends that all people identified as homeless in the categories addressed in Objectives 4 and 5 receive initial support through Housing Options.	Objectives 4-5
Critical Time Interventions	These are time-limited evidence-based solutions which supports people who are vulnerable to homelessness during period of transition. It is a housing-led approach which combines rapid housing access with intensive case management. The Critical Time Interventions support solution includes one year support through Critical Time Interventions which is expected to be followed by additional support through a Housing First or low to medium support solution.	Objectives 2-4
Assertive outreach programme	Assertive outreach is a particular form of street outreach that works with rough sleepers or people who live in tents, cars and public transport with chronic support needs and seeks to end their homelessness.	Objectives 1-2
Emergency accommodation (duty to prevent)	This solution is used for homeless people on a short term basis until permanent housing is found for them. Crisis recommends the provision of emergency accommodation for 56 days (i.e. a duty to prevent) for homeless people who have no safe suitable, alternative accommodation.	Objectives 1-2
Supported accommodation for young people	Crisis recommends this solution for some young homeless people who need supported accommodation for up to two years before they move on to independent accommodation with access to medium to low support or Critical Time Intervention solutions.	Objective 5
Supported accommodation for victims of domestic violence	Crisis recommends this solution for victims of domestic violence who are at risk of homelessness. It includes support for one year through long term supported accommodation which is expected to be followed by additional support through low to medium support or Critical Time Interventions solutions.	Objective 5

Source: Input from Crisis

To determine the expected costs and benefits of Crisis' plan, we first estimate how many households (or individual people) will need to be supported by each recommended solution each year in the period from 2018 to 2041. We then multiply by the average unit cost per household (or per person). We then use a similar approach to estimate the expected benefits.

We know that Crisis' objective with respect to core homelessness is that nobody should be regarded as core homeless at the end of each period, which we take to be the end of each year. Heriot-Watt's homelessness projections show the expected stock of homeless households at the end of each year in each category of homelessness. We do not know how many households flow in and out of different categories of homelessness over the whole period we are considering (2018-2041) nor do we know the flows between categories.

Nevertheless, we can use the initial stock estimates for each category of homelessness and the projected year-on-year changes between them (the 'net inflows') to estimate how many households the solutions recommended in Crisis' plan to end homelessness will need to support in each year. For example, for a given category (e.g. rough sleepers), we assume that Crisis' recommended solutions will initially target the stock of households classed as rough sleepers in 2018. In the following year (2019), we assume that Crisis will need to support (any) additional households that become rough sleepers as well as continuing to support those from previous years who still require support. We estimate this as the difference between the number of rough sleepers in 2019 and the number in 2018. We apply the same approach for all years through to 2041.

Our analysis focuses on the expected economic costs and benefits of Crisis' recommended solutions to move people directly out of homelessness as outlined above. In addition to these solutions, Crisis' plan to end homelessness also envisages a series of other policy changes which will help it achieve its overall ambition indirectly through the wider systemic reforms required. These include:

- Returning the Local Housing Allowance (LHA) to the 30th percentile and retaining the link between LHA rates and market rates post 2020.
- Restricting the use of sanctions on welfare benefits if they will cause homelessness.
- Reinstating entitlement to Housing Benefit (HB) or Universal Credit (UC) for EEA nationals with job seeker status.
- Extending the move-on period for newly recognised refugees to 56 days (currently 28 days).
- Creating a national register of landlords in England.
- Increasing the supply of affordable, specifically social housing across the Great Britain to address homelessness.

We do not include the costs (and benefits) of these other policy changes in our report. These policy changes may indirectly contribute to achieving Crisis' objectives by either enabling the delivery of specific policy changes that help people stay in their accommodation and not experience homelessness (e.g. improvements to the supply of affordable (social) housing and the welfare changes that make it easier for people to pay for the services they need) or by reducing the number of people who require support from Crisis' recommended solutions by preventing their homelessness. In addition, these policy changes may have consequences for others in society besides homeless people. There are also a number of solutions throughout Crisis' plan to end homelessness which do not incur a direct cost or the cost is negligible in comparison to overall cost estimated in our analysis, two examples of these are the national reconnections framework and improving data collection on homelessness. For more information please Crisis' plan to end homelessness.[10]

Our approach to estimating the economic costs and benefits of Crisis' recommended solutions

Our analysis focuses on estimating the total economic costs and benefits associated with Crisis' recommended solutions designed to achieve each of the five objectives as outlined above. To develop our approach to estimating the costs and benefits of these solutions, we worked with Crisis to define these solutions, assess the available evidence about their effectiveness and agree a set of assumptions. For each solution, we worked with Crisis to agree the key parameters which drive the costs and benefits – identifying the number of people that are expected to be supported, the duration of the support, the potential pathways through different solutions and the cost per person supported. For more information please see Chapter 2.

Our approach is consistent with the HM Treasury Green Book principles on economic appraisal and evaluation, specifically through our treatment of the counterfactual, the approach to estimating economic costs and benefits of policy solutions and the use of discounting.[11]

We highlight four key features of our analysis:

- To identify how many households and people are expected to require support each year we use Heriot-Watt's projections of the number of homeless households (both core and wider) for the period 2018 to 2041 across Great Britain. These projections assume that current (and already planned) policies remain in place (we use Heriot-Watt's 'medium' scenario). We use estimated ratios from Heriot-Watt's research

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[10] Crisis (2018)
[11] HM Treasury (2018)

to convert the number of households into the number of people, distinguishing between adults and children.

• We only estimate the economic costs and benefits of Crisis' recommended solutions which are additional to those expected to occur under the current (and already planned) policies.

• To estimate the costs of Crisis' recommended solutions we worked with Crisis to identify best available evidence on the cost per household or person supported for each solution.

• We consider four different categories of benefits that potentially arise from ending homelessness:

– Avoided costs to local authorities through reduced use of homelessness services (e.g. reduced need for spending on temporary accommodation and other housing and support based services for homeless people funded by local authorities)

– Avoided costs to the Exchequer through reduced use of public services such as NHS or criminal justice services

– Increased earnings from increasing the number of people able and willing to work

– Improved wellbeing as a result of homeless people obtaining secure housing.

In the main part of our report, we present the costs and benefits of the solutions to achieve each objective. Each chapter is based around a different objective and describes the combination of solutions expected to achieve it, the key data sources used in our analysis, the assumptions we use to fill data gaps and the detailed results.

Key findings

Overall, we estimate that **the total discounted cost of the solutions recommended by Crisis to achieve Objectives 1 to 5 between 2018 and 2041 is £19,289m** at 2017 prices. The costs are distributed across the five objectives reflecting the number of people projected to be in each of these categories and differences in the unit cost of the solutions recommended to achieve each objective (see Table 3). The largest costs are those estimated to achieve Objective 2 (no one forced to live in transient or dangerous accommodation) and Objective 3 (no one forced to live in emergency accommodation without a plan for rapid rehousing). Together, these make up 87% of the estimated total costs.

Table 3: Total costs of Crisis' recommended solutions to achieve Objectives 1-5 by objective and region/nation for the period 2018-2041 (Present Value (PV), £m, 2017 prices)

Region/Nation	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Total
Greater London	£602	£3,651	£5,285	£28	£547	£10,113
North	£115	£1,457	£936	£23	£225	£2,756
Midlands	£62	£838	£582	£13	£152	£1,646
South	£150	£1,507	£1,174	£24	£336	£3,191
Wales	£18	£370	£101	£3	£42	£535
Scotland	£46	£496	£423	£7	£76	£1,048
Great Britain	**£992**	**£8,320**	**£8,501**	**£98**	**£1,378**	**£19,289**

Source: PwC analysis

As described in Table 2, Crisis is recommending a combination of interventions (solutions) to achieve its objectives; a different mix of these solutions will support people in each objective. The estimated (weighted) average cost per person supported of the recommended mix of solutions across the five objectives between 2018 and 2041 is £34,460 but ranges from £53,900 – the average cost per person of the mix of solutions to achieve Objective 3 – to £6,282 – the average cost per person supported of the mix of solutions recommended to achieve Objective 5 (see Figure 1). On average, the cost per person supported of the mix of solutions recommended to address 'core' homelessness (Objectives 1 to 3) is 3.5 times higher than the average cost of the mix of solutions to prevent homelessness for people at immediate risk of 'core' homelessness (Objectives 4 and 5).

Figure 1: Average (weighted) cost per person supported of Crisis' recommended combination of solutions to achieve Objectives 1-5 for the period 2018-2041, by objective (PV, £, 2017 prices)
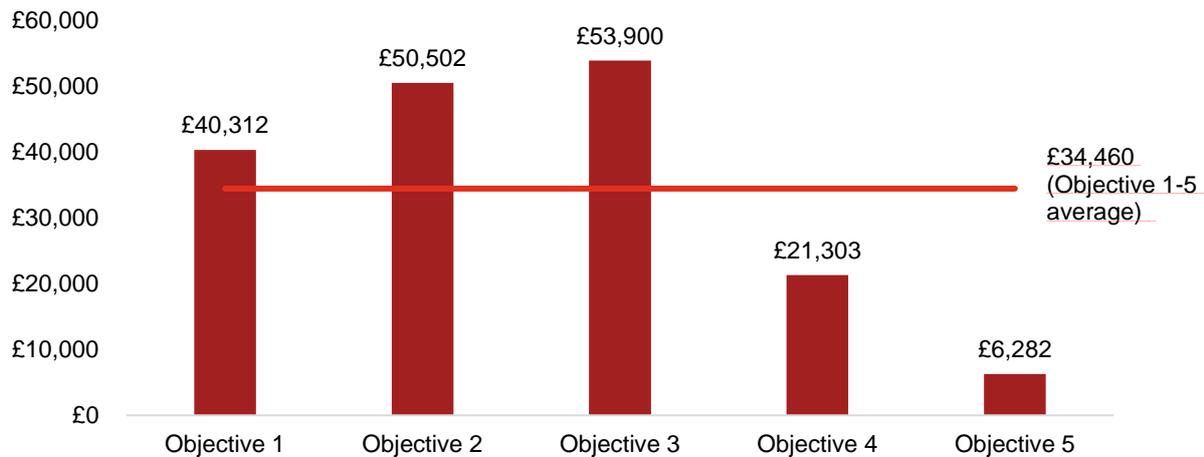
Source: PwC analysis

Nearly all of the costs are expected to be incurred in England (92%) with Greater London accounting for more than half of the costs followed by the South (17%), the North (14%) and the Midlands (9%). Scotland accounts for 5 per cent of the cost and Wales 3 per cent. This reflects the number of households and people projected to be homeless (both core and wider) in each region/nation between 2018 and 2041.

More than half (£9,938m, or 52%) of the total discounted costs are expected to occur between 2018 and 2027 (see Figure 2 and Table 4). Crisis' recommended solutions are assumed to support the cohort of households that are expected to be homeless in 2018. Over the following years, some of these households (those with more acute and complex needs) are expected to require continuing support from these solutions. In addition, new households are projected to be homeless and require support.

Table 4: Ten year (2018-2027) costs and benefits of Crisis' recommended solutions to achieve objectives 1-5, by region/nation (PV, £m, 2017 prices)

Region/Nation	Costs (2018-2027)	Benefits (2018-2027)
Greater London	£4,590	£12,753
North	£1,535	£3,543
Midlands	£958	£2,537
South	£1,934	£5,108
Wales	£305	£815
Scotland	£615	£1,670
Great Britain	**£9,938**	**£26,426**

Source: PwC analysis

Figure 2: Number of households supported and estimated total cost of Crisis' plan to achieve Objectives 1-5, by year (PV, £m, 2017 prices)
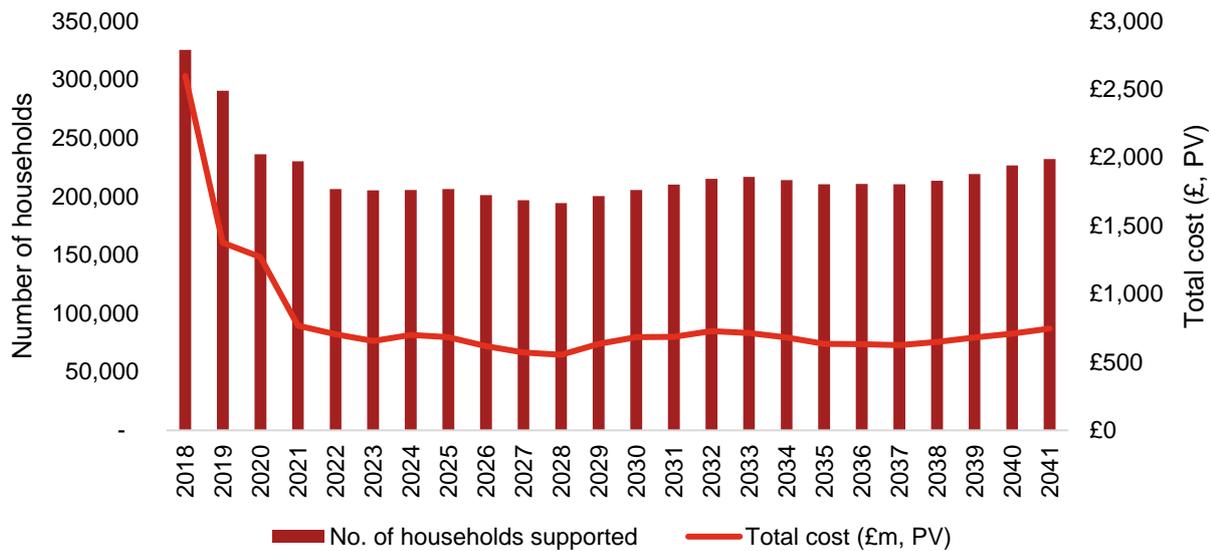
Source: PwC analysis

We also estimate that, between 2018 and 2041, Crisis' recommended solutions will deliver discounted **benefits of £53,908m** at 2017 prices. Nearly half (£26,426m, or 49%) of the total discounted benefits are expected to occur between 2018 and 2027 (see Table 4).

Table 5: Total benefits of Crisis' recommended solutions to achieve Objectives 1-5 by objective and region/nation for the period 2018-2041 (PV, £m, 2017 prices)

Region/Nation	Objective 1	Objective 2	Objective 3	Objective 4	Objective 5	Total
Greater London	£1,889	£10,702	£15,450	£89	£1,389	£29,518
North	£376	£3,646	£1,852	£75	£621	£6,570
Midlands	£215	£2,451	£1,426	£42	£423	£4,557
South	£513	£4,398	£2,900	£77	£924	£8,811
Wales	£60	£1,043	£240	£11	£118	£1,472
Scotland	£154	£1,455	£1,140	£23	£207	£2,979
Great Britain	**£3,207**	**£23,694**	**£23,008**	**£318**	**£3,681**	**£53,908**

Source: PwC analysis

Figure 3 shows that nearly half of the estimated benefits over the period 2018 to 2041 accrue to local authorities: they save £26,417m through reduced / avoided use of homeless services (e.g. reduced need for spending on temporary accommodation and other housing and support based services for homeless people funded by local authorities). Improved wellbeing as a result of people obtaining secure housing accounts for 27% of the projected benefits (£14,646m). Increased economic output as a result of people entering employment (an estimate of their increased earnings) accounts for 12% (£6,483m) of the total estimated benefits. Outside local authority budgets, the Exchequer is projected to save around £6,361m (12%) through reduced use of public services such as NHS and criminal justice system services. This is because once people have moved out of homelessness they are, on average, expected to use these services with a lower frequency. Increased tax and other contributions from people who enter employment also contribute to the savings estimated for the Exchequer. Our analysis also accounts for a potential increase in the number of Jobseekers Allowance claimants as people who previously were not claiming but were entitled to Job Seekers Allowance receive support and guidance in relation to the benefit system and begin claiming Job Seekers Allowance (a financial cost to the Exchequer).

Figure 3: Estimated distribution of total benefits delivered through Crisis' recommended solutions between 2018 and 2041 (Great Britain, PV, £m, 2017 prices)
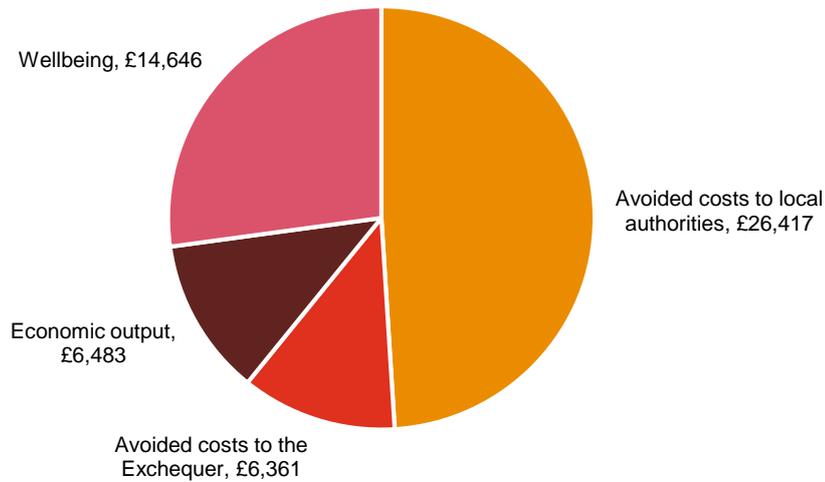
Source: PwC analysis

Figure 4 shows the costs and benefits per person of the main solutions that Crisis is recommending. The Long term supported accommodation solution, which is expected to support people in Objectives 1 to 3, is estimated to have the highest cost (£6,338m or 33% of the total costs). It is closely followed by the Housing First solution which also contributes around 33% (£6,225m). The low to medium support solution (housing access and floating support) and the Critical Time Intervention solutions contribute a further 12% and 10% respectively to total cost. Our results are driven by how many people are expected to be supported by each solution and by the cost per person of different types of support: more intensive long term supported accommodation and Housing First solutions have higher costs but also have greater benefits (see Figure 4).

Figure 4: Cost and benefit per person supported for each of Crisis' recommended solutions (PV, £, 2017 prices)[12]
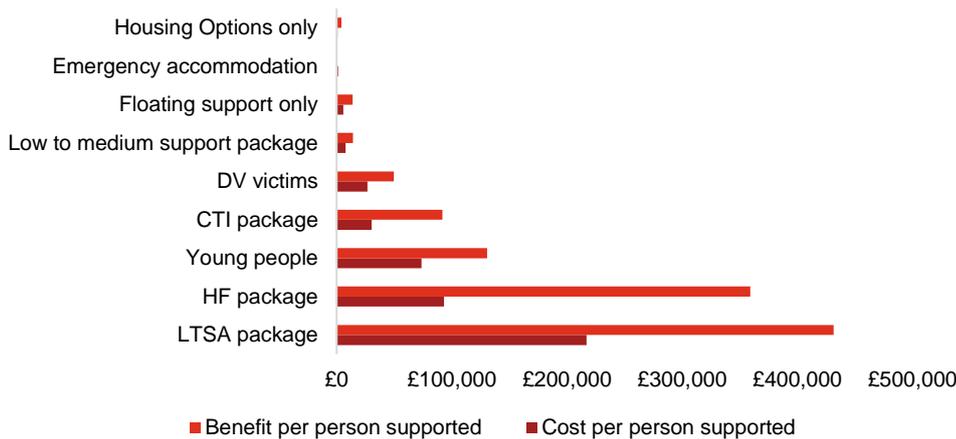
Source: PwC analysis

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[12] Note that the average cost per person supported by the assertive outreach and emergency accommodation solution and by Housing Options is £1,254 and £839 respectively. The benefit of the first solution is captured in the other solutions and the benefit of the Housing Options only solution is £4,243.

In summary, in present value terms, for every £1 that will be invested in the solutions recommended by Crisis to achieve Objectives 1 to 5, we estimate that £2.8 will be generated in benefits – this includes cashable savings and wellbeing value. This is an overall benefit cost ratio of 2.8. The benefit cost ratio varies by objective from 3.2 for Objective 1 (people who are rough sleeping) to 2.7 for Objective 5 (people who are at immediate risk of core homelessness). More than half (£9,938m, or 52%) of the total discounted costs are expected to occur between 2018 and 2027 alongside nearly half (£26,426m, or 49%) of the total discounted benefits.

1 Introduction

1.1 Context

Homelessness remains an important problem in Great Britain; an estimated 158,400 households experienced 'core' homelessness in 2016.[13] The core homeless includes people who are rough sleeping, sofa surfing, squatting, living in hostels and unsuitable forms of temporary accommodation as well as those forced to sleep in cars, tents and night shelters.

Homelessness generates a financial, social and economic burden for society. In 2015-2016, local authorities spent more than £1.1 billion on homelessness (excluding any wider costs from the impact of homelessness on public services such as health services). More than three quarters of this was spent on temporary accommodation.[14] In 2014, it was estimated that Scottish local authorities spent £94 million on temporary accommodation for homeless households.[15]

Recent research for Crisis suggests that, if current policies continue unchanged, the most acute forms of homelessness are likely to increase by more than 15% in the next decade and almost double by 2041.[16] Moreover, if current policies continue, research shows that 'wider' homelessness, defined as a range of situations where people are at risk of homelessness or have experienced it, is also likely to increase.

Following consultation across Great Britain, Crisis has defined what ending homelessness would mean in terms of five objectives; Objectives 1 to 3 refer to people defined as 'core' homeless whereas Objectives 4 and 5 refer to 'wider' homelessness. Drawing on projections of homeless households commissioned by Crisis Professor Glen Bramley at the Heriot-Watt University, we estimate how many households will need to be supported if Crisis is to achieve each of its five objectives. In total, nearly 246,000 households will need support in 2018 and this will rise to nearly 436,000 by 2041 with unchanged policies (see Table 6).[17]

Table 6: Number of households across Crisis' five objectives in Great Britain expected to be supported by the recommended solutions (2018-2041)

	Crisis' objectives	2018	2041
Core	Objective 1: No one sleeping rough	8,227	19,819
	Objective 2: No one forced to live in transient or dangerous accommodation such as tents, squats and non-residential buildings	85,699	148,090
	Objective 3: No one living in emergency accommodation	64,133	143,256
Wider[18]	Objective 4: No one homeless as a result of leaving a state institution such as prison or the care system	2,422	3,117
	Objective 5: Everyone at immediate risk of homelessness gets the help they need that prevents it happening	85,470	121,646
	Total	**245,952**	**435,928**

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[13] Bramley (2017)

[14] NAO (2017)

[15] Hunter and Lindsay (2014)

[16] These estimates are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.

[17] Crisis (2017a)

[18] Note that these estimates represent only that subset of households in Objectives 4 and 5 that are expected to fall into core homelessness if current policies continue as planned.

1.2   Study objectives

To mark its 50th anniversary, Crisis is publishing a plan to end homelessness. This sets out the steps needed to prevent most homelessness from happening in the first place and, where homelessness is experienced, to ensure that it is short term and non-recurrent.[19]

In February 2018, Crisis commissioned PricewaterhouseCoopers LLP ("PwC") to estimate the expected costs and benefits of achieving its plan through different combinations of interventions (solutions) which Crisis has identified are necessary to address and prevent homelessness.

Our analysis focuses on estimating the total economic costs and benefits associated with Crisis' recommended solutions designed to achieve each of the objectives defined in its plan. To develop our approach to estimating the costs and benefits of these solutions, we worked with Crisis to define these solutions, assess the available evidence about their effectiveness and agree a set of assumptions. For each solution, we worked with Crisis to agree the key parameters which drive the costs and benefits – identifying the number of people that are expected to be supported, the duration of support, the potential pathways through different solutions and the cost and benefit per person supported.

Our analysis focuses on the expected economic costs and benefits of Crisis' recommended solutions to move people directly out of homelessness. It does not estimate the costs and benefits associated with a series of additional policy changes which Crisis' recommends and that indirectly contribute to achieving its objectives (e.g. changes to the welfare system that make it easier for people to pay for services they need). There are also a number of solutions throughout Crisis' plan to end homelessness which do not incur a direct cost or the cost is negligible in comparison to overall cost estimated in our analysis, two examples of these are the national reconnections framework and improving data collection on homelessness. For more information please Crisis' plan to end homelessness.[20]

1.3   Report structure

Our report is structured as follows:

- Chapter 2 describes key, common elements of our methodology and associated data sources we use to estimate the costs and benefits of Crisis' recommended solutions to achieve its five objectives.
- Chapters 3 to 7 present the estimated costs and benefits of Crisis' recommended solutions to achieve each objective. Each chapter describes the solutions expected to achieve each objective, the key data sources used in our analysis, the assumptions used to fill the gaps and the detailed results by objective.

A separate set of appendices provides more details of our methodology and the associated data sources we use to estimate the costs and benefits of the interventions.

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[19] Crisis (2018)
[20] Crisis (2018)

2 *Approach and methodology*

2.1 *Overview and introduction*

This chapter explains the general principles which we apply to estimate the economic costs and benefits of Crisis' recommended combinations of interventions (i.e. solutions) to prevent and address core and wider homelessness.

Our approach is ostensibly quite straightforward. We determine the expected costs by estimating how many households (or individual people) will need to be supported by each of Crisis' recommended solutions each year in the period from 2018 to 2041 and then multiply that figure by the estimated average unit cost per household (or per person). We then use an equivalent approach to estimate the expected benefits, and compare the two.

Our analysis follows the principles set out in HM Treasury's Green Book which provides guidance on policy appraisal and evaluation. We focus on the economic costs and benefits of Crisis' recommended solutions, rather than their financial costs (i.e. we estimate the costs and benefits to individuals, the public finances and wider society as a result of the interventions by valuing them in monetary terms rather than focusing on funding and affordability for the public sector).

In the following section, we explain:

- How we determine the expected level of homelessness
- Our approach to estimating the number of households or people requiring support from Crisis' recommended solutions
- Our approach to estimating the economic costs and benefits of Crisis' recommended solutions
- The key limitations of our approach.

2.2 *Identifying the expected level of homelessness*

Crisis recommends a set of solutions to achieve its five objectives which we defined in the Introduction.[21] For the purposes of our analysis, we use projections of homelessness prepared by researchers at Heriot-Watt University covering the period 2016 to 2041. These identify two broad types of homelessness: core and wider.[22]

Our mapping of Crisis' objectives to the categories used in the Heriot-Watt research is outlined in Table 7 and explained further below. More details are provided in the following chapters that deal with each objective separately.

Table 7: Mapping Crisis' objectives to core and wider homelessness as defined in the Heriot-Watt research

	Crisis objectives	*Categories in Heriot-Watt research*
Core	**Objective 1:** No one sleeping rough	Rough sleeping
	Objective 2: No one forced to live in transient or dangerous accommodation such as squatting, living in cars, tents, non-residential buildings (including sofa surfers)	'Sofa surfing'
		Sleeping in cars, tents, public transport ('quasi rough sleeping')
		Unlicensed squatting or occupation of non-residential buildings
	Objective 3: No one living in emergency accommodation such as shelters and hostels without a plan for rapid rehousing, secure and decent accommodation	Staying in hostels, refuges and shelters
		Unsuitable temporary accommodation (e.g. bed & breakfast, non-self-contained, out of area placement)

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[21] Please see Crisis (2017a) for a full explanation of each point of the definition.

[22] Bramley (2017)

Crisis objectives	Categories in Heriot-Watt research
Objective 4: No one homeless as a result of leaving a state institution or care system	E Ex-institutional resettlement
Objective 5: Everyone at immediate risk of homelessness gets help that prevents it happening	A (i) Concealed households
	A (ii) Sharing households
	B (i) Unsupported temporary accommodation
	B (ii) Non-permanent accommodation
	C Ex-private renters

Source: Inputs from Crisis

The core homelessness categories comprise people with the most acute and immediate problems. They include those who are rough sleeping, in transient or dangerous accommodation or those in emergency accommodation without a plan for rapid rehousing into secure and decent accommodation. The specific groups broken down in the Heriot-Watt research are those who are:

1. Rough sleeping

2. Sleeping in cars, tents, public transport ('quasi rough sleeping')

3. Unlicensed squatting or occupying non-residential buildings

4. Staying in hostels, refuges and shelters

5. Staying in unsuitable temporary accommodation (e.g. bed & breakfast, non-self-contained, out of area placement

6. 'Sofa-surfing' (i.e. staying with non-family, on a short term basis, in overcrowded conditions)

7. Staying in shelters and refuges.

The wider homelessness categories comprise people in a range of situations including those at risk of homelessness or who have experienced it. The research from Heriot-Watt defines these people as those who:

A. Do not have their own housing tenure and live within or alongside other households, but with a need and/or expectation, but without the clear means, of moving to their own separate accommodation in the near future. This includes:

   A (i) *Concealed households*: equivalent to the definition used by Homelessness Monitor[23] to represent those single concealed adults who have an expectation or preference to move, but excluding those who could afford to buy or rent a home in the market.

   A (ii) *Sharing households*: unsatisfactorily housed and in immediate need within a year.

B. Live in forms of accommodation which lack physical permanency and/or minimal tenure security and/or self-containment. This includes:

   B (i) *Unsupported temporary accommodation*: people staying under short term licence in private bed & breakfast, hostel or HMO[24] (house in multiple occupation) accommodation without having been placed there by local authorities[25]

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[23] Fitzpatrick et al. (2017)

[24] Licence to rent out ones' property as a house in multiple occupation (HMO) in England or Wales. An HMO is a property rented out by at least three people who are not from one 'household' (e.g. family) but share facilities such as the bathroom and kitchen.

[25] This excludes households placed by local authorities in 'unsuitable' temporary accommodation which are captured in core homelessness.

B (ii) *Non-permanent accommodation*, such as those housed in non-permanent dwellings such as caravans and boats etc.

C.   Are likely to leave private accommodation for housing reasons in the near future without the clear means to avoid problems in securing rehousing without assistance (*exiting private renters*).

D.   Have been through a recent episode of actual or threatened homelessness and remain without settled permanent accommodation and are living in other forms of temporary accommodation including private sector leasing, local authority and housing association dwellings. This group of households are omitted from our analysis (i.e. do not map to any of Crisis' objectives) as they are a destination for people who have been homeless rather than a source of homelessness.

E.   Are about to leave prison or other institutional settings without a clear ongoing housing solution (*ex-institutional resettlement*).

To identify how many people will require support each year, we use Heriot-Watt's projected number of homeless households over the period from 2018 to 2041. This research estimates the level of core and wider homelessness across Great Britain in 2016 and the projected future levels by analysing the key factors that drive homelessness. Our analysis of the costs and benefits of the solutions recommended by Crisis is based on Heriot-Watt's 'medium' scenario. We also estimate how many adults and children are projected to be in each household on an annual basis.[26]

The projections form the baseline for our analysis (i.e. they show how many households and people are expected to be homeless given current and (already) planned policies. More details can be found in Bramley (forthcoming).[27]

In Table 8, we show Heriot-Watt's estimates of the number of core homeless for 2016 and the future projections for 2041 for the different categories across Great Britain based on the 'medium' scenario. The number of core homeless is projected to almost double over the period.

Table 8: Core homelessness projections (Great Britain)[28]

	Number of households 2016	Number of households 2041	% change (2016-2041)
Rough sleeping	9,259	19,819	114%
'Sofa surfers'	66,744	100,024	50%
Sleeping in cars, tents, public transport ('quasi rough sleeping')*	9,074	19,597	116%
Unlicensed squatting or occupation of non-residential buildings*	11,926	28,469	139%
Staying in hostels	36,486	36,486	0%
Unsuitable temporary accommodation (e.g. bed & breakfast, non-self-contained, out of area placement)	18,878	103,601	449%
Staying in shelters and refuges	4,432	3,170	-28%
Total	**156,799**	**311,165**	**98%**

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[26] These data are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.

[27] Ibid.

[28] Ibid.

The Heriot-Watt core homelessness projections show that the largest categories of core homeless are 'sofa-surfers', those staying in hostels and those in unsuitable temporary accommodation. Notably, this latter category is expected to overtake 'sofa surfers' by 2041, which is currently the largest component of core homelessness (based on 2016 figures).

The wider homeless population is projected to grow more slowly than the core homeless under the 'medium' scenario. The most substantial growth is projected to be amongst ex-private renters at risk, which by 2041 is expected to almost double from the 2016 estimate. The number of people in other forms of temporary accommodation is expected to decline. Please see Bramley (forthcoming) for more details. For the purposes of estimating the costs and benefits of the solutions recommended by Crisis to achieve Objectives 4 and 5, we only consider a subset of the households in wider homelessness. More specifically, we focus on those households who, in the absence of these solutions (i.e. assuming current policies continue), are expected to actually become core homeless in that year. To identify these households we use estimates of the probability of potential homelessness becoming reality (on average, 8.6% for objective 4 and 16% for objective 5). The group of people in objective 4 is estimated to include, across Great Britain, around 2,422 households in 2018 and 3,117 in 2041. The group of people in Objective 5 is estimated to include around 85,470 households across the five categories in 2018 with a projected volume of around 121,646 households at risk of homelessness in 2041.

To estimate the total cost of an intervention we use either the number of households or the number of individuals expected to be supported by each intervention; which we use depends on the nature of the intervention and the evidence on the cost per person or per household supported.

To estimate the total benefits of an intervention we use the number of individuals – adults and children – expected to be supported. We use this approach because the available evidence of the benefits is typically expressed as a value per person rather than per household.

We estimate the costs and benefits of the different interventions in six regions/nations of Great Britain in line with Heriot-Watt's homelessness projections. We divide England into four regions (North, Midlands, South and Greater London+[29]) whilst Wales and Scotland are captured separately. The costs and benefits identified through secondary research are specific to each region/nation.

2.3 *Estimating how many households and people need support*

As we note above, to estimate the costs (and benefits) of Crisis' recommended solutions, we need to understand how many households (and individuals) will need to be supported each year.

We know that Crisis' objective with respect to core homelessness is that nobody should be regarded as core homeless at the end of each period, which we take to be the end of each year.

Heriot-Watt's homelessness projections show the expected *stock of homeless households* at the end of each year for each category of homelessness. The same research also estimates the *flow* of people in and out of each category of homelessness, but only for one year (2016). We do not know how many people flow in and out of the different categories of homelessness over the whole period we are considering (2018-2041) nor do we know the flows between categories.

This is a limitation to our estimations because the cost of supporting the newly homeless is higher than the cost of support for those who continue to be homeless. For example, when an individual or household first enters homelessness there are costs associated with the initial assessment of need which are not repeated in subsequent periods. For this reason we would ideally like to be able to identify unique households or individuals and track them over time, so we can be accurate when assessing the costs of supporting each.

In the absence of information on unique households and individuals we use the initial stock estimates for each category of homelessness and the year-on-year changes between them (the 'net inflows') to estimate how many households Crisis' plan will need to support in each period. For example, for a given category (e.g. rough sleepers), we assume that Crisis' recommended solutions will initially target the stock of people classed as rough sleepers in 2018. In the following year (2019), we assume that Crisis will also need to support (any) additional households that become rough sleepers, and it is these additional households that will need the extra support associated with those who are newly homeless. We estimate the additional households as the difference

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[29] The Greater London area in Bramley's analysis includes some districts outside the Greater London Authority (GLA) area in Hertfordshire, Berkshire and Surrey. This is referred to as 'Greater London+'.

between the number of rough sleepers in 2019 and the number in 2018 (but only if the number is positive meaning rough sleeping is on the increase).[30] We apply the same approach for all years through to 2041.

This approach results in the smallest possible number of homeless being treated as newly homeless (and hence requiring extra costs of support). For example, although the estimated change in the number (stock) of rough sleepers between 2018 and 2019 may only be small, or even negative, this may disguise the fact that some households, who are rough sleepers in 2018, may find ways of escaping rough sleeping, and they are replaced with new rough sleepers (i.e. households which become rough sleepers).

Whilst our approach is not ideal, and provides a minimum estimate of the extent of the number of newly homeless, the problem is less acute given that we simultaneously assess the costs and benefits of all five categories of homeless households (and people). Whilst we may underestimate the number of newly homeless flowing into one category, to the extent that we do so this will in part be offset by flows out of that category and into one of the other categories. This means that the relative importance of flows in and out of the overall group of core and wider homeless households is likely to be less significant. Moreover, to the extent that some households would be expected to move between categories and in/out of homelessness without Crisis' recommended solutions, the costs (and benefits) are captured as part of the 'do nothing' or counterfactual (i.e. they are not incremental and therefore they do not need to be included in our analysis).

2.4 Estimating the cost of interventions

We cost the combination of interventions (solutions) which Crisis is recommending in its 50th anniversary report to address its objectives. Our costs represent the economic costs of Crisis' recommended solutions, rather than their financial costs. Moreover, where a policy merely switches who pays for a specific good/service (e.g. a transfer payment), this is not treated as an economic cost. We estimate the gross costs of each of Crisis' recommended solutions (i.e. the cost of providing a given number of individuals with a specific solution). We also estimate the cost of providing the same individuals with current services for homeless people and capture this as the benefit of a solution (i.e. the avoided cost of using services if Crisis' recommended solutions did not occur is a benefit of the recommended solutions). Further information on our approach to estimating benefits is provided below.

Our approach enables us to identify the incremental economic costs of the scenario where all of Crisis' recommended solutions are implemented, as compared to the 'business as usual' scenario where current and projected policy is implemented as implied in the Heriot-Watt projections of homelessness up to 2041.

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[30] If there is no change, or the number is falling, we assume that no further households require support.

> ### *How is our approach consistent with HM Treasury Green Book?*
>
> Our approach is consistent with the guidance in HM Treasury's Green Book on economic appraisal and evaluation, specifically on the approach to estimating economic costs and benefits of policy interventions, the treatment of the counterfactual and discounting.
>
> **Estimation of costs and benefits**
>
> Our approach to estimating the costs and benefits follows Chapter 5 and 6 of the Green Book. Specifically:
>
> - We account for the costs and benefits which arise to UK society, not just to the public sector.
> - We use market prices, where possible, to estimate economic costs and benefits. For valuations which require non-market prices, we use the recommended and appropriate valuation methods for non-market prices indicated in Chapter 6 of the Green Book. For example, the monetary values we use to estimate wellbeing benefits are derived using a subjective wellbeing technique.
> - HM Treasury's Green Book recommends that costs and benefits should be calculated for the lifetime of the interventions. We estimate the costs and benefits for the period to 2041, at which point we assume that services and interventions will cease.
>
> **Counterfactual**
>
> The Green Book defines 'Business as usual' as 'the continuation of current arrangements as if the intervention under consideration were not to be implemented'. This is often referred to as the 'Do-Nothing' scenario or the counterfactual.
>
> Our analysis is based on the projected number of homeless households if there is no policy change (i.e. under Heriot-Watt's baseline / 'medium' scenario). Following HM Treasury guidelines, we only estimate the economic costs and benefits which would occur from Crisis' recommended solutions above and beyond those economic costs and benefits which would arise under the counterfactual (i.e. current policies).
>
> **Discounting**
>
> We use discounting to aggregate and compare costs and benefits occurring at different points in time. Discounting enables us to take into account society's time preference for incurring costs and benefits. We discount the costs and benefits by the social time preference rate of 3.5%. This rate is recommended in HM Treasury Green Book to bring our figures to a net present value (NPV) to ensure that we are able to compare costs and benefits for a given year, and overall, even if these costs or benefits are experienced in earlier or later years.

Source: HM Treasury (2018)

Which interventions are we costing?

Our report focuses on estimating the economic costs of delivering the solutions (i.e. combinations of interventions) which Crisis believes are needed to address and prevent homelessness. We worked with Crisis to understand the solutions which Crisis believes are required to meet each of its five objectives. We also worked with Crisis to identify what evidence exists on the economic costs and benefits of these solutions. In Table 9 we summarise the individual interventions that make up the solutions. We provide more details of our key assumptions and the data sources in the individual chapters that cover each objective separately.

We note that the interventions and the assumptions about how they work are based on 'unit cost analysis' (please see below and following chapters) and assumptions on uptake and access to interventions to show potential journeys through the homelessness system for individuals. Our approach deals with averages rather than individuals. Instead of considering the potential pathways of each individual through homelessness services, we capture the average unit costs and benefits of these interventions across the segment of the target population that is assumed to receive the intervention.

As described above, our analysis focuses on the costs (and benefits) of Crisis' recommended solutions to move people directly out of homelessness. Crisis' plan to end homelessness report includes a larger range of recommended policy changes than the solutions set out in the table below. These include policy changes which either do not incur a direct cost or the cost is negligible in comparison to the overall cost estimated in our analysis, two examples of which are the national reconnections framework and improving data collection on homelessness. They also include policy changes that do not move people directly out of homelessness and may

also have consequences for others in society over and above homeless people, two examples of which are welfare changes and improving the supply of affordable (social) housing. We recognise that there may be additional costs (and benefits) associated with these policy changes (see Section 2.6).

Table 9: Crisis' recommended combination of interventions (solutions) to achieve its five objectives

Solution	Crisis' summary	Crisis' objectives
Housing First	Housing First prioritises rapid access to a stable home for a homeless person and enables her or him to begin to address other support needs through coordinated wraparound support and case management. Permanent housing is provided without a test of having to be 'housing ready', and there is no obligation to engage in support services to continue to maintain a tenancy. Housing First is built upon the principle of a human right to housing, and harm reduction is taken above any other goals such as sobriety or abstinence. It is a model specifically designed for homeless people with complex and multiple needs. It proves most successful when it forms part of a wider integrated strategy to end homelessness. For the purpose of the analysis, the initial duration of the recommended solution is two years. If required, this is followed by additional support through Housing First or low to medium support on a longer term basis.	Objectives 1-3
Long term supported accommodation	Long term supported accommodation is designed to provide on-site intensive support for people needing specialist care and assistance who have become homeless. It is likely to be most suited to people with long term health needs who are unable to live independently and/or where Housing First is not a suitable option. The recommended solution is envisaged to have an initial duration of three years followed by additional support (if required). In addition, Crisis recognises that some groups require supported accommodation for fixed periods of time until they move into permanent independent accommodation. These groups include young people and those experiencing domestic violence.	Objectives 1-3
Low to medium support for housing access	This solution consists of help to access social and private rented sector accommodation through a social lettings agency and National Private Rented Access Scheme with a Guaranteed Deposit Scheme. The initial duration of the recommended solution is two years of housing access support in combination with floating support (see below). This is followed by additional support for two years for those who require it.	Objectives 1-5
Floating support	Floating support is envisaged to be offered in isolation or combined with the other interventions (e.g. support to access housing). It takes the form of in-tenancy support which help people to sustain their housing in the long term.	Objective 5
Unsuitable temporary accommodation (7 day restriction)	Unsuitable temporary accommodation (UTA) is a type of temporary accommodation, such as unsupported hostels or bed & breakfast accommodation that is of low standard with poor basic facilities, including inadequate access to toilet, washing and cooking facilities. Crisis recommends that all homeless households across Great Britain are placed in this type of accommodation for no more than seven days before they are moved to more suitable forms of temporary accommodation or permanent accommodation.	Objective 3
Housing Options	Local authority housing option services offer people a range of services to prevent and address their homelessness. These include keeping people in their existing home by means of mediation with their landlord or helping people access housing quickly by providing a deposit or working with a housing association to access social housing. Crisis recommends that all people identified as homeless in the categories addressed in Objectives 4 and 5 receive initial support through Housing Options.	Objectives 4-5
Critical Time Interventions	This are time-limited evidence-based solutions which supports people who are vulnerable to homelessness during period of transition. It is a housing-led	Objectives 2-4

Solution	Crisis' summary	Crisis' objectives
	approach which combines rapid housing access with intensive case management. The Critical Time Interventions support solution includes one year support through Critical Time Interventions which is expected to be followed by additional support through a Housing First or low to medium support solution.	
Assertive outreach programme	Assertive outreach is a particular form of street outreach that works with rough sleepers or people who live in tents, cars and public transport with chronic support needs and seeks to end their homelessness.	Objectives 1-2
Emergency accommodation (duty to prevent)	This solution is used for homeless people on a short term basis until permanent housing is found for them. Crisis recommends the provision of emergency accommodation for 56 days (i.e. a duty to prevent) for homeless people who have no safe suitable, alternative accommodation.	Objectives 1-2
Supported accommodation for young people	Crisis recommends this solution for some young homeless people who need supported accommodation for up to two years before they move on to independent accommodation with access to medium to low support or Critical Time Intervention solutions.	Objective 5
Supported accommodation for victims of domestic violence	Crisis recommends this solution for victims of domestic violence who are at risk of homelessness. It includes support for one year through long term supported accommodation which is expected to be followed by additional support through low to medium support or Critical Time Interventions solutions.	Objective 5

Source: Input from Crisis

How do we estimate the cost of interventions?

We apply the following principles to our cost analysis:

- To identify the 'unit' cost of each intervention (the cost per household or per person supported), we use:
  - Secondary sources such as academic research, official statistics and research by government departments
  - Crisis' own research or commissioned research.

- The unit costs we use in our analysis represent the average cost per household or per person supported. We note, however, that the actual unit cost for some interventions (e.g. Housing First) is likely to vary by type of individual or household supported as homeless people are not a homogenous group and are likely to require different levels of support depending on their personal characteristics and circumstances.

- The first year of our analysis is 2018 and the final year is 2041; we assume that all interventions cease after 2041 and, hence, no costs are accounted for post 2041.

- When using values from research relating to earlier years, we endeavour to use the latest available data and, where needed, we update the values to 2017 prices using the GDP deflator for the UK published by the Office of National Statistics.[31]

- We present all costs in constant prices, with 2017 as the base year and we assume (implicitly) no change in relative prices over time. We make no adjustment to account for future inflation, so all prices are in 'real' (and not 'cash' or 'nominal') terms.

- All the costs (and benefits) are discounted to 2018 using the Green Book recommended discount rate of 3.5% to express them in terms of their present value (PV). We also adjust (where relevant) for regional/national differences based on differences in either regional/national wages or differences in the Local Housing Allowance (LHA) rates across regions/nations depending on whether the intervention is

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[31] ONS (2017)

service based (i.e. labour intensive) or housing based (i.e. financial support to access housing, e.g. Guaranteed Deposit Scheme) (see Appendix A.4 for more details).[32]

Appendix A.2 contains a summary table which presents the original unit costs (i.e. from the sources); the prices in the Appendix are not adjusted for the regions/nations in our analysis.

2.5 *Estimating the benefits of interventions*

Below, we describe the approach we use to estimate the benefits of Crisis' recommended solution solutions to achieve its five objectives and the sources of evidence we use.

What types of benefits do we consider?

Four different categories of benefits potentially arise from ending homelessness:

- Avoided **costs to local authorities through reduced use of homelessness services** (e.g. reduced need for spending on temporary accommodation and other housing and support based services for homeless people funded by local authorities): Local authorities provide homelessness related services which include housing-related support as well as outreach programmes and day centres. If homelessness were to be ended, fewer of these services would be needed and this would represent a saving or 'avoided cost' for local authorities.

- Avoided costs to the Exchequer through reduced use of public services as an indirect result of moving a person out of homelessness (i.e. homelessness has an impact on the use of public services): Evidence suggests that homeless people are more likely to use public services than the general population. We group these public services into the four categories:

  – Drug / alcohol treatment services
  – Mental health services
  – NHS services (including A&E, GP visits, hospitalisation)
  – Criminal justice services.

- If homeless people draw on these services more than the general population, moving someone out of homelessness means that demand for these services will be reduced. The benefit comes from the reduced public sector spending required to deliver the services – an 'avoided cost'. This approach implicitly assumes that once a person ceases to be homeless they have the same propensity to require public services as the non-homeless. We recognise that this approach does not account for the possibility that people have characteristics that create a positive correlation between an enhanced probability of being homeless and an enhanced propensity to use public services in which case taking them out of homelessness would not necessarily result in their use of public services falling as low as the average for the non-homeless group.

- **Increased economic output** from increasing the number of people who are able and willing to work. Some forms of homelessness present a barrier to working: for example, evidence from Crisis' programmes indicates that unemployment was 'near-universal' among rough sleepers.[33] Some households amongst the core homelessness are far from the labour market and may never be able to enter work (e.g. people with complex needs who are supported through Housing First are often unable to work). Some people, however, can work and homelessness prevents them from doing so. This means that the economy loses their potential output. Bringing these individuals into the labour force would increase the value they add and this would be reflected in their increased earnings. In addition, these people will contribute to the Exchequer through taxation contributions.[34] Similar to above, our approach assumes that taking a person out of homelessness would result in their ability and willingness to work being the same as the average for the non-homeless group.

- **Increased wellbeing** as a result of homeless people obtaining secure housing: Homelessness is recognised as having a negative effect on individuals' wellbeing. The impact of moving people into secure housing from, say, rough sleeping or temporary accommodation has been estimated in terms of its effect

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[32] The same approach is applied to discount the estimated benefits of interventions.

[33] Pleace and Bretherton (2017)

[34] It is likely that a small number of people who were previously homeless were not claiming benefits such as Job Seekers Allowance start to claim such benefits as they receive support and guidance through Crisis' recommended solutions.

on individuals' subjective wellbeing (in line with HM Treasury Green Book guidance). The monetary value of this effect reflects improved life satisfaction in individual experiences as a result of obtaining secure housing relative to their previous accommodation.

We also consider the potential benefits for children. They are broadly similar to those for adults described above: moving a child out of homelessness reduces their draw on public services, including the NHS and the criminal justice system. Homelessness also affects a child's education, for instance increasing the chance that the child leaves school with no GCSEs.[35] We measure this additional benefit in terms of the estimated reduction in lifetime earnings from holding fewer qualifications.

How do we estimate the benefits of interventions?

We apply a set of additional principles to estimate the benefits of Crisis' recommended solutions:

- **Estimating net benefits**: To estimate the net benefits of the interventions we identify existing evidence across the categories of benefits outlined above for a homeless person compared to someone who is not homeless (e.g. average cost of the NHS services used by someone who is homeless compared to the average across the general population).

- **Duration of benefits**: The time period over which we assume that benefits will accrue depends on the specific intervention. We use a consistent approach whereby we assume that:

    – Benefits accrue to each individual for the duration of the initial intervention: for example, where people are supported through Housing First for two years, we also assume that the benefits accrue for two years

    – For those who subsequently go on to receive additional support from another intervention, we assume that the benefits will accrue for the entire duration of that additional support (i.e. they would have been homeless without it), unless otherwise stated

    – Where people move to another type of homelessness, we assume that the benefits which accrue will depend on the additional support these people receive as part of the other group into which they move

    – Similar to our approach to costs, the first year of our analysis is 2018 and the final year is 2041; we do not account for any benefits that may accrue post 2041 (with the exception of increased earnings potential for children who are moved out of homelessness).

- **Benefits per household or per person**: As discussed above, we use estimates of the number of individuals (adults and children) in a household to estimate the projected number of individuals expected to benefit from each intervention. To determine the benefits of an intervention, we often use a value that represents the net benefit per person per year and apply this to the relevant group of people for the appropriate period (as described above). The majority of the values we use in our analysis represent the average net benefit delivered by an intervention that moves a person out of homelessness (regardless of the type of intervention). However, for the Housing First intervention, we use different values to reflect evidence that shows that people who receive Housing First may use public services (e.g. the NHS) more intensely than the general population.[36]

- **Use of 'average' benefit per person supported**: Homeless people are a heterogeneous group, especially in terms of how they use public services. Some will use public services and receive benefits more than others. We use average values for the homeless and general population in our analysis.

- **Adjustment to values**: We derive unit values for benefits from a variety of sources. This means that we often need to adjust them to take account of inflation and regional variations (as we do for costs). This ensures that they can be compared. Furthermore, the values are discounted to 2018. This is consistent with guidance in HM Treasury's Green Book.

- **Variation by age (adults and children):** As described above, the Heriot-Watt projections estimate the number of households that are homeless. We also estimate the number of adults and children in each household. This enables us to use different benefit estimates for children where appropriate. We identify these separately in Appendix A.3. Where there is no evidence on child-specific benefits, we use the same

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[35] Rice (2006)

[36] For example see Pleace and Bretherton (2017).

values as for adults. For example, in relation to wellbeing, the values we apply to children are the same as those we apply to adults.

For more of our approach, please refer to the chapters that cover each objective.

What benefit estimates do we use?

We use two main ways to estimate benefits for this analysis:

- We examine the available literature for benefit estimates pertaining to a homeless person and non-homeless person under each of the headings described above. We then take the difference between these values to estimate the net benefit of moving a person out of homelessness or preventing them from becoming homeless.

- In some cases, we only have estimates of the cost of service use for the average person in the UK. In this case, we use evidence on the difference in the frequency of use between a homeless person and a non-homeless person to estimate the benefits of ending homelessness. We use this approach to estimate the benefit arising from specific interventions (if different), e.g. Housing First, or the benefits for children.

We explain, further, the sources and analysis supporting the benefit estimates for both adults and children in Appendix A.3 and in the chapters below.

2.6 Limitations

Our approach has some key limitations:

- It relies only on secondary sources to estimate the economic costs and benefits of the solutions recommended by Crisis to achieve its objectives. We did not engage with those involved in delivery of the services required as part of the solutions or with those involved in piloting specific recommended solutions. Instead, we rely on estimates of the economic costs and benefits derived from historic evidence of similar interventions to those that Crisis recommends.

- It relies on several assumptions to fill data gaps. In all cases, these were developed in conjunction with Crisis based on the available evidence.

- It deals with averages rather than individuals. So, rather than considering the potential pathways of each individual through homelessness services, we capture the average unit costs and benefits of these interventions across the segment of the target population that is assumed to receive the intervention. We recognise that some of the unit cost and benefit estimates may not be accurate for specific individuals due to their personal circumstances. Our results should, therefore, be interpreted as an estimate of the overall costs and benefits of the recommended solutions.

- It estimates the benefits delivered through Crisis recommended solutions implicitly by assuming that, once a person ceases to be homeless, they have the same propensity to use public services or enter employment as the non-homeless. We recognise that this will not always be the case and it could plausibly be argued that there could be characteristics of people that create a positive correlation between, for example, an enhanced probability of being homeless and an enhanced propensity to use public services. In this example, helping these people out of homelessness would not necessarily result in their use of public services falling to that of the average for the non-homeless group. This means that we could be over-estimating the benefits of the recommended solutions.

- It uses the initial stock estimates of homeless households for each category of homelessness and the year-on-year changes between them (the 'net inflows') to estimate how many households are expected to need support from Crisis' recommended solutions. We do not know how many people flow in and out of the different categories of homelessness over the whole period of our analysis nor do we know the flows between the categories. This is a limitation because the costs of supporting the newly homeless are higher than the costs of support for those who continue to be homelessness. For example, when an individual or household first becomes homelessness there are costs associated with the initial assessment of need which are not repeated in subsequent periods. For this reason we would ideally like to be able to identify unique households or individuals and track them over time, so we can be accurate when assessing the costs of supporting each.

- It focuses on estimating the costs and benefits of Crisis recommended solutions to move people directly out of homelessness (i.e. the solutions analysed directly support households who are at risk of

homelessness). It does not estimate the costs and benefits associated with a series of additional policy changes which Crisis recommends and that indirectly contribute to achieving Crisis' objectives by either enabling the delivery of specific interventions (e.g. the improvements to the supply of affordable (social) housing and the welfare changes that make it easier for people to pay for the services they need) or by reducing the number of people who require support by the specific solutions. In addition, these policy changes may have consequences for others in society over and above homeless people. We recognise that there may be additional costs and benefits associated with these policy changes.

- It does not consider the costs and benefits of several solutions throughout this report which either do not incur a direct cost or where the cost is believed to be negligible compared to the overall cost estimated in the analysis. Two such examples are the national reconnections framework and improving data collection on homelessness.

3 No one sleeping rough (Objective 1)

3.1 Introduction

This chapter describes our approach to estimating the costs and benefits of Crisis' recommended solutions to achieve Objective 1, no one sleeping rough by 2041, along with the estimates themselves.

Sleeping rough is the most extreme and dangerous form of 'core' homelessness. The rough sleeping estimates from the Heriot-Watt homelessness projections research show an estimated 9,260 households sleeping rough in Great Britain at the end of 2016 (8,170 in England, 320 in Wales, 770 in Scotland) – in the classic 'street homeless' sense – while the projected level of rough sleeping in 2041 is around 19,820 (18,530 in England, 370 in Wales, 920 in Scotland).[37]

3.2 Interventions pathways: Approach and key assumptions

3.2.1 Crisis's recommended solutions

To achieve its objective of no one sleeping rough, Crisis recommends three permanent housing-led solutions for people who are already rough sleeping and are projected to be rough sleeping up to 2041 (see Figure 5). For the purposes of the analysis, a set of assumptions have been used to estimate the costs and benefits; these determine the way in which people, on average, would receive support from the recommended solutions. We recognise that everyone experiencing homelessness has a specific pathway out of homelessness and, therefore, in reality their use of services and the design and delivery of these services will range across different localities and according to their support needs.

Housing First solution: Crisis recommends a Housing First solution for a subset of people sleeping rough who have high and complex needs. There is a strong body of evidence demonstrating the positive role that Housing First can play in helping rough sleepers to sustain permanent accommodation as well as improving health and wellbeing outcomes. The volume of evidence far exceeds that of any other interventions for rough sleepers.[38] Crisis defines Housing First in the following way:

- Housing First prioritises rapid access to a stable home for someone so that they can then begin to address other support needs through coordinated wrap-around support and case management. Permanent housing is provided without a test of having to be 'housing ready' and there is no obligation to engage with support services to continue to maintain a tenancy. Housing First is built on the principle of a human right to housing and harm reduction is taken above any other goals such as sobriety or abstinence. It is a model specifically designed for homeless people with complex and multiple needs. It is most successful when it forms part of a wider integrated strategy to end homelessness.

- In our report, we see Housing First as a form of support for households across 'core' homelessness categories, including a subset of rough sleepers. The intensity and scale of support needed for individuals will vary depending on their needs and the length of time they receive Housing First. Some people will continue to need intensive support for the rest of their lives and others may require less support over time as they become more independent.

Long term supported accommodation solution: There is a group of people whose needs may not be met by a Housing First model. This group is likely to have long term and complex mental health, substance misuse or physical health needs. Crisis recommends long term supported accommodation for this group of people.

Long term supported accommodation is designed to provide on-site intensive support for people needing specialist care and assistance who have become homeless. This type of support is likely to be suitable for people

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[37] These estimates are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.
[38] Crisis (2017b)

with long term health needs who are unable to live independently or for whom Housing First is not a suitable option.

Low to medium support solution (housing access and floating support): Crisis recommends low to medium support for housing access to the private rented sector including a Guaranteed Deposit Scheme, financial support and rolling out a social lettings agency model across Great Britain. In addition, this group will receive floating support for the duration of this intervention which, initially, we assume to be 24 months. For more information please see 'Chapter 5: No one sleeping rough' in Crisis' plan to end homelessness.[39]

In addition to the permanent led housing solutions, Crisis' recommends a scale up of an assertive outreach model and emergency accommodation to be provided for all people who are already rough sleeping. This includes outreach teams who support people who are sleeping rough and help them transition into permanent solutions. There is also a duty to provide all these people with emergency accommodation for an average duration of 56 days (i.e. for the period of time that outreach teams are looking for appropriate permanent solutions as described above). Following the ending of priority need in Scotland, all households are already eligible for temporary accommodation.

Figure 5: Crisis' recommended solutions to achieve Objective 1 – No one sleeping rough
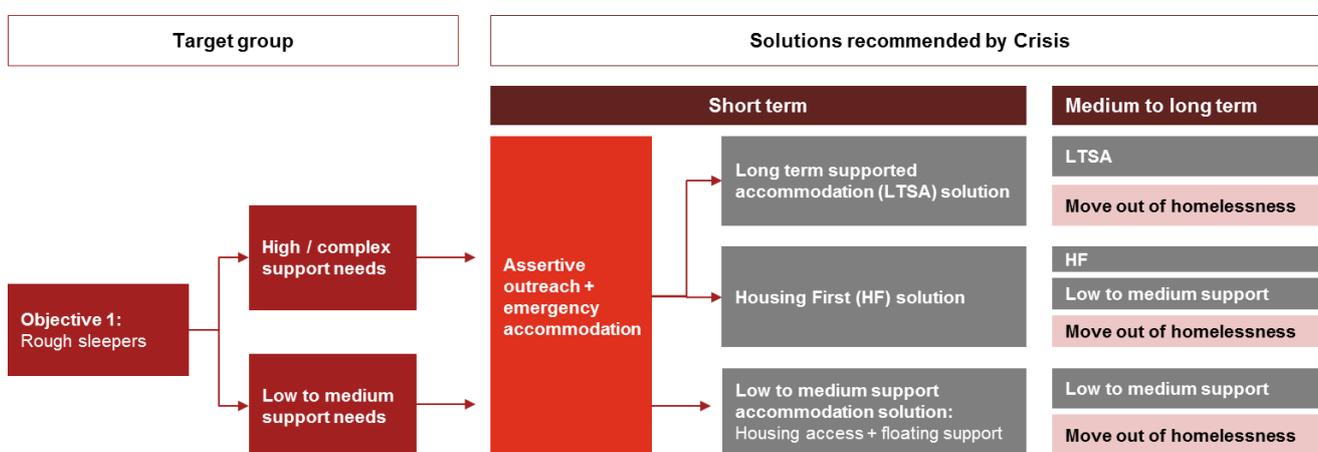
Source: Inputs from Crisis

Finally, as described in Chapter 5 of its plan to end homelessness, Crisis recommends a range of interventions and changes in legislation to prevent people from sleeping rough in the first place. These preventative interventions are not costed in this chapter as they relate to households who are defined as wider homelessness, (i.e. households that are 'at risk' of 'core' homelessness, including rough sleeping, but are not core homeless yet). We identify the group of households who would receive support through these preventative interventions and estimate how much they would cost in the later chapters that focus on Objectives 4 and 5.

3.2.2 *Key principles of the analysis*

We developed our approach to estimating the costs and benefits of the solutions to achieve Objective 1 (i.e. no one sleeping rough) in discussion with Crisis. Below we summarise the key steps including the key assumptions (also see Table 11).

- *How many rough sleepers will be targeted overall?*

The first step in our analysis is to identify the total number of rough sleepers that will be targeted in each year up to 2041. To identify the number of people who are expected to require support through Crisis' recommended

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[39] Crisis (2018)

solutions each year, we use Heriot-Watt homelessness projections research on the number of households who, between 2018 and 2041, are projected to be rough sleeping.[40]

As we describe in Chapter 2, we focus initially on the cost (and benefits) of supporting the people in those households which are expected to be rough sleeping in 2018. For the following years, we also include the net inflows (i.e. the change in the number of rough sleepers each year are identified as new rough sleepers who also require support).[41]

We note that the projected number of rough sleepers at a point in time each year (the 'stock') does not include the additional flow of people, originating from other groups of 'core' homelessness who are targeted by other interventions and who may experience rough sleeping (and other types of 'core' homelessness) for a period of less than a year. Whilst this group of people is therefore not captured in our analysis of rough sleeping, they are captured within the number of people in other objectives supported by other interventions. As a result, we assume that these individuals do not receive any new support for the period of time they fall into rough sleeping if this is less than a year (they would still receive support from homelessness services as per the current policies and legislations).

Evidence shows that very few (an estimated 0.1%) of rough sleepers are under the age of 18.[42] For the purposes of our analysis we assume that all rough sleepers are adults (i.e. above the age of 18). We use the ratio of homeless households to adults (1.05) from Heriot-Watt's projections to estimate the number of adults in Objective 1.

- ***How many rough sleepers will be targeted by each solution?***

We worked with Crisis to estimate the total number of rough sleepers that are expected to receive support through each of the recommended solutions. Based on input from Crisis we assume that, initially (see Table 10):

- One third of rough sleepers have high or complex support needs of whom 90% are expected to receive support from a Housing First solution and the other 10% are expected to receive long term supported accommodation support.
- Two thirds of rough sleepers have low to medium support needs of which half have low support needs and half have medium support needs and all of this group is expected to receive the low to medium support solution.

Table 10: Proportion of rough sleepers in Objective 1 targeted by each solution

Solution	% of total rough sleepers	Rationale
Housing First	30%	90% of the one third with high / complex needs
Long term supported accommodation	3%	10% of the one third with high / complex needs
Low and medium support: housing access and floating support	67%	The remaining two thirds with low support needs

Source: Inputs from Crisis

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[40] These estimates are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.

[41] As mentioned in Section 2, the key advantage of using the 'stock' estimates is the avoidance of double-counting as people experience different types of homelessness within a year. Our analysis assumes that the 'flow' of people within a year, i.e. people who experience homelessness over the year but move across different types of homelessness, or move out of homelessness altogether, still use homelessness services but will not be targeted by the specific interventions recommended by Crisis.

[42] DCLG (2018)

- *What are the details of each solution?*

We also make a series of assumptions about the form and outcome of each intervention (i.e. to define the solutions), for example additional duration in the current intervention or alternative form of support received or ability to sustain a tenancy without additional support (see Table 11).

For each intervention we worked with Crisis to agree appropriate assumptions for:

- The duration of the intervention.
- Potential outcomes following the initial duration of the intervention (i.e. the assumed pathways following support from each initial interventions) which include:
  - Support (in the form of the current intervention) required for longer period, e.g. after two years in Housing First, a rough sleeper may require continuous Housing First support for a longer period of time;
  - Support (in the form of an alternative intervention) required, e.g. after two years in Housing First, a rough sleeper requires low support to access housing for another two years;
  - Flow out of homelessness and ability to sustain ones' tenancy without any additional support in the form of the specified interventions.
- 'Unit' cost per person (i.e. cost per person supported).

Our analysis of the economic costs and benefits of Crisis' recommended solutions to achieve Objective 1 (and its recommended solutions to achieve Objectives 2 to 5) assumes that there will be an adequate supply of housing. In practice, this may not be the case and our analysis may underestimate the overall costs (and additional benefits) as we do not account for any costs (or additional benefits) relating to increasing the supply of affordable or other type of housing.

Our assumptions are outlined in Table 11.

Table 11: Crisis' recommended solutions to achieve Objective 1 (No one sleeping rough) – key assumptions

	Housing First	*Long term supported accommodation*	*Low to medium support*
Assertive outreach	*Unit cost per person supported*: £300 per successful intervention of outreach work[43]		
Emergency accommodation	*Unit cost per week*: £171 in England and £179 in Wales (October-December 2015)[44] *Average duration*: 8 weeks (56 days)		
Implementation	Commences each year over 3 years: one third (⅓) of the 2018 cohort (which includes 30% of households projected to be in Objective 1) to receive each year for the first 3 years	Immediately for all of the 2018 cohort	Immediately for all of the 2018 cohort
Duration	Initial duration, once commenced, is 2 years	Initial duration, once commenced, is 3 years	Initial duration, once commenced, is 2 years
Potential outcomes / success	After 2 years: • 50% receive Housing First up to 2041	After 3 years: • 75% receive support for life (until 2041)	After 2 years:

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[43] Pleace and Bretherton (2017)
[44] DWP and DCLG (2016)

	Housing First	*Long term supported accommodation*	*Low to medium support*
	• 20% require low to medium • 15% move to 'wider' homelessness (10% to Objective 4 and 90% to Objective 5) • 15% move out of homelessness	• 25% move out of homelessness	• 20% require an additional 2 years of low to medium support (housing access and floating support) • 10% move to 'wider' homelessness (10% to Objective 4 and 90% to Objective 5) • 70% move out of homelessness

Unit cost[45]	£12,250 per person per year (based on Crisis' feasibility study for Housing First in Liverpool City Region)[46]
	
	 £8,646 average annual cost to local authorities for a rough sleeper (based on England statistics)[47]
		£21,222 per person per year (based on data in Pleace (2015) which estimates the cost at £407 per week in England)	• Housing access support: private rented sector/Guaranteed Deposit Scheme or social lettings agency model
			
			 • Based on a National Private Rented Access scheme (private rented sector) and a Guaranteed Deposit Scheme in England:[48]
			
			 • Private rented sector financial tenancy support: £750 per tenancy
			
			 • Social lettings agency unit cost: £497 per tenancy
			
			 • The cost of the Guaranteed Deposit Scheme per tenancy is estimated as follows:
			
			   – Cost of default: 20% default after 2 years (we assume 100% of deposit is paid out)[49]
			   – Cost of mediation: 10% of those defaulting require mediation at £250
			   – Administrative costs: £60 administrative and accreditation cost per deposit
			   – Cost of capital: 40% of deposit capital required by scheme and 3.5% cost of capital
			   – Floating support
			   – £5,411 per person per year (based on £52 per week)

Benefits: approach[50]	We estimate benefits accruing to each individual for the initial duration of each intervention (e.g. 2 years of Housing First). • For those who subsequently go on to receive Housing First or long term supported accommodation for their lifetime (until 2041), the benefits also accrue until 2041		For this group of people with low to medium support needs we assume that, had they not received the intervention, they would have been homeless for six months. Therefore, we assume the benefits would accrue for this entire six month period.[51]

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[45] Costs are presented in 2017 price terms – adjusted using GDP Deflator (ONS (2017)).

[46] Crisis (2017b)

[47] DCLG (2012)

[48] WPI Economics (2018)

[49] Average deposit of £605 per households ((based on weekly rent of £122 and average length of deposit of 4.9 weeks)

[50] See Chapter 2 for more details.

[51] This is based on the average duration of homelessness episodes (Bramley, forthcoming).

	Housing First	*Long term supported accommodation*	*Low to medium support*
	• For those who subsequently are able to sustain their tenancy without additional support, the benefits also accrue until 2041 (i.e. we assume they would have been core homeless without the initial intervention) • For those who receive additional low to medium support, we assume that had they not received this support they would have been rough sleeping for a further 12 months, during which period the benefits would continue to accrue.		
Benefits: values	For the values used see Table 76 and Table 77 in Appendix A.3.		

Source: PwC analysis / Inputs from Crisis

What are the benefits of each solution?

We also estimate the benefits associated with each solution based on the approach outlined in Chapter 2 and the values outlined in Appendix A.3. To estimate the benefits expected to accrue to each individual, we assume that if they had not been supported through Crisis' recommended solutions, they would have been core homeless for the duration of each individual intervention, unless otherwise stated in the tables above.

3.3 Results

3.3.1 *Assertive outreach and emergency accommodation*

Costs

We estimate that the total discounted cost of supporting people through assertive outreach teams and providing emergency accommodation to those projected to be rough sleeping between 2018 and 2041 in England and Wales is £46m at 2017 prices. On average, the total cost of the solution between 2018 and 2041 is £1,254 per person supported. Following the ending of priority need in Scotland, all households are already eligible for temporary accommodation and support through assertive outreach and, therefore, no costs are estimated for Scotland.

Table 12: Estimated costs of duty to prevent (provision of emergency accommodation for 56 days through assertive outreach) for people projected to be rough sleeping in England and Wales (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported
Greater London +	£35	£1,833	18,973
North	£3	£1,112	2,708
Midlands	£2	£1,284	1,527
South	£5	£1,458	3,469
Wales	£0.7	£1,571	439
Scotland	-	-	-
Great Britain	**£46**	**£1,254**	**27,117**

Source: PwC analysis

The benefits generated by this intervention are captured below when homeless people receive one of the permanent solutions recommended by Crisis.[52] The benefits are captured on an annual basis.

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[52] The benefits are captured in the solutions presented below (i.e. they are included in the total estimates for the permanent solutions such as Housing First). They are not presented separately for the 56 days when homeless people receive emergency accommodation through assertive outreach.

3.3.2 *Housing First solution*

Costs

We estimate that the total discounted cost of the Housing First solution for those rough sleepers with high and complex support needs between 2018 and 2041 in Great Britain is £692m at 2017 prices or, on average, £93,681 per person supported.

Table 13: Estimated costs of the Housing First solution for rough sleepers (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported initially, £)	Number of people supported (initial intervention)
Greater London +	£422	£74,060	5,692
North	£75	£92,745	813
Midlands	£43	£94,383	458
South	£107	£102,507	1,041
Wales	£12	£93,409	132
Scotland	£33	£104,980	317
Great Britain	**£692**	**£93,681**	**8,452**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the Housing First solution for rough sleepers with high and complex support needs is £2,485m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £351,649 per person supported.

Table 14: Estimated benefits of the Housing First solution for rough sleepers (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£1,451	£254,978
North	£295	£362,913
Midlands	£168	£367,304
South	£403	£386,849
Wales	£47	£357,957
Scotland	£121	£379,894
Great Britain	**£2,485**	**£351,649**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the Housing First solution recommended by Crisis for 30% of people in Objective 1 is £692m between 2018 and 2041. We also estimate that this solution will deliver discounted benefits of £2,485m. This implies that £3.6 would be generated in benefits for every £1 invested in this solution.

3.3.3 *Long term supported accommodation solution*

Costs

We estimate that the total discounted cost of the long term supported accommodation solution for rough sleepers with high and complex support needs until 2041 is £156m at 2017 prices or, on average, around £214,139 per person supported.

Table 15: Estimated costs of long term supported accommodation solution for rough sleepers (PV, £, 2017 prices)

Region/Nation	Total costs (£m, NPV)	Average cost per person (all supported, £, NPV)	Number of people supported
Greater London +	£83	£131,661	632
North	£26	£291,605	90
Midlands	£11	£208,916	51
South	£25	£218,714	116
Wales	£3	£225,009	15
Scotland	£7	£208,930	35
Great Britain	**£156**	**£214,139**	**939**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of this solution is £401m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £524,175 per person supported.

Table 16: Estimated benefits of long term supported accommodation solution for rough sleepers (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£230	£362,981
North	£49	£543,666
Midlands	£28	£551,036
South	£67	£577,022
Wales	£8	£538,679
Scotland	£20	£571,667
Great Britain	**£401**	**£524,175**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the long term supported accommodation solution recommended by Crisis for 3% of people in Objective 1 is £156m at 2017 prices between 2018 and 2041. We also estimate that this solution will deliver discounted benefits of £401m at 2017 prices which means that, for every £1 invested in this solution, £2.6 would be generated in benefits.

3.3.4 *Low to medium support solution: housing access and floating support*

Costs

We estimate the total cost of supporting people through a solution which includes financial support to access housing in the private rented sector, a social lettings agency model across Great Britain and floating support for a period assumed to be initially for two years. This solution, as discussed above, would provide support for rough sleepers with low to medium support needs. The total discounted cost is estimated to be £98m at 2017 prices or, on average, £5,969 per household supported.

Table 17: Estimated costs of low to medium support solution (housing access and floating support) for rough sleepers (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per household (all supported, £)	Number of households supported
Greater London +	£62	£5,163	12,046
North	£10	£5,968	1,720
Midlands	£6	£5,896	970
South	£13	£6,068	2,202
Wales	£1	£5,349	279
Scotland	£5	£7,372	672
Great Britain	**£98**	**£5,969**	**17,889**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit delivered by this solution is £321m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £17,975 per person supported.

Table 18: Estimated benefits of low to medium support solution (housing access and floating support) for rough sleepers (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£208	£16,419
North	£32	£17,941
Midlands	£18	£18,164
South	£44	£18,822
Wales	£5	£17,786
Scotland	£13	£18,715
Great Britain	**£321**	**£17,975**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the low to medium support solution recommended by Crisis for 67% of people in Objective 1 is £98m at 2017 prices between 2018 and 2041. We also estimate that this solution will deliver discounted benefits of £321m at 2017 prices. This implies that every £1 invested in this solution will deliver £3.3 in benefits.

3.4 Summary

Table 19 summarises the costs and benefits of the solutions recommended by Crisis to achieve Objective 1 (i.e. no one sleeping rough until 2041):

- We estimate that the total discounted cost of the solutions recommended by Crisis to achieve Objective 1 is £992m at 2017 prices between 2018 and 2041.
- We also estimate that these solutions will deliver discounted benefits to the value of £3,207m at 2017 prices over the same period (2018 to 2041); this includes avoided costs to local authorities and the Exchequer but also increased economic output as more people are able and willing to work and improved wellbeing resulting from moving people from temporary to secured housing.
- Nearly all of the costs are expected to be incurred in England (94%) with Greater London accounting for two thirds of the costs followed by the South and the North – this is driven by the number of rough sleepers projected in each region/nation between 2018 and 2041.
- We estimate that **for every £1 invested in these solutions, £3.2 would be generated** – this includes cashable savings and wellbeing value.

Table 19: Total costs and benefits of Crisis' recommended solutions to achieve Objective 1 by region/nation (PV, £m, 2017 prices)

Region/Nation	Total costs	Total benefits
Greater London +	£602	£1,889
North	£115	£376
Midlands	£62	£215
South	£150	£513
Wales	£18	£60
Scotland	£46	£154
Great Britain	**£992**	**£3,207**

Source: PwC analysis

Table 20 summarises how the benefits are distributed between the different types of benefits described in Chapter 2. The largest benefit accrues to local authorities which save £688m through reduced / avoided use of homeless services (e.g. reduced need for spending on temporary accommodation and other housing and support based services for homeless people funded by local authorities). Improved wellbeing as a result of people obtaining secure housing accounts for 51%, while increased economic output as a result of people entering employment (an estimate of their increased earnings) accounts for 8% of the total discounted benefits. The Exchequer is projected to save around £620m (19%) through reduced use of public services such as NHS services and criminal justice system services and increased contributions from people who enter employment.

Table 20: Total benefits of Crisis' recommended solutions to achieve Objective 1 by category (PV, £m, 2017 prices)

Benefit type	Total benefits	% of total
Avoided costs to local authorities	£688	22%
Avoided costs to the Exchequer	£620	19%
Increased economic output (an estimate of increased earnings)	£270	8%
Improved wellbeing to individuals	£1,629	51%
Total	**£3,207**	**100%**

Source: PwC analysis

4 No one forced to live in transient or dangerous accommodation (Objective 2)

4.1 Introduction

This chapter describes our approach to estimating the costs and benefits of Crisis' recommended solutions to achieve Objective 2 (i.e. no one forced to live in transient or dangerous accommodation such as squatting, living in cars, tents, non-residential building and no one forced to live in other people's accommodation (known as 'sofa-surfing')).[53]

This objective addresses those people who are outside the homelessness system but are not recognised as rough sleeping and who have no choice but to live in this situation.

4.2 Interventions pathways: Approach and key assumptions

4.2.1 Crisis's recommended interventions

To achieve its objective of no one forced to live in transient or dangerous accommodation, Crisis recommends four permanent housing-led solutions; these solutions are also recommended as support for households in other objectives such as Objective 1 (rough sleeping) and Objective 4 (people leaving state institutions and at risk of core homelessness). For more information please see Crisis' plan to end homelessness.[54] For the purposes of the analysis, a set of assumptions have been used to estimate the costs and benefits; these determine the way in which people, on average, would receive support from the recommended solutions. We recognise that everyone experiencing homelessness has a specific pathway out of homelessness and, therefore, in reality their use of services and the design and delivery of these services will range across different localities and according to their support needs. The permanent housing-led solutions are (also see Figure 6):

- **Housing First solution**: For more details on Housing First please see Chapter 3 on Objective 1.
- **Long term supported accommodation solution**: For more details on this solution please refer to Chapter 3 on Objective 1.
- **Critical Time Interventions solution:** Crisis recommends a solution of Critical Time Interventions solution for people in Objective 2. Note that this solution is also recommended for people who leave state institutions and are at risk of becoming core homeless (Objective 4).

  – Critical Time Interventions is a time-limited evidence-based intervention that supports people who are vulnerable to homelessness during periods of transition. It is a housing-led approach providing rapid access to housing, alongside intensive case management approach to address particular needs of people once they have secured accommodation. Critical Time Interventions have been widely adopted in the US, as well as in various other European countries, notably Denmark, with high success.

  – Critical Time Interventions are a form of support for people living in transient and dangerous accommodation and for people leaving state institutions who need immediate support or otherwise would fall into core homelessness. Crisis' recommended Critical Time Interventions solution is envisaged as a 12 month programme after which users would receive additional housing led support in the form of:

    ◦ Housing First for those with complex and continuous needs (see Chapter 3 on rough sleeping for more details on this solution)
    ◦ Low to medium support (housing access support through social housing or a Guaranteed Deposit Scheme combined with floating support) for those with low to medium needs for 24 months after

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[53] Sofa surfing represents an insecure and precarious housing situation. It involves staying with others (not close family) on a short term / insecure basis / wanting to move in crowded conditions (this does not include students) (Bramley, 2017).
[54] Crisis (2018)

which they are able to sustain their tenancies without continuous support (see Chapter 3 on rough sleeping for more details on this solution).

- **Low to medium support solution (housing access and floating support)**: This form of support includes housing access to the private rented sector and a Guaranteed Deposit Scheme and rolling out a social lettings agency model across Great Britain. In addition, the people supported are expected to receive floating support for the duration of the intervention, initially assumed to be 24 months. Please see Chapter 3 for more details on this solution.

Prior to receiving the permanent housing led solutions, people in Objective 2 are expected to receive support through:

- **Assertive outreach and emergency accommodation:** For more details on this intervention please refer to Chapter 3 on Objective 1.
- **Housing options:** Housing Options describes a range of ways in which local authorities prevent homelessness and the need for households to be rehoused under the 'full' homelessness duty. Usually this involves developing a personalised plan to either keep the household in their existing homes, for example by means of mediation with a landlord, or to quickly access alternative accommodation, often in the private sector. In this report, we see Housing Options as a form of support to transition and place people in a permanent housing led solution.

Figure 6: Crisis' recommended solutions to achieve Objective 2 – No one forced to live in transient or dangerous accommodation
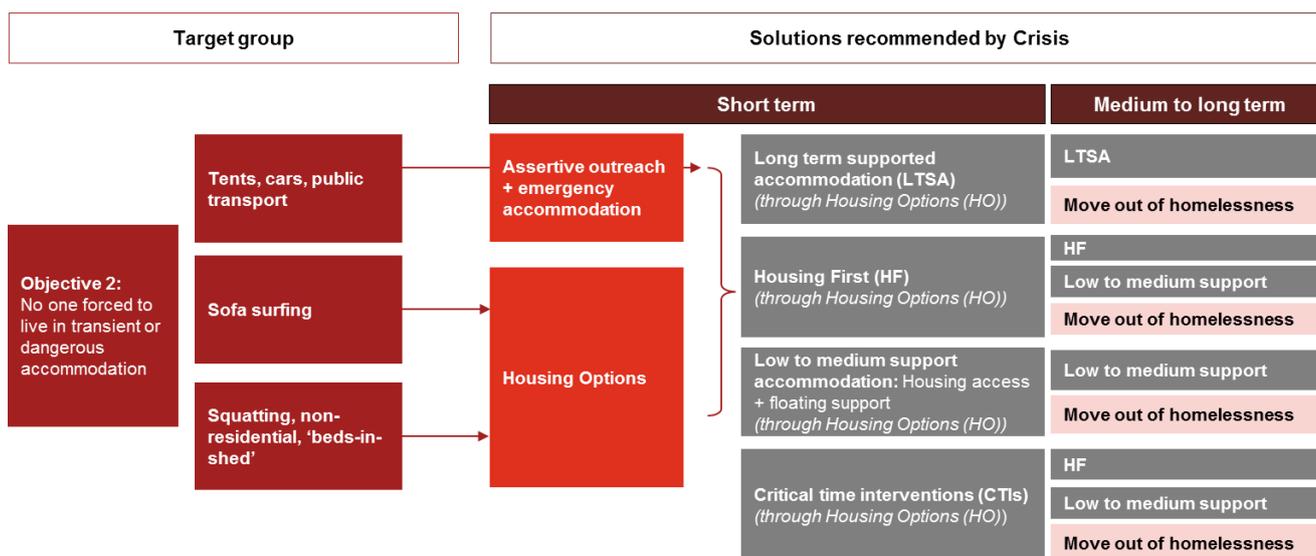
Source: Inputs from Crisis

4.2.2 *Key principles of the analysis*

Following discussion with Crisis, we determined our approach to estimating the costs and benefits of the solutions to achieve Objective 2 (i.e. no one forced to live in transient or dangerous accommodation). Below, we summarise our key steps including the key assumptions (see also Table 11 and Table 21).

How many people in Objective 2 will be targeted overall?

The first step in our analysis was to identify the total number of people expected to be living in transient or dangerous accommodation that will be targeted up to 2041. To identify this group of people who are expected to require the support of Crisis' recommended solutions each year, we use Heriot-Watt's homelessness projections for the period between 2018 and 2041. We focus on those who are projected to be:

- 'Sofa-surfing'
- Living in tents, cars, or public transport
- Living in squats, non-residential buildings or 'beds-in-sheds'.

Heriot-Watt's homelessness projections show the average number of households in Objective 2 in 2016 was 87,744 (77,948 in England, 3,989 in Wales, 5,807 in Scotland) whilst the projected level of households living in transient and dangerous accommodation in 2041 is 148,090 (133,546 in England, 6,161 in Wales and 8,383 (see Table 21).

Table 21: Number of households (and people) living in transient and dangerous accommodation (Objective 2)[55]

Objective 2	Number of households (2018)	Number of households (2041)	Adults per household	Children per household
'Sofa surfing'	65,457	100,024	1.70	0.30
Sleeping in cars, tents, public transport	8,044	19,597	1.15	0.11
Squatting, non-residential buildings, 'beds-in-sheds'	12,199	28,469	1.20	0.10

How many people in Objective 2 will be targeted by each solution?

We worked with Crisis to estimate the total number of people living in transient or dangerous accommodation that are expected to receive support through each of the recommended solutions. Based on input from Crisis, we assume that initially (see Table 22):

- 5% of people who are 'sofa surfing', sleeping in cars, tents and public transport or squatting / living in non-residential buildings or 'beds-in-sheds' will receive support from a long term supported accommodation solution: the majority of this group will come from people sleeping in cars, tents and public transport but for the purposes of our analysis we assume that it is applied to the whole group.
- 10% of people who are 'sofa surfing' or squatting and 15% of people who are sleeping in cars, tents and public transport are expected to receive support from Housing First solution.
- Equivalent proportions to Housing First from each group are expected to receive support from a Critical Time Interventions solution.
- The remaining 75% of those who are 'sofa surfing' or squatting and 40% of those who sleep in cars, tents or public transport are expected to receive low to medium support solution.

In addition, prior to receiving one of the solutions set out above, those living in tents, cars and public transport are expected to receive emergency accommodation for 56 days and be supported by assertive outreach teams.

Finally, those who are identified as sofa surfers or squatters will receive one of the above housing led solutions through Housing Options.

As described above, we also assume that, following support from the initial intervention in these solutions, some people will require additional support from other types of interventions (see Figure 6, Table 11 and Table 23).

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[55] These data are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.

Table 22: Number of people in Objective 2 to be targeted by each solution (% of total each year)

Solution	'Sofa surfing'	Sleeping in cars, tents, public transport	Squatting, non-residential buildings, 'beds-in-sheds'
Emergency accommodation for 56 days and assertive outreach	0%	100%	0%
Long term supported accommodation solution (through Housing Options)	5%	10%	5%
Housing First solution (through Housing Options)	10%	25%	10%
Critical Time Interventions solution (through Housing Options)	10%	25%	10%
Low support (through Housing Options)	75%	40%	75%

Source: Inputs from Crisis

What are the details of each solution?

The solutions (except for Critical Time Interventions and Housing Options) that are recommended by Crisis to achieve Objective 2 are the same as those recommended to achieve Objective 1. Therefore, although the volume of people expected to be supported differ (see Table 22 for the proportion of people in Objective 2 expected to require support from each of the solutions), the key assumptions for each solution are the same as those outlined in the previous chapter (please see Table 11 for the details of the long term supported accommodation, Housing First, and low to medium support solutions).

Table 23 below outlines our approach and the key assumptions on the Housing Options and Critical Time Interventions. As discussed above, people are expected to receive a permanent solution through Housing Options.

What are the benefits of each solution?

We also estimated the benefits associated with each solution based on the approach outlined in Chapter 2 and the values outlined in Appendix A.3.

To estimate the benefits that accrue to each individual, we assume that if they had not been supported through Crisis' recommended solutions, they would have been core homeless for the duration of each individual intervention, unless otherwise stated in the tables that describe the solutions.

Table 23: Solutions to achieve Objective 2 (No one forced to live in transient or dangerous accommodation) – key assumptions

	Housing Options	*Critical Time Interventions*
Implementation	Immediately, for all of the 2018 cohort	Commences each year over 3 years: one third ($\frac{1}{3}$) of the 2018 cohort to receive each year for the first 3 years
Duration	Initial duration, once commenced, is 1 year during which people are also expected to receive one of the housing led solutions	Initial duration, once commenced, is 12 months
Potential outcomes / success	People are expected to receive one of the housing led solutions (see Table 22)	After 12 months: • 90% receive low to medium support (housing access + floating support) for 24 months and then move out of homelessness • 10% receive Housing First up to 2041

	Housing Options	*Critical Time Interventions*
Unit cost	£826 per person per year	£12,250 per person per year (based Crisis' feasibility study for Housing First in Liverpool City Region)[56]
Benefits: approach[57]	The benefits are captured as people receive one of the housing led solutions – see relevant solution for more details.	We estimate the benefits that accrue to each individual for the initial duration of the intervention. After the initial duration: • For those who receive Housing First support up to 2041, the benefits also accrue up to 2041 • For those who receive low support, the benefits accrue for 12 months
Benefits: values	For the values used see Table 78 and Table 79 in Appendix A.3.	

Source: PwC analysis / Inputs from Crisis

4.3 Results

4.3.1 *Assertive outreach and emergency accommodation*

Costs

We estimate that the total discounted cost of assertive outreach support and providing emergency accommodation to those projected to be living in tents, cars, and public transport between 2018 and 2041 in England and Wales is £44m at 2017 prices. The average total cost of the intervention per person supported is £1,254. Following the ending of priority need in Scotland, all households are already eligible for temporary accommodation and support through assertive outreach and, therefore, no costs are estimated for Scotland.

Table 24: Estimated costs of duty to prevent (provision of emergency accommodation for 56 days through assertive outreach) for people who live in cars, tents, and public transport (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported
Greater London +	£33	£1,833	18,069
North	£2.9	£1,112	2,580
Midlands	£1.9	£1,284	1,455
South	£4.8	£1,458	3,303
Wales	£0.7	£1,571	418
Scotland	-	-	-
Great Britain	**£44**	**£1,254**	**25,825**

Source: PwC analysis

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[56] Crisis (2017b)

[57] See Chapter 2 for more details.

The benefits generated by this intervention are captured below when homeless people receive one of the permanent solutions recommended by Crisis.[58] The benefits are captured on an annual basis.

4.3.2 *Housing First solution (through Housing Options)*

Costs

We estimate that the total discounted cost of the Housing First solution for a subset (on average, 15% across the three categories) of people in Objective 2 between 2018 and 2041 is £3,168m at 2017 prices. On average, the total cost of the solution per person over this duration is £95,268.

Table 25: Estimated costs of Housing First solution (through Housing Options) for people in Objective 2 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported through Housing First
Greater London +	£1,482	£93,402	15,869
North	£467	£86,595	5,392
Midlands	£315	£90,552	3,477
South	£580	£104,721	5,537
Wales	£132	£93,233	1,420
Scotland	£192	£103,103	1,863
Great Britain	**£3,168**	**£95,268**	**33,559**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the Housing First solution for a subset (on average, 15% across the three categories) of people in Objective 2 is £12,195m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £374,456 per person supported.

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[58] The benefits are captured in the solutions presented below (i.e. they are included in the total estimates for the permanent solutions such as Housing First). They are not presented separately for the 56 days when homeless people receive emergency accommodation through assertive outreach.

Table 26: Estimated benefits of Housing First solution (through Housing Options) for people in Objective 2 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£5,502	£346,694
North	£1,869	£346,561
Midlands	£1,257	£361,424
South	£2,282	£412,035
Wales	£536	£377,447
Scotland	£750	£402,574
Great Britain	**£12,195**	**£374,456**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the Housing First solution recommended by Crisis for a subset (15%) of people in Objective 2 is £3,168m between 2018 and 2041. We also estimate that this solution will deliver total discounted benefits of £12,195m. This means that every £1 invested in this solution is expected to generate £3.8 in benefits.

4.3.3 *Long term supported accommodation (through Housing Options)*

Costs

We estimate that the total cost of the long term supported accommodation solution to be provided for 7% of people (on average across the three categories) in Objective 2 between 2018 and 2041 is £3,239m at 2017 prices. On average, the total cost of the solution per person over this duration is £215,429.

Table 27: Estimated costs of long term supported accommodation for people in Objective 2 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported through long term supported accommodation
Greater London +	£1,252	£169,710	7,379
North	£705	£267,129	2638
Midlands	£335	£196,554	1704
South	£597	£220,973	2701
Wales	£160	£229,460	698
Scotland	£190	£208,748	911
Great Britain	**£3,239**	**£215,429**	**16,031**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the long term supported accommodation solution is £5,970m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £381,176 per person supported.

Table 28: Estimated benefits of long term supported accommodation for people in Objective 2 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£2,654	£359,714
North	£923	£349,739
Midlands	£624	£366,040
South	£1,128	£417,662
Wales	£268	£409,978
Scotland	£374	£383,925
Great Britain	**£5,970**	**£381,176**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the long term supported accommodation solution recommended by Crisis for 7% of people in Objective 2 is £3,239m between 2018 and 2041. We also estimate that this solution will deliver total discounted benefits of £5,970m. This implies that for every £1 invested in this solution, £1.8 would be generated in benefits (reduced cash costs and improved wellbeing).

4.3.4 *Critical Time Interventions solution (through Housing Options)*

Costs

We estimate that the total discounted cost of Critical Time Interventions solution, which is expected to support another 15% (on average, across the three categories) of people in Objective 2, is £974m at 2017 prices between 2018 and 2041. On average, the total cost of the solution per person over the period is £29,071.

Table 29: Estimated costs of the Critical Time Interventions solution for people in Objective 2 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported through Critical Time Interventions
Greater London +	£465	£29,454	15,802
North	£144	£26,840	5,367
Midlands	£96	£27,625	3,458
South	£171	£31,069	5,497
Wales	£40	£28,048	1,412
Scotland	£58	£31,391	1,852
Great Britain	**£974**	**£29,071**	**33,387**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the Critical Time Interventions solution for a subset (on average, 15% across the three categories) of the people who are forced to live in transient or dangerous accommodation is £2,712m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £80,841 per person supported.

Table 30: Estimated benefits of the Critical Time Interventions solution for people in Objective 2 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£1,286	£81,015
North	£405	£75,183
Midlands	£270	£77,764
South	£480	£86,662
Wales	£113	£79,407
Scotland	£158	£85,014
Great Britain	**£2,712**	**£80,841**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the Critical Time Interventions solution recommended by Crisis for a subset (15%) of people in Objective 2 is £974m between 2018 and 2041. We also estimate that this

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[59] This represents the number of people supported by the initial intervention (i.e. Critical Time Interventions). As discussed earlier, the cost reflects that a subset of these people would require additional support but some would be able to sustain their tenancy independently.

solution will deliver benefits of £2,712m over the same duration. This implies that every £1 invested in this solution will drive a benefit of £2.8.

4.3.5 *Low to medium support solution: housing access and floating support (through Housing Options)*

Costs

We estimate that the total discounted cost of the low to medium support solution, including housing access and floating support, for 63% (on average, across the three categories) of people in Objective 2 with low to medium support needs between 2018 and 2041 is £895m at 2017 prices. On average, the total cost of the solution per household supported over this duration is £7,546.

Table 31: Estimated costs of the low to medium support solution for people in Objective 2 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per household (all supported, £)	Number of households supported
Greater London +	£418	£8,134	51,389
North	£138	£6,957	19,853
Midlands	£91	£7,127	12,818
South	£155	£7,733	20,060
Wales	£37	£7,190	5,185
Scotland	£55	£8,133	6,779
Great Britain	**£895**	**£7,546**	**116,082**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the low to medium support solution for households with low to medium support needs in Objective 2 is £2,816m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £13,087 per person supported.

Table 32: Estimated benefits of the low to medium support solution for people in Objective 2 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£1,260	£14,495
North	£449	£11,995
Midlands	£300	£12,412
South	£508	£13,489
Wales	£126	£12,641
Scotland	£172	£13,492
Great Britain	**£2,816**	**£13,087**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the low to medium support solution recommended by Crisis for a subset of people in Objective 2 with low to medium support needs is £895m between 2018 and 2041. We also estimate that this solution will deliver discounted benefits of £2,816m which means that every £1 invested will generate an expected benefit of £3.1.

Summary

4.4 Summary

Table 33 summarises the costs and benefits of the solutions recommended by Crisis to achieve Objective 2 (i.e. no one forced to live in transient or emergency accommodation). In summary:

- We estimate that the total discounted cost of the solutions recommended by Crisis to achieve Objective 2 is £8,320m at 2017 prices between 2018 and 2041.
- We also estimate that these solutions will deliver discounted benefits to the value of £23,694m at 2017 prices over the same period (between 2018 and 2041) including avoided costs to local authorities and the Exchequer and increased economic output and wellbeing resulting from moving people out of homelessness.
- Nearly all of the costs will be incurred in England (90%) split across the four regions – 45% would be incurred in Greater London followed by 18% in the South and the North and 10% in the Midlands.
- We estimate that **for every £1 invested in these solutions, £2.8 would be generated** – this includes cashable savings and improved wellbeing.

Table 33: Total costs and benefits of Crisis' recommended solutions to achieve Objective 2, by region/nation (PV, £, 2017 prices

Region/Nation	Total costs	Total benefits
Greater London +	£3,651	£10,702
North	£1,457	£3,646
Midlands	£838	£2,451
South	£1,507	£4,398
Wales	£370	£1,043
Scotland	£496	£1,455
Great Britain	**£8,320**	**£23,694**

Source: PwC analysis

Table 34 summarises how the benefits are distributed between the different categories described in Chapter 2. The largest benefit accrues to local authorities which save £11,906m through reduced / avoided use of homeless services (e.g. reduced need for spending on temporary accommodation and other housing and support based services for homeless people funded by local authorities). Improved wellbeing as a result of people obtaining secure housing accounts for 26%, while increased economic output as a result of people entering employment (an estimate of their increased earnings) accounts for 12% of the total discounted benefits. The Exchequer is projected to save around £2,645m (11% of the total) through reduced use of public services such as NHS services and criminal justice system services and increased contributions from people who enter employment.

Table 34: Total benefits of Crisis' recommended solutions to achieve Objective 2, by category (PV, £, 2017 prices)

Benefit type	Total benefits (£m)	% of total
Avoided costs to local authorities	£11,906	51%
Avoided costs to the Exchequer	£2,645	11%
Increased economic output (an estimate of increased earnings)	£2,910	12%
Improved wellbeing to individuals	£6,234	26%
Total	**£23,694**	**100%**

Source: PwC analysis

5 No one living in emergency accommodation (Objective 3)

5.1 Introduction

This chapter describes our approach to estimating the costs and benefits of Crisis' recommended solutions to achieve Objective 3. This would mean that no one is living in emergency accommodation such as shelters and hostels without a plan for rapid rehousing, secure and decent accommodation. As defined by Crisis: "This is not about aspiring to having no more hostels or night shelters, but it does imply a significantly reduced demand for them over time, and an increase in permanent housing approaches to address homelessness".[60]

5.2 Interventions pathways: Approach and key assumptions

5.2.1 Crisis's recommended solutions

The housing led solutions recommended by Crisis to achieve its objective of no one living in emergency accommodation without a plan for rapid rehousing are the same as for Objective 2 (i.e. those who are forced to live in transient or dangerous accommodation) (see Section 4.2.1 and Figure 7).

In addition, for those living in unsuitable temporary accommodation, Crisis recommends enforcing a cap of seven days in unsuitable temporary accommodation for all homeless people. This implies moving them to suitable temporary accommodation for any remaining time they would otherwise remain homeless.

Finally, Crisis recommends the provision of 'specialised supported accommodation' for young people and victims of domestic violence who are identified as part of Objective 3.[61]

For the purposes of the analysis, a set of assumptions have been used to estimate the costs and benefits; these determine the way in which people, on average, would receive support from the recommended solutions. We recognise that everyone experiencing homelessness has a specific pathway out of homelessness and, therefore, in reality their use of services and the design and delivery of these services will range across different localities and according to their support needs.

5.2.2 Key principles of the analysis

Following discussion with Crisis, we determined our approach to estimating the costs and benefits of the solutions to achieve Objective 3 (i.e. no one living in emergency accommodation without a plan for rapid rehousing). Below, we summarise the key steps of our approach including the key assumptions (also see Table 11 and Table 23).

- *How many people in Objective 3 will be targeted overall?*

The first step in our analysis is to identify the total number of people living in emergency accommodation, including hostels, unsuitable temporary accommodation and shelters and refuges[62], who are without a plan for rapid rehousing. To identify how many people are expected to require support each year we use Heriot-Watt's projections of homelessness for the period from 2018 to 2041. These show how many households and people are projected to stay in:

- Hostels
- Unsuitable temporary accommodation (e.g. bed & breakfast, non-self-contained, out of area placement)
- Shelters and refuges.

The estimates from Heriot-Watt show that the average number of households in Objective 3 in 2016 was 59,796 (54,290 in England, 1,049 in Wales and 4,458 in Scotland). The number of households projected to live in

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[60] Crisis (2017a)

[61] For more information see Crisis (2018)

[62] 'Shelters and refuges' refer to those which are specifically provided for homelessness people.

emergency accommodation without a plan for rapid rehousing in 2041 is 143,256 (135,287 in England, 1,532 in Wales and 6,437 in Scotland).[63]

Figure 7: Crisis' recommended solutions to achieve Objective 3 – No one living in emergency accommodation without a plan for rapid rehousing
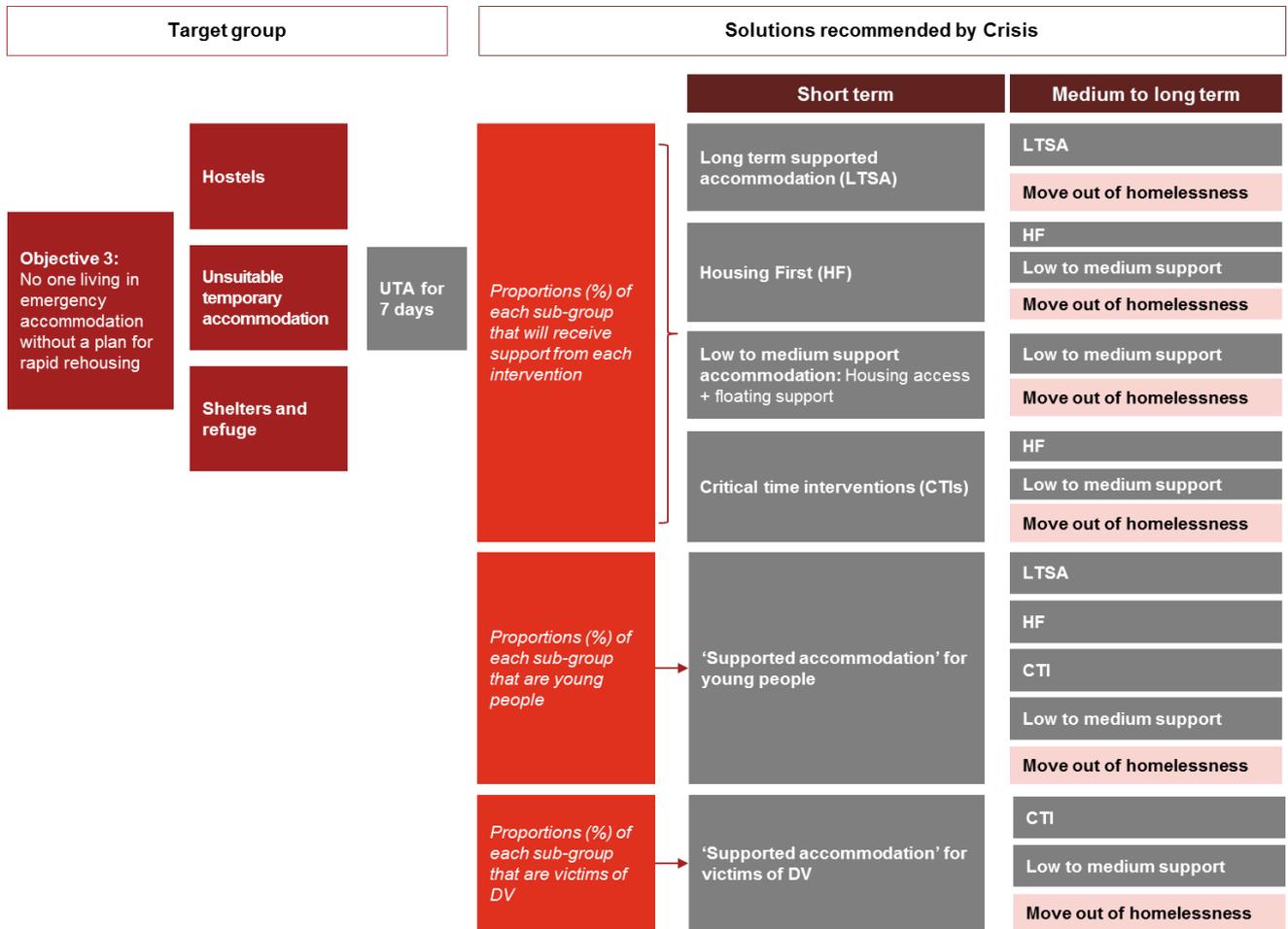
Source: Inputs from Crisis

As with Objective 2, we estimate the costs and benefits using both the number of households and the number of people in these households. We use Heriot-Watt estimated ratios of homeless households to adults and children to estimate the number of individuals in the groups that make up Objective 3 (see Table 35).

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[63] These data are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.

Table 35: Number of households (and people) living in transient and dangerous accommodation (Objective 2)[64]

Objective 3	Number of households (2018)	Number of households (2041)	Adults per household	Children per household
Hostels	36,486	36,486	1.10	0.07
Unsuitable temporary accommodation	23,215	103,601	1.80	0.50
Shelters and refuges	4,432	3,170	1.0	0.0

- *How many people in Objective 3 will be targeted by each solution?*

We worked with Crisis to estimate the total number of people in Objective 3 that are expected to receive support through each of its recommended solutions. Our assumptions are summarised in Table 36.

As described above, we also assume that, following support from the initial intervention in each solution, some people will require additional support from other type of solutions (or individual interventions) (see Figure 7).

Table 36: Proportion of people in Objective 3 expected to be supported by each solution (% of total each year)

Solution	Hostels	Unsuitable temporary accommodation	Shelters and refuges
Long term supported accommodation solution	10%	5%	10%
Housing First solution	10%	10%	10%
Critical Time Interventions solution	20%	10%	20%
Low to medium support solution	30%	65%	50%
'Supported accommodation' solution for young people	25%	5%	5%
'Supported accommodation' solution for victims of domestic violence	5%	5%	5%

Source: Inputs from Crisis

- *What are the details of each solution?*

As we note above, the solutions recommended by Crisis to achieve Objective 3 are the same as those recommended for Objectives 1 and 2. Please refer to Table 11 and Table 23 in the previous chapters for the details of each solution (long term supported accommodation, Housing First, Critical Time Interventions and low to medium support) and our key assumptions.

In addition, for those living in unsuitable temporary accommodation, Crisis recommends enforcing a cap of seven days in unsuitable temporary accommodation before moving them to suitable temporary accommodation for the remaining period. Since suitable temporary accommodation is cheaper than unsuitable temporary accommodation, this produces a cost saving which we estimate using data from Scotland adjusted for regional differences using the approach described in Appendix A.4.

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[64] These data are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.

Currently, data from the Scottish Government indicate that the average time period spent in unsuitable temporary accommodation in Scotland is 38 days.[65] We assume this is the same in England and Wales.

To estimate the savings delivered through this intervention we first estimate the costs of the current scenario, (i.e. people stay in unsuitable temporary accommodation for an average of 38 days) and then estimate the cost of the recommended intervention (i.e. people stay in unsuitable temporary accommodation for 7 days and in suitable temporary accommodation for the remaining 31 days stay).

We use evidence on the cost per week per type of accommodation in Scotland and assume that, following seven days in unsuitable temporary accommodation, 21% of people will move to supported hostels and 79% will move to flats.[66]

Table 37: Unsuitable temporary accommodation and temporary accommodation unit cost and average duration (Scotland, £, 2017 prices)

	Unit cost (£ / week)	Average duration
Unsuitable temporary accommodation (bed & breakfast)	£400	
Supported hostels	£274	38 days
Supported flats	£201	

Source: Unit costs from CIH (2016), Average duration from Littlewood et al. (2018)

Finally, for the two solutions targeted specifically at young people and victims of domestic violence, we worked with Crisis to agree appropriate assumptions around the duration, potential outcomes and unit cost per person supported. Our assumptions are shown in detail in Table 38.

Table 38: Crisis' recommended solutions to support young people and victims of domestic violence in Objective 3 – key assumptions

	'Supported accommodation' for young people	*'Supported accommodation' for victims of domestic violence*
Implementation	Immediately for all of the 2018 cohort	Immediately for all of the 2018 cohort
Duration	Initial duration, once commenced, 2 years	Initial duration, once commenced, 6 months
Potential outcomes / success	After 2 years of long term supported accommodation: • 5% receive long term supported accommodation until 2041 • 10% Housing First until 2041 • 10% Critical Time Interventions for 1 year where, after 1 year, all receive low to medium support for 2 years and move out	After 1 year of long term supported accommodation: • 75% low to medium support for 2 years initially: after 2 years, 20% require support for an additional 2 years and then move out and 80% move out • 25% Critical Time Interventions for 1 year: after 1 year, all receive low to medium support for 2 years and move out

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[65] Littlewood et al. (2018)

[66] We assume that there is enough capacity in suitable temporary accommodation to support all people expected to require this type of support. The percentages are taken from the Scottish Statutory Homelessness statistics (Table 8a: Homeless households in temporary accommodation by type of accommodation).

[67] CIH (2016)

	'Supported accommodation' for young people	**'Supported accommodation' for victims of domestic violence**
	• 50% low to medium support for 2 years initially. After 2 years, 20% additional 2 years and move out and 80% move out • 25% low to medium support for 2 years and then move out	
Unit cost	See Table 11 and Table 23	See Table 11 and Table 23
Benefits: approach[68]	We estimate benefits accruing to each individual for the initial duration of each intervention (e.g. 2 years of long term supported accommodation). • For those who subsequently go on to receive Housing First or long term supported accommodation for their lifetime (until 2041), the benefits also accrue until 2041 • For those who receive additional support through the Critical Time Interventions solution or low to medium support solution, we assume that had they not received this support they would have been homeless for another 12 months, during which period the benefits would accrue.	
Benefits: values	For the values used please see Table 78 in Appendix A.3	

Source: PwC analysis / Inputs from Crisis

• ***What are the benefits of each solution?***

We also estimate the benefits associated with each solution based on the approach outlined in Chapter 2 and the values outlined in Appendix A.3. For more details please refer to Chapter 2.

To estimate the benefits that accrue to each individual, we assume that, had they not been supported through Crisis' recommended solutions, they would have been core homeless for the duration of the intervention, unless otherwise stated in Table 38 and the other tables that describe the details of each solution.

5.3 Results

5.3.1 *Capping time spent in unsuitable temporary accommodation*

Costs savings

We estimate that the total discounted cost savings of enforcing a maximum of seven days in unsuitable temporary accommodation and moving people to suitable temporary accommodation for the remaining average duration in temporary accommodation between 2018 and 2041 is £236m at 2017 prices. On average, the total cost saving of the intervention between 2018 and 2041 per person supported is £756.

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[68] See Chapter 2 for more details.

Table 39: Estimated costs of capping the time spent in UTA to seven days (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost (saving) per person (all supported, £)	Number of people supported
Greater London +	-£219	-£1,211	180,542
North	-£3	-£582	5,319
Midlands	-£3	-£688	4,010
South	-£6	-£847	7,253
Wales	-£1	-£542	1,226
Scotland	-£5	-£666	7,484
Great Britain	**-£236**	**-£756**	**205,834**

Source: PwC analysis

5.3.2 *Housing First solution*

Costs

We estimate that the total discounted costs of the Housing First solution for 10% of people projected to be living in emergency accommodation without a plan for rapid rehousing between 2018 and 2041 is £2,364m at 2017 prices. On average, the total cost the solution per person over this duration is £90,447.

Table 40: Estimated costs of the Housing First solution for people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported through Housing First
Greater London +	£1,705	£70,535	24,175
North	£155	£93,972	1,650
Midlands	£119	£95,623	1,249
South	£248	£105,774	2,342
Wales	£21	£82,763	257
Scotland	£115	£94,017	1,228
Great Britain	**£2,364**	**£90,447**	**30,901**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the Housing First solution for 10% of people in Objective 3 between 2018 and 2041 is £8,758m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £351,290 per person supported.

Table 41: Estimated benefits of the Housing First solution for people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£6,175	£255,405
North	£613	£371,537
Midlands	£471	£377,100
South	£970	£414,100
Wales	£84	£326,082
Scotland	£446	£363,519
Great Britain	**£8,758**	**£351,290**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted costs of the Housing First solution recommended by Crisis for a subset of people in Objective 3 (10%) is £2,364m between 2018 and 2041. We also estimate that this solution will deliver total discounted benefits of £8,758m. So £3.7 in benefit will be generated for every £1 invested.

5.3.3 *Long term supported accommodation solution*

Costs

We estimate that the total discounted costs of the long term supported accommodation solution for 8% of people in Objective 3 between 2018 and 2041 is £2,943m at 2017 prices. On average, the total of the solution per person supported between 2018 and 2041 is £221,536.

Table 42: Estimated costs of long term supported accommodation for people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported through long term supported accommodation
Greater London +	£1,673	£132,374	12,641
North	£411	£313,472	1310
Midlands	£223	£224,312	993
South	£447	£237,954	1878
Wales	£39	£220,947	178
Scotland	£150	£200,157	750
Great Britain	**£2,943**	**£221,536**	**17,750**

Source: PwC analysis

Benefits

We estimate that the total discounted benefits of the long term supported accommodation solution for 8% of people in Objective 3 is £5,698m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £389,462 per person supported.

Table 43: Estimated benefits of long term supported accommodation for people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m, NPV)	Average benefit per person (£, NPV)
Greater London +	£3,520	£278,426
North	£544	£414,965
Midlands	£419	£422,021
South	£853	£454,025
Wales	£66	£395,958
Scotland	£297	£371,377
Great Britain	**£5,698**	**£389,462**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted costs of the long term supported accommodation solution recommended by Crisis for a subset (8%) of people in Objective 3 is £2,943m between 2018 and 2041. We also estimate that, over this duration, this solution will deliver discounted benefits of £5,698m. This implies that every £1 invested will generate a benefit of £1.9.

5.3.4 *Critical Time Interventions solution*

Costs

We estimate that the total discounted costs of the Critical Time Interventions solution for 17% of people projected to live in emergency accommodation without a plan for rapid rehousing between 2018 and 2041 is £922m at 2017 prices. On average, the total cost of the solution per person supported between 2018 and 2041 is £28,271.

Table 44: Estimated costs of the Critical Time Interventions solution for people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported through Critical Time Interventions
Greater London +	£616	£24,365	25,282
North	£76	£29,065	2,620
Midlands	£58	£29,451	1,986
South	£119	£31,559	3,756
Wales	£9	£26,430	357
Scotland	£43	£28,755	1,500
Great Britain	**£922**	**£28,271**	**35,500**

Source: PwC analysis

Benefits

We estimate that the total discounted benefits of the Critical Time Interventions solution for people in Objective 3 is £2,636m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £81,462 per person supported.

Table 45: Estimated benefits of Critical Time Interventions solution for people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£1,755	£69,424
North	£220	£83,882
Midlands	£169	£85,316
South	£341	£90,811
Wales	£27	£77,085
Scotland	£123	£82,253
Great Britain	**£2,636**	**£81,462**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted costs of the Critical Time Interventions solution recommended by Crisis for a subset (17%) of people in Objective 3 is £922m between 2018 and 2041. We also estimate that, over

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[69] This represents the number of people supported by the initial intervention (i.e. Critical Time Interventions). As discussed earlier, the cost reflects that a subset of these people would require additional support but some would be able to sustain their tenancy independently.

this duration, this solution will deliver discounted benefits of £2,636m. This implies that every £1 invested will generate a benefit of £2.9.

5.3.5 *Low to medium support solution: housing access and floating support*

Costs

We estimate that the total discounted costs of the low to medium support solution, including housing access and floating support, for 48% of households in Objective 3 (i.e. those with low to medium support needs) between 2018 and 2041 is £581m at 2017 prices. On average, the total cost of the solution per household supported between 2018 and 2041 is £6,811.

Table 46: Estimated costs of the low to medium support solution for people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per household (all supported, £)	Number of households supported
Greater London +	£449	£6,601	68,023
North	£32	£6,804	4,644
Midlands	£24	£6,888	3,515
South	£48	£7,362	6,582
Wales	£4	£6,263	698
Scotland	£24	£6,946	3,397
Great Britain	**£581**	**£6,811**	**86,859**

Source: PwC analysis

Benefits

We estimate that the total discounted benefits of the low to medium support solution for 48% of households in Objective 3 is £2,269m or, on average, a total benefit between 2018 and 2041 of £12,230 per person supported.

Table 47: Estimated benefits of the low to medium support solution for people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£1,866	£12,177
North	£90	£12,005
Midlands	£69	£12,200
South	£140	£13,236
Wales	£15	£11,191
Scotland	£88	£12,570
Great Britain	**£2,269**	**£12,230**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted costs of the low to medium support solution recommended by Crisis for 17% of households in Objective 3 is £581m between 2018 and 2041. We also estimate that, over the

same period, this solution will deliver discounted benefits of £2,269m. This means that, for every £1 invested, £3.9 will be generated in benefits.

5.3.6 *Supported accommodation solution for young people in Objective 3*

Costs

We estimate that the total discounted costs of the supported accommodation solution for young people in Objective 3 (12% of total) is £1,560m at 2017 prices. On average, the total cost of this solution, between 2018 and 2041, per person supported is £73,639.

Table 48: Estimated costs of the supported accommodation solution for young people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of young people supported
Greater London +	£787	£55,067	14,300
North	£239	£92,992	2,567
Midlands	£143	£73,560	1,947
South	£286	£76,850	3,716
Wales	£24	£73,835	328
Scotland	£80	£69,530	1,157
Great Britain	**£1,560**	**£73,639**	**24,016**

Source: PwC analysis

Benefits

We estimate that the total discounted benefits of the supported accommodation solution for young people is £2,904m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £130,551 per person supported.

Table 49: Estimated benefits of the supported accommodation solution for young people in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£1,565	£109,441
North	£344	£134,027
Midlands	£266	£136,426
South	£534	£143,667
Wales	£42	£126,885
Scotland	£154	£132,861
Great Britain	**£2,904**	**£130,551**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted costs between 2018 and 2041 of the supported accommodation solution recommended by Crisis for young people in Objective 3 (12% of total) is £1,560m. We also estimate that, over the same period, this solution will deliver discounted benefits of £2,904m (i.e. for every £1 invested in this solution, £1.9 would be generated in benefits (cash and wellbeing)).

5.3.7 *Supported accommodation solution for victims of domestic violence in Objective 3*

Costs

We estimate that the total discounted costs of the supported accommodation solution for victims of domestic violence in Objective 3 (5% of total) is £368m at 2017 prices. On average, the total cost of this solution, between 2018 and 2041, per person supported is £26,729.

Table 50: Estimated costs of the supported accommodation solution for domestic violence victims in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of young people supported
Greater London +	£273	£22,580	12,088
North	£27	£32,912	825
Midlands	£16	£26,145	625
South	£32	£27,752	1,171
Wales	£3	£25,703	128
Scotland	£16	£25,280	614
Great Britain	**£368**	**£26,729**	**15,450**

Source: PwC analysis

Benefits

We estimate that the total discounted benefits of the long term supported accommodation solution for young people is £742m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £49,680 per person supported.

Table 51: Estimated benefits of the supported accommodation solution for domestic violence victims in Objective 3 (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£570	£47,118
North	£41	£49,706
Midlands	£32	£50,582
South	£63	£54,125
Wales	£6	£46,175
Scotland	£31	£50,376
Great Britain	**£742**	**£49,680**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted costs between 2018 and 2041 of the supported accommodation solution recommended by Crisis for domestic violence victims in Objective 3 (5% of total) is £368m. We also estimate that, over the same period, this solution will deliver benefits of £742 (i.e. for every £1 invested in this solution, £2.0 would be generated in benefits (cash and wellbeing)).

5.4 Summary

Table 52 summarises the costs and benefits of the solutions recommended by Crisis to achieve Objective 3 (i.e. no one living in emergency accommodation – hostels, unsuitable temporary accommodation, shelters and refuges, without a plan for rapid rehousing):

- We estimate that the total discounted cost of the solutions recommended by Crisis to achieve Objective 3 is £8,501m at 2017 prices between 2018 and 2041.
- We also estimate that these solutions will deliver discounted benefits to the value of £23,008m at 2017 prices over the same period (between 2018 and 2041) including avoided costs to local authorities and the Exchequer and increased economic output and wellbeing resulting from moving people out of homelessness.
- Nearly all of the costs will be incurred in England (4%) split across the four regions – just under two thirds (62%) will be incurred in Greater London.
- We estimate that **for every £1 invested in these solutions, £2.7 would be generated** – this includes cashable savings and wellbeing value.

Table 52: Total costs and benefits of Crisis' recommended solutions to achieve Objective 3, by region/nation (PV, £, 2017 prices)

Region/Nation	Total costs	Total benefits
Greater London +	£5,285	£15,450
North	£936	£1,852
Midlands	£582	£1,426
South	£1,174	£2,900
Wales	£101	£240
Scotland	£423	£1,140
Great Britain	**£8,501**	**£23,008**

Source: PwC analysis

Table 53 summarises how the expected benefits are distributed between the four different categories described in Chapter 2. The largest benefit accrues to local authorities which save £11,809m through reduced / avoided use of homeless services (e.g. reduced need for spending on temporary accommodation and other housing and support based services for homeless people funded by local authorities). Improved wellbeing as a result of people obtaining secure housing accounts for 25%, while increased economic output as a result of people entering employment (an estimate of their increased earnings) accounts for 12% of the total discounted benefits. The Exchequer is projected to save around £2,644m (12% of the total) through reduced use of public services such as NHS services and criminal justice system services and increased contributions from people who enter employment.

Table 53: Total benefits of Crisis' recommended solutions to achieve Objective 3, by category (PV, £, 2017 prices)

Benefit type	Total benefits (£m, NPV)	% of total
Avoided costs to local authorities	£11,809	51%
Avoided costs to the Exchequer	£2,644	12%
Increased economic output (an estimate of increased earnings)	£2,830	12%
Improved wellbeing to individuals	£5,726	25%
Total	**£23,008**	**100%**

Source: PwC analysis

6 No one homeless as a result of leaving a state institution (Objective 4)

6.1 Introduction

This chapter describes our approach to estimating the costs and benefits of Crisis' recommended solutions to achieve Objective 4 (i.e. no one homeless as a result of leaving a state institution). This objective refers to successful homelessness prevention for people who have been the responsibility of the state: for example, ex-offenders leaving prison, who sometimes find it challenging to access accommodation either before or after their release.

6.2 Interventions pathways: Approach and key assumptions

6.2.1 Crisis's recommended solutions

To achieve its objective of no one homeless as a result of leaving a state institution, Crisis recommends a series of housing led solutions through Housing Options support to address the needs of this group; these solutions are also recommended as solutions for households in other objectives discussed above. For more information see Chapter 7: Preventing homelessness in Crisis' plan to end homelessness.[70] These solutions are intended for those people who are projected to be at risk of homelessness and, in the absence of the solutions, expected to become core homeless up to 2041. The solutions are (also see Figure 8):

- **Critical Time Interventions solution**: For more information on the Critical Time Intervention solution please see Chapter 4 on Objective 2.
- **Low to medium support solution (housing access and floating support):** For more information on the Critical Time Intervention solution please see Chapter 3 on Objective 1.
- **Floating support only:** Another subset of this group is expected to receive floating support only for a period of 24 month. For more information see Chapter 3 on Objective 1.

This group of people is expected to receive one of the housing led solutions described above through a Housing Options model (see Chapter 4 for more details on the Housing Options intervention).

For the purposes of the analysis, a set of assumptions have been used to estimate the costs and benefits; these determine the way in which people, on average, would receive support from the recommended solutions. We recognise that everyone experiencing homelessness has a specific pathway out of homelessness and, therefore, in reality their use of services and the design and delivery of these services will range across different localities and according to their support needs.

6.2.2 Key principles of the analysis

Following discussions with Crisis, we determined our approach to estimating the costs and benefits of the solutions to achieve Objective 4 (i.e. no one homeless as a result of leaving a state institution). Below we summarise the key steps in our approach including the key assumptions.

- *How many people in Objective 4 will be targeted overall?*

The first step in our analysis was to identify the total number of people leaving state institutions at risk of homelessness that will be targeted overall up to 2041. To identify the number of people who will require support each year we use the Heriot-Watt homelessness projections research on the number of people projected to be at risk of homelessness as a result of leaving a state institution between 2018 and 2041.

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[70] Crisis (2018)

Figure 8: Crisis' recommended solutions to achieve Objective 4 – No one homeless as a result of leaving a state institution
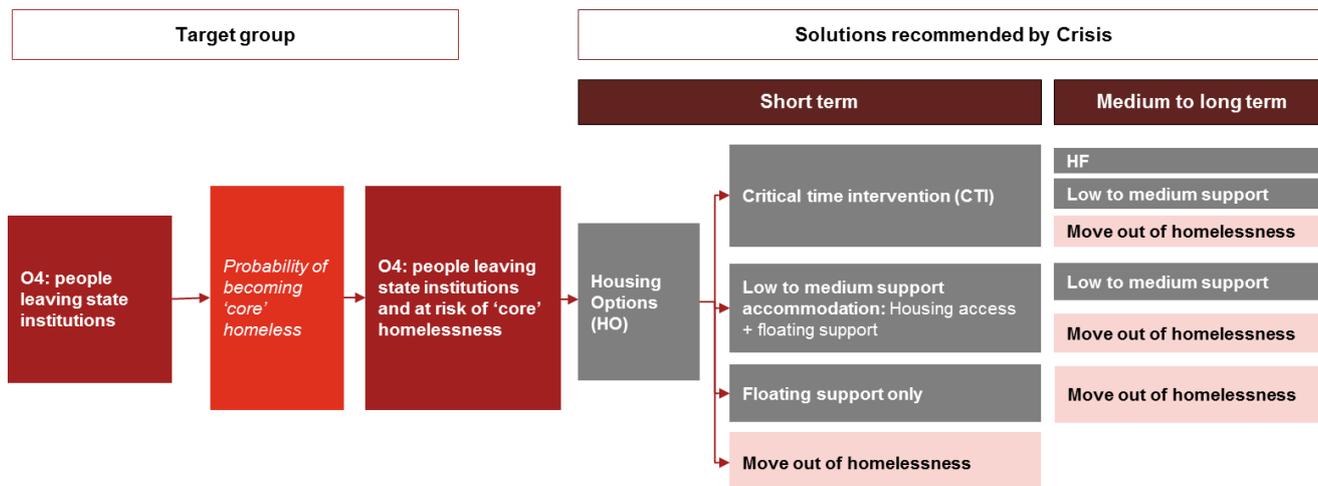
Source: Inputs from Crisis

Heriot-Watt's homelessness projections show that the average number of people leaving a state institution in 2016 was 25,120 (21,994 in England, 1,157 in Wales, 1,970 in Scotland) whilst the projected number of people leaving a state institution and at risk of homelessness in 2041 is around 36,178 (31,935 in England, 1,452 in Wales and 2,791 in Scotland).[71]

For the purposes of estimating the costs and benefits of the solutions recommended by Crisis to achieve Objective 4, we focus on the subset of households who, in the absence of these solutions (i.e. assuming current policies continue) are expected to become core homeless in that year. To identify these households we use estimates of the probability of potential homelessness becoming reality (8.6%).[72] This group is estimated to include, across Great Britain, around 2,422 households in 2018 and 3,117 in 2041.

Moreover, we estimate the number of adults and children in these households using Heriot-Watt's estimate of the number of adults and children per household within each category (see Table 54).

Table 54: Identifying people in Objective 4 using Heriot-Watt homelessness projections[73]

Objective 4	Probability of becoming core homeless	Number of households (2018)	Number of households (2041)	Adults per household	Children per household
Households leaving state institutions and at risk of homelessness	8.6%	2,422	3,117	1.3	0.17

- ***How many people in Objective 4 will be targeted by each solution?***

We worked with Crisis to estimate the total number of people leaving institutions and at risk of core homelessness that are expected to receive support through each recommended solution. Based on inputs from Crisis, Table 55 outlines the proportion of people in Objective 4 who are at risk of core homelessness and are expected to receive support through Housing Options from each recommended solutions.

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[71] These data are taken from a forthcoming publication by Bramley, G. *Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.* Note that due to rounding on the English regions data these do not add up to exactly the Great Britain totals.

[72] Ibid.

[73] Ibid.

Table 55: People leaving institutions expected to receive support by each solution

Solution	% of state institution leavers	Pathways following initial intervention
Critical Time Interventions (through Housing Options)	50%	• Low to medium support: 90% • Housing First: 10%
Low to medium support (through Housing Options)	30%	• Low to medium support: 20% • Move out of homelessness: 80%
Floating support only (through Housing Options)	10%	• Move out of homelessness: 100%
Move out of homelessness	10%	

Source: Inputs from Crisis

- ### *What are the details of each solution?*

The solutions recommended by Crisis to achieve Objective 4 are the same as that for Objectives 1 to 3. Please refer to Table 11 (low to medium support and floating support solutions) and Table 23 (Critical Time Interventions solution and Housing Options) and the respective sections of the previous chapters for details of each solution and our key assumptions.

- ### *What are the benefits of each solution?*

We estimate the benefits associated with each solution based on the approach outlined in Chapter 2 and the values outlined in Appendix A.3.

6.3 Results

6.3.1 *Critical Time Interventions solution (through Housing Options)*

Costs

We estimate that the total discounted cost of the Critical Time Interventions solution for half of those people who leave state institutions and are at risk of core homelessness between 2018 and 2041 is £85m at 2017 prices. As discussed above, people will receive additional support after one year of Critical Time Interventions in the form of either Housing First until 2041 or low and medium support for another two years. On average, the total cost per person of this solution is £33,713.

Table 56: Estimated costs of Critical Time Interventions solution for people who leave state institutions (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported through Critical Time Interventions[74]
Greater London +	£24	£38,163	639
North	£20	£31,938	625
Midlands	£11	£32,831	343
South	£21	£33,489	613
Wales	£3	£31,785	95
Scotland	£6	£34,070	185
Great Britain	**£85**	**£33,713**	**2,500**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the Critical Time Interventions solution for half of the people who leave state institutions is £287m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £113,360 per person supported.

Table 57: Estimated benefits of the Critical Time Interventions solution for people who leave state institutions (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£80	£125,118
North	£68	£108,402
Midlands	£38	£111,366
South	£69	£113,298
Wales	£10	£108,080
Scotland	£21	£113,896
Great Britain	**£287**	**£113,360**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the Critical Time Interventions solution recommended by Crisis is £85m between 2018 and 2041. We also estimate that, over the same period, this solution will deliver

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[74] This represents the number of people supported by the initial intervention (i.e. Critical Time Interventions). As discussed earlier, the cost reflects that a subset of these people would require additional support but some would be able to sustain their tenancy independently.

discounted benefits of £287m. This implies that, for every £1 invested in this solution, £3.4 would be generated in benefits (cash and wellbeing).

6.3.2 *Low to medium support solution: housing access and floating support (through Housing Options)*

Costs

We estimate that the total discounted cost of the low to medium support solution for 30% of people in Objective 4 between 2018 and 2041 is £9m at 2017 prices. On average, the total cost of the solution per household supported is £8,696.

Table 58: Estimated costs of the low to medium support solution for people who leave state institutions (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per household (all supported, £)	Number of households supported
Greater London +	£2.6	£9,978	262
North	£2.1	£8,234	257
Midlands	£1.2	£8,416	141
South	£2.2	£8,598	252
Wales	£0.3	£8,181	39
Scotland	£0.7	£8,765	76
Great Britain	**£9**	**£8,696**	**1,028**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the low to medium support solution recommended by Crisis for a subset of people in Objective 4 is £22m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £14,138 per person supported.

Table 59: Estimated benefits of the low to medium support solution for people who leave state institutions (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£6.1	£15,934
North	£5.1	£13,455
Midlands	£2.9	£13,791
South	£5.2	£14,100
Wales	£0.8	£13,393
Scotland	£1.6	£14,158
Great Britain	**£22**	**£14,138**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the low to medium support solution for a subset of people in Objective 4 is £9m between 2018 and 2041. We also estimate that, over the same period, this solution will deliver discounted benefits of £22m. This implies that for every £1 invested in this solution, £2.4 would be generated in benefits.

6.3.3 *Floating support solution (through Housing Options)*

Costs

We estimate that the total discounted cost of floating support of two years for a subset (10%) of people in Objective 4 between 2018 and 2041 is £3m at 2017 prices. On average, the total cost of the solution per person supported is £5,883.

Table 60: Estimated costs of floating support for people who leave state institutions (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported
Greater London +	£0.9	£7,056	129
North	£0.7	£5,463	126
Midlands	£0.4	£5,641	69
South	£0.7	£5,855	124
Wales	£0.1	£5,409	19
Scotland	£0.2	£5,873	37
Great Britain	**£3**	**£5,883**	**504**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of floating support for this subset (10%) of people in Objective 4 is £7m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £14,138 per person supported.

Table 61: Estimated benefits of floating support for people who leave state institutions (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£2.0	£15,934
North	£1.7	£13,455
Midlands	£1.0	£13,791
South	£1.7	£14,100
Wales	£0.3	£13,393
Scotland	£0.5	£14,158
Great Britain	**£7**	**£14,138**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of floating support for 10% of people in Objective 4 is £3m between 2018 and 2041. We also estimate that this solution will deliver discounted benefits of £7m. This implies that, for every £1 invested in this intervention, £2.4 would be generated in benefits (cash and wellbeing).

6.3.4 *Housing Options for people who move out of Objective 4 immediately*

Costs

We estimate that the total discounted cost of providing Housing Options support the 10% of people in Objective 4 who do not require any further support from the permanent solutions (458 people) between 2018 and 2041 across England, Scotland and Wales is £0.4m at 2017 prices. On average, the total cost per person of this intervention between 2018 and 2041 is £857.

Table 62: Estimated costs of Housing Options for 10% of people leaving state institutions at risk of core homelessness (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (£)	Number of people supported through Housing Options only[75]
Greater London +	£0.13	£1,028	129
North	£0.10	£795	126
Midlands	£0.06	£821	69
South	£0.11	£853	124
Wales	£0.02	£788	19
Scotland	£0.03	£855	37
Great Britain	**£0.4**	**£857**	**504**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the Housing Options solution for the 10% of people who leave state institutions and then immediately move out of homelessness is £2m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £4,338 per person supported. We assume that this group of people would have been core homeless for 56 days if this intervention was not provided.

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[75] This represents 10% of people in Objective 4 who are expected to move out of homelessness following initial support through Housing Options. The cost of Housing Options for the rest of the people in Objective 4 is captured within the other recommended solutions.

Table 63: Estimated benefits of Housing Options for 10% of people leaving state institutions at risk of core homelessness (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£0.6	£4,889
North	£0.5	£4,129
Midlands	£0.3	£4,232
South	£0.5	£4,326
Wales	£0.1	£4,110
Scotland	£0.2	£4,344
Great Britain	**£2**	**£4,338**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the Housing Options solution for the 458 people who immediately move out of Objective 4 is £0.4m between 2018 and 2041. We also estimate that, over the same period, this intervention will deliver discounted benefits of £2m. This implies that, for every £1 invested in this intervention, £5 would be generated in benefits (cash and wellbeing).

6.4 Summary

Table 64 summarises the costs and benefits of the solutions recommended by Crisis to achieve Objective 4 (i.e. no one homeless as a result of leaving a state institution):

- We estimate that the total discounted costs of the solutions to achieve Objective 4 is £98m between 2018 and 2041.
- We also estimate that these solutions will deliver discounted benefits to the value of £318m over the same time period (2018 to 2041) – this includes avoided costs to local authorities, the Exchequer but also increased economic output and wellbeing resulting from moving people out of homelessness.
- Nearly all of the costs will be incurred in England (89%) split across the four regions – around a quarter in the Greater London, the North and the South, and around 13% in the Midlands.
- We estimate that **for every £1 invested in these solutions, £3.2 would be generated** – this includes cashable savings and wellbeing value.

Table 64: Total costs and benefits of Crisis' recommended solutions to achieve Objective 4, by region/nation (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Total benefits (£m)
Greater London +	£28	£89
North	£23	£75
Midlands	£13	£42
South	£24	£77
Wales	£3	£11
Scotland	£7	£23
Great Britain	**£98**	**£318**

Source: PwC analysis

Table 65 summarises how the benefits are distributed between different types of benefits as described in Chapter 2. The largest benefit accrues to local authorities which save £159m through reduced / avoided use of homeless services (e.g. reduced need for spending on temporary accommodation and other housing and support based services for homeless people funded by local authorities). Improved wellbeing as a result of people obtaining secure housing accounts for 27%, while increased economic output as a result of people entering employment (an estimate of their increased earnings) accounts for 11% of the total discounted benefits. The Exchequer is projected to save around £38m (12% of the total) through reduced use of public services such as NHS services and criminal justice system services and increased contributions from people who enter employment.

Table 65: Total benefits of Crisis' recommended solutions to achieve Objective 4, by category (PV, £, 2017 prices)

Benefit type	Total benefits (£m)	% of total
Avoided costs to local authorities	£159	50%
Avoided costs to the Exchequer	£38	12%
Increased economic output (an estimate of increased earnings)	£36	11%
Improved wellbeing to individuals	£86	27%
Total	**£318**	**100%**

Source: PwC analysis

7 *Everyone at immediate risk of homelessness gets help that prevents it happening (Objective 5)*

7.1 *Introduction*

This chapter describes our approach to, and the results of, estimating the costs and benefits of Crisis' recommended solutions to achieve Objective 5, 'everyone at risk of homelessness gets help that prevents it happening'. This objective targets those at immediate risk where 'immediate' refers to an assessment that homelessness is likely to occur in the next 56 days. Crisis' recommended solutions are focused on 'secondary prevention': actions to prevent future homelessness among households judged to be high-risk.

7.2 *Interventions pathways: Approach and key assumptions*

7.2.1 *Crisis's recommended solutions*

To achieve Objective 5 (i.e. everyone at risk of homelessness receiving help to prevent it from happening), Crisis recommends two solutions: low to medium support (housing access and floating support) and floating support only. Like Objective 4, both solutions are expected to be provided through Housing Options (see Figure 9). For more information, see Chapter 7: Preventing homelessness in Crisis' plan to end homelessness.[76] For the purposes of the analysis, a set of assumptions have been used to estimate the costs and benefits; these determine the way in which people, on average, would receive support from the recommended solutions. We recognise that everyone experiencing homelessness has a specific pathway out of homelessness and, therefore, in reality their use of services and the design and delivery of these services will range across different localities and according to their support needs.

Figure 9: Crisis' recommended solutions to achieve Objective 5 – Everyone at immediate risk of homelessness gets help that prevents it from happening
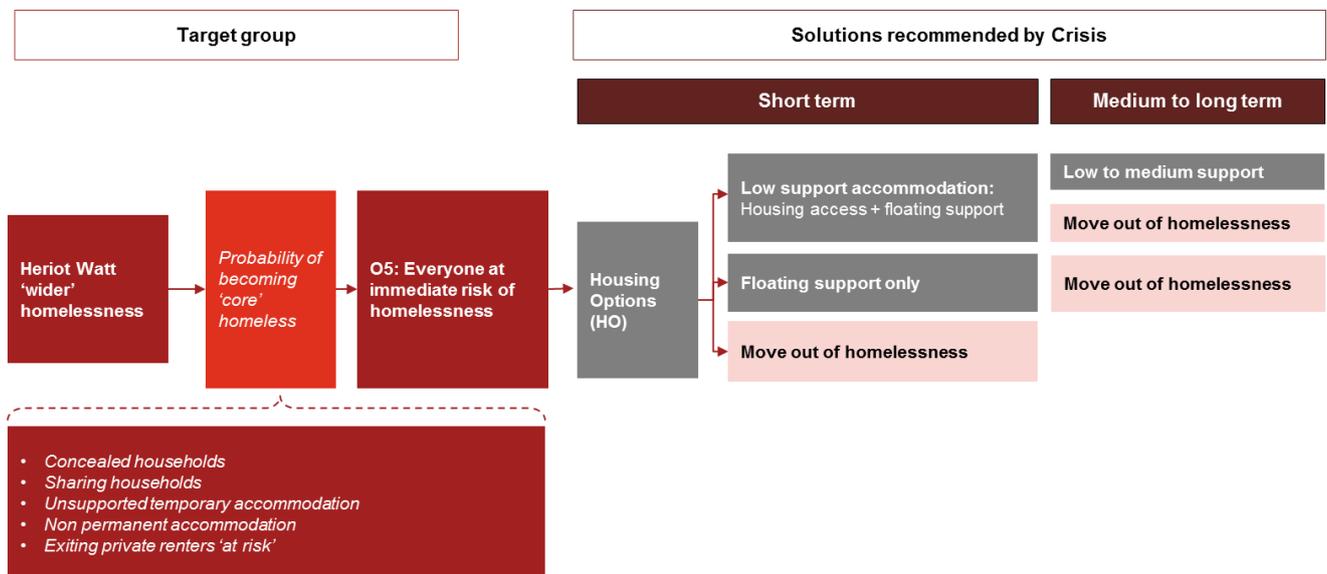
Source: PwC analysis

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[76] Crisis (2018)

7.2.2 *Key principles of the analysis*

Below we summarise the key steps in our approach to estimate the costs and benefits of the Crisis'
recommended solutions to achieve Objective 5, including the key assumptions.

- *How many people in Objective 5 will be targeted overall?*

We identify the number of households that fall in this group using the projected levels of homelessness between
2018 and 2041 developed by Heriot-Watt.[77] Wider homelessness is made up of the following types of
homelessness and projections are made for each of the five groups:

- *Concealed households* refers to those who need to move but cannot afford to move.
- *Sharing households* refers to households who are unsatisfactorily housed and in immediate need within a
  year.
- *Unsupported temporary accommodation* covers households staying under short term licence in private
  bed & breakfast or hostel accommodation or houses in multiple occupation without having been placed
  there by local authorities.
- *Non-permanent accommodation* covers households residing in caravans, boats and other
  accommodation.
- *Exiting private renters at risk* covers households who are unable to afford market housing, and either
  make multiple moves or have specific housing needs or are being rehoused by social sector.

It was estimated that, in 2016, 1,021,715 households fell within the five categories identified above (909,334 in
England, 41,606 in Wales, 70,776 in Scotland) whilst the projected number of households in these categories in
2041 is 1,179,434 (1,047,215 in England, 50,702 in Wales and 81,517 in Scotland).[78]

For the purposes of estimating the costs and benefits of the solutions recommended by Crisis to achieve
Objective 5, we only consider a subset of the households in wider homelessness. More specifically, we focus on
those households who, in the absence of these solutions (i.e. assuming current policies continue), are expected
to actually become core homeless in that year. To identify these households we use estimates of the probability
of potential homelessness becoming reality (on average, 16%).[79] This group is estimated to include around
85,470 households across the five categories in 2018 with a projected volume of around 121,646 households at
risk of homelessness in 2041.[80]

Moreover, we estimate the projected number of adults and children in each category of homeless household by
combining Heriot-Watt's estimate of the number of adults and children within each category of household and
its projections of the number of homeless households (see Table 66).

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[77] These data are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider
homelessness across Great Britain – extent, trends and prospects.
[78] Ibid. Note that due to rounding on the English regions data these do not add up to exactly the Great Britain totals.
[79] Ibid.
[80] Ibid.

Table 66: Identifying people in Objective 5 using Heriot-Watt homelessness projections[81]

Objective 5	Probability of becoming core homeless	Number of households (2018)	Number of households (2041)	Adults per household	Children per household
Concealed households	5.2%	28,674	26,752	2.00	0.52
Sharing households	6.6%	14,692	15,789	1.70	0.39
Unsupported temporary accommodation	8.6%	1,123	1,561	1.30	0.17
Non-permanent accommodation	8.6%	5,815	7,049	1.30	0.17
Exiting private renters	21.5%	35,167	70,496	1.50	0.43
Objective 5 (weighted average or total)	**16%**	**85,470**	**121,646**	**1.62**	**0.43**

- *How many people in Objective 5 will be targeted by each solution?*

We worked with Crisis to estimate the number of people at immediate risk of homelessness that are expected to receive support through Crisis' recommended solutions. Based on input from Crisis, we assumes that, through Housing Options:

- 50% are expected to receive the low to medium support solution with floating support
- 40% are expected to receive floating support
- 10% will move out of homelessness following Housing Options support.

- *What are the details of each solution?*

For each solution we worked with Crisis to agree appropriate assumptions for our analysis in relation to the duration of the solution, the assumed pathways following the initial intervention and the cost per person supported for each intervention. Please refer to Table 11 and Table 23 for details on the solutions.

- *What are the benefits of each solution?*

We also estimate the benefits associated with each solution based on the approach outlined in Chapter 2 and the values identified in Table 78 and Table 79 in Appendix A.3.

To estimate the benefits that accrue to each individual we assume that every person supported would have been core homeless for 6 months, the average duration of a homelessness episode, if they had not been supported through Crisis' recommended solutions.

7.3 Results

7.3.1 *Low to medium support solution: housing access and floating support (through Housing Options)*

Costs

We estimate that the total discounted cost of the low to medium support solution for a subset (50%) of households in Objective 5 between 2018 and 2041 is £683m at 2017 prices. On average, the total cost of the solution per household supported is £9,413.

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[81] These data are taken from a forthcoming publication by Bramley, G. Homelessness projections: core and wider homelessness across Great Britain – extent, trends and prospects.

Table 67: Estimated costs of the low to medium support solution for households in wider homelessness and at immediate risk of core homelessness (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per household (all supported, £)	Number of households supported
Greater London +	£272	£11,480	23,715
North	£113	£8,771	17,738
Midlands	£75	£8,920	8,359
South	£164	£9,270	17,738
Wales	£21	£8,653	2,436
Scotland	£38	£9,382	4,001
Great Britain	**£683**	**£9,413**	**73,985**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the low to medium support solution recommended by Crisis is £1,978m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £13,515 per person supported.

Table 68: Estimated benefits of the low to medium support solution for people in wider homelessness and at immediate risk of core homelessness (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£746	£15,339
North	£334	£12,628
Midlands	£227	£13,270
South	£496	£13,640
Wales	£63	£12,657
Scotland	£111	£13,558
Great Britain	**£1,978**	**£13,515**

Source: PwC analysis

Summary

Overall, we estimate that the discounted total cost of the low to medium support solution for half the people in Objective 5 is £683m between 2018 and 2041. We also estimate that, over the same period, this solution will deliver discounted benefits of £1,978m. This means that, for every £1 invested in this solution, £2.9 would be generated in benefits.

7.3.2 *Floating support solution (through Housing Options)*

Costs

We estimate that the total discounted cost of floating support for two years for 40% of people in Objective 5 between 2018 and 2041 is £671m at 2017 prices. On average, the total cost of the solution per person supported is £5,636.

Table 69: Estimated costs of floating support solution for people in wider homelessness and at immediate risk of core homelessness (PV, £, 2017 prices)

Region/Nation	Total costs (£m)	Average cost per person (all supported, £)	Number of people supported
Greater London +	£265	£6,808	38,907
North	£109	£5,137	21,130
Midlands	£75	£5,439	13,713
South	£165	£5,675	29,101
Wales	£20	£5,122	3,996
Scotland	£37	£5,635	6,565
Great Britain	**£671**	**£5,636**	**113,412**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of floating support for this subset (40%) of people in Objective 5 is £1,582m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £13,515 per person supported.

Table 70: Estimated benefits of floating support solution for people in wider homelessness and at immediate risk of core homelessness (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£597	£15,339
North	£267	£12,628
Midlands	£182	£13,270
South	£397	£13,640
Wales	£51	£12,657
Scotland	£89	£13,558
Great Britain	**£1,582**	**£13,515**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of floating support for 40% of people in Objective 5 is £671m between 2018 and 2041. We also estimate that, over the same period, this solution will deliver benefits of £1,582m (so every £1 invested in this solution will drive an expected £2.4 in benefits).

7.3.3 *Housing Options for people who move out of Objective 5 immediately*

Costs

We estimate that the total discounted cost of providing Housing Options support to 10% of people in Objective 5 who move out of homelessness or do not require further support from the solutions recommended for Objective 5 (28,353 people) between 2018 and 2041 across Great Britain is £24m at 2017 prices. On average, the total cost of the intervention between 2018 and 2041 is £821 per person.

Region/Nation	Total costs (£m)	Average cost per person (£)	Number of people supported through Housing Options only[82]
Greater London +	£10	£991	9,727
North	£4	£748	5,283
Midlands	£3	£792	3,428
South	£6	£826	7,275
Wales	£1	£746	999
Scotland	£1	£821	1,641
Great Britain	**£24**	**£821**	**28,353**

Source: PwC analysis

Benefits

We estimate that the total discounted benefit of the Housing Options solution for 10% of people in Objective 5 who immediately move out of homelessness is £121m at 2017 prices or, on average, a total benefit between 2018 and 2041 of £4,147 per person supported. We assume that this group of people would have been core homeless for 56 days if this intervention was not provided.

Table 72: Estimated benefits of Housing Options for 10% of people in wider homelessness and at immediate risk of homelessness (i.e. Objective 5) (PV, £, 2017 prices)

Region/Nation	Total benefits (£m)	Average benefit per person (£)
Greater London +	£46	£4,707
North	£20	£3,875
Midlands	£14	£4,072
South	£30	£4,185
Wales	£4	£3,884
Scotland	£7	£4,160
Great Britain	**£121**	**£4,147**

Source: PwC analysis

Summary

Overall, we estimate that the total discounted cost of the Housing Options solution for the 10% of people in Objective 5 who immediately move out of core homelessness is £24m between 2018 and 2041. We also estimate that, over the same period, this intervention will deliver discounted benefits of £121m. This implies that, for every £1 invested in this intervention, £5 would be generated in benefits (cash and wellbeing).

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[82] This represents 10% of people in Objective 5 who are expected to move out of homelessness following initial support through Housing Options. The cost of Housing Options for the rest of the people in Objective 5 is captured within the other recommended solutions.

7.4 Summary

Table 73 summarises the total costs and benefits of solutions recommended by Crisis to achieve Objective 5 over the period from 2018 to 2041:

- We estimate that the total discounted cost of the solutions to achieve Objective 5 is £1,378m between 2018 and 2041.
- We estimate that these solutions will deliver discounted benefits to the value of £3,681m over the same period (2018 to 2041) – this includes avoided costs to local authorities, the Exchequer but also increased economic output and wellbeing resulting from moving people out of homelessness.
- Nearly all of the costs will be incurred in England (91%) and two fifths will be incurred in Greater London followed by the South (24%), the North (16%) and the Midlands (11%). In total, less than 10% of the cost will be incurred in Wales and Scotland.
- Based on the analysis, we estimate that **for every £1 invested in these solutions, £2.7 would be generated** – this includes cashable savings and wellbeing value.

Table 73: Total costs and benefits of Crisis' recommended solutions to achieve Objective 5, by region/nation (PV, £, 2017 prices)

Region/Nation	Total costs	Total benefits
Greater London +	£547	£1,389
North	£225	£621
Midlands	£152	£423
South	£336	£924
Wales	£42	£118
Scotland	£76	£207
Great Britain	**£1,378**	**£3,681**

Source: PwC analysis

Table 74 summarises how the benefits are distributed across the different stakeholders. The largest benefit accrues to local authorities which save £1,856m through reduced / avoided use of homeless services (e.g. reduced need for spending on temporary accommodation and other housing and support based services for homeless people funded by local authorities). Improved wellbeing as a result of people obtaining secure housing accounts for 27%, while increased economic output as a result of people entering employment (an estimate of their increased earnings) accounts for 12% of the total discounted benefits. The Exchequer is projected to save around £415m (11% of the total) through reduced use of public services such as NHS services and criminal justice system services and increased contributions from people who enter employment.

Table 74: Total benefits of Crisis' recommended solutions to achieve Objective 5, by category (PV, £, 2017 prices)

Benefit type	Total benefits (£m)	% of total
Avoided costs to local authorities	£1,856	50%
Avoided costs to the Exchequer	£415	11%
Increased economic output (an estimate of increased earnings)	£438	12%
Improved wellbeing	£972	27%
Total	**£3,681**	**100%**

Source: PwC analysis

Appendix A – Methodology

A.1. Introduction

This appendix provides further details of our methodology. It explains the sources of evidence and estimates we use to derive our estimates of the unit costs and benefits. We also explain how we adjust our estimates to take account of regional differences in the potential costs and benefits.

A.2. Unit costs for interventions: sources of evidence and estimates

In Table 75, we detail the unit costs and sources that we use in our analysis and that we refer to across the chapters of this report. These estimates do not represent national averages but rather are taken directly from the study and may represent region/nation-specific averages. We use the approach described in Appendix A.4 to estimate region/nation-specific costs unless otherwise stated in the specific chapters on each objective.

Table 75: Cost per person or household supported by intervention

Intervention	Cost element	Unit cost (£)	Source
Emergency accommodation	Cost per week	£171 per week in England	DWP (2016) [83]
Assertive outreach	Cost per person supported	£300 per person	Pleace (2015)
Housing First		£12,250 per year	Housing First Feasibility: Study for Liverpool City Region (2017) Mark Goldup (2018)
Long term supported accommodation		£21,222 per year	Pleace (2015)
Low support accommodation	Average financial support	£750 (24 months)	WPI Analysis (2018)
	Average deposit cost	£605 (24 months)	WPI Analysis (2018)
	Floating support	£5,411 (24 months based on £50 per week)	Crisis, At what cost (2015)
	Social lettings agency model	£306 (England)	Mark Goldup (2018)

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[83] DWP and DCLG (2016)

Intervention	Cost element	Unit cost (£)	Source
Temporary accommodation	Unsuitable Temporary Accommodation	£393 per week	Chartered Institute of Housing/Scottish Government (2016)
	Hostels	£269 per week	Chartered Institute of Housing/Scottish Government (2016)
	Social Sector Housing	£198 per week	Chartered Institute of Housing/Scottish Government (2016)
Housing Options		£826 per year	Better than Cure (2016)
Critical Time Interventions		£12,250 per year	Housing First Feasibility: Study for Liverpool City Region (2017) Mark Goldup (2018)

Source: PwC analysis (various sources)

A.3. Benefit estimates: sources and analysis

This Appendix provides further details on the benefit estimates used in our analysis.

A.3.1. Objective 1: Rough sleepers

Table 76 contains the values we use to calculate the different benefits that arise from moving someone out of rough sleeping.

The net benefit/ cost was calculated by subtracting the respective 'Not homeless' values from the 'Gross value'. This is consistent with the analytical principles outlined in Chapter 2.

The 'wellbeing' value used was the value relating to moving a person from 'Rough sleeping to secure housing'. This value was used as it aligned with the interventions recommended by Crisis which are housing-led and support an individual to move out of homelessness and into secure accommodation (e.g. Housing First). For the purposes of our analysis of Objective 1, we assume that all rough sleepers are single people and, therefore, the wellbeing value applied was the average value for a person with no dependents.

Table 76: Benefits accruing from interventions to achieve Objective 1 (no one rough sleeping), £ per year

Benefit category	Benefit type	Gross benefit/ cost for core homeless (£ per year)	Not homeless (£ per year)	Not homeless but in continuous Housing First/long term supported accommodation (£ per year)	Net benefit / (cost) (£ per year)	Source
Homelessness services: cost to local authorities	Rough sleepers – average annual local authority expenditure per individual	£8,650	Not applicable / captured in costs	Not applicable / captured in costs	£8,650	New Economy (2015)

Benefit category	Benefit type	Gross benefit/ cost for core homeless (£ per year)	Not homeless (£ per year)	Not homeless but in continuous Housing First/long term supported accommodation (£ per year)	Net benefit / (cost) (£ per year)	Source
Drug and alcohol services	Average cost for contact with drug and alcohol services per person per year	£1,340	£1,020	£1,090	£322/£254	Pleace and Culhane (2016) and Crisis (2017b)
Mental Health	Average cost for contact with mental health services per person per year	£2,135	£1,620	£1,970	£512/£167	Ibid
NHS	Cost for a rough sleeper: A&E and inpatient (vignette 2)	£8,040	£3,220	£3,690	£4,720/£4,354	Ibid
Criminal Justice	Average cost of contact with the criminal justice system	£12,198	£9,759	£10,540	£2,439/ £4,862	Ibid
Benefits system and Employment	Cost to DWP for Job Seekers Allowance claimant who previously did not claim				-£3,652	New Economy (2015) 25% of workless claimants enter work (assumption)
Economic output	Economic value from a workless claimant entering workforce who was previously not claiming Job Seekers Allowance[84]				£14,614	New Economy (2015) 25% of workless claimants enter work (assumption)
Wellbeing	Rough sleeping to secure housing (no dependents)	£21,401	*Not applicable*	*Not applicable*	£21,401	Fujiwara and Vine (2015)

Source: PwC analysis (see various sources)

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[84] We assume that 12% will accrue to the Exchequer through income tax and national insurance contributions.

As we describe in Chapter 2, for some interventions, we estimate specific values for the benefits they deliver (as opposed to using the average benefit generated from an intervention that moves someone who is homeless to secure housing). Table 77 presents the percentages that we use to adjust the gross values to calculate Housing First / Long Term Supported Accommodation specific values. These are the values used if a rough sleeper moves into Housing First or Long Term Supported Accommodation permanently. These percentages are taken from existing literature and represent the proportion of people who use a service when in Housing First compared to use of the same service before they are in Housing First (i.e. when they are homeless). Using the before and after Housing First percentages, we calculated the percentage change. This change was then applied to the "Gross benefit/cost for core homeless" figure to estimate the net benefit for rough sleepers supported by Housing First. For example, rough sleepers reporting alcohol or drug misuse reduced by 21% (71% reported misuse the year before Housing First compared to 56% reporting misuse while in Housing First). We use this parameter to adjust the difference in the average cost of using drug and alcohol services when a person is homeless, when a person is supported to move out of homelessness and when a person is supported to move out of homeless with Housing First specifically.

Table 77: Adjustments to gross values to calculate Housing First specific values

Benefit category	Description	% change	Source
Drug and alcohol services	Reduction in those reporting lower alcohol or drug misuse as a Housing First service user vs a year before	-21%	Pleace and Bretherton (2015)
Mental health	Reduction in those reporting bad or very bad mental health as a Housing First service user vs a year before	-65%	Crisis (2017b)
NHS	Reduction in those reporting bad or very bad physical health as a Housing First service user vs a year before	-35%	Ibid
Criminal Justice	Reduction in involvement in anti-social behaviour as a Housing First service user vs a year before	-32%	Ibid

Source: PwC analysis (see various sources)

Finally, to estimate the benefits in terms of increased economic output and reduced need for benefits, we make an additional assumption: we assume that 25% of rough sleepers would be employed after intervention (and were previously not claiming benefits), while 25% of former rough sleepers would begin to claim benefits (and were previously not claiming benefits). Our assumption is based on the proportion of homeless people who are employed after the Crisis Skylight intervention.[85]

A.3.2. Objectives 2-5

Table 78 contains the values used to calculate the different benefits that arise from interventions targeting households in Objectives 2-5.

We use the same values for Objectives 2 and 3 (core) and Objectives 4 and 5 (wider) as both relate to the benefits of avoiding core homelessness. For Objectives 4 and 5 we only support people who are in wider homelessness groups and, thus, at risk of homelessness but who, in the absence of these interventions, would actually become core homeless (see Chapters 6 and 7 for more details).

As above we calculated the net benefit/ cost by subtracting the respective 'Not homeless' values from the 'Gross value'.

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[85] Pleace and Bretherton (2017)

Table 78: Benefits arising from adults moving out of homelessness (Objectives 2-5)

Benefit category	Benefit type	Gross benefit/cost for core homeless (£ per year)	Not homeless (£ per year)	Net benefit / cost (£ per year)	Source
Homelessness services: cost to local authorities	Annual homelessness service use costs per person (based on 86 single homeless people: 60% in hostels or temporary accommodation, 21% rough sleeping, 12% squatting, 2% in shelters)	£15,063	*Not applicable / captured in costs*	£15,063	Pleace and Culhane (2016)
Drug and alcohol services	Average cost for contact with drug and alcohol services per person per year (based on 86 single homeless in O1-O3)	£1,340	£1,020	£322	Ibid
Mental Health	Average cost for contact with mental health services per person per year	£2,135	£1,620	£512	Ibid
NHS	Average cost for contact with mental health (nights in psychiatric ward, etc.) per person per year (based on 86 single homeless)	£4,372	£3,323	£1,049	Ibid
Criminal Justice	Average cost of contact with the criminal justice system	£12,198	£9,759	£2,439	Ibid
Benefits system and Employment	Cost to DWP for Job Seekers Allowance claimant who previously did not claim			-£3,652	New Economy (2015) 25% of workless claimants enter work (assumption)
Economic output	Economic value from a workless claimant entering workforce who was previously not claiming Job Seekers Allowance			£14,614	New Economy (2015) 25% of workless claimants enter work (assumption)
Wellbeing	Temporary accommodation to secure housing (average)	£8,344	*Not applicable*	£8,344	Fujiwara and Vine (2015)

Source: PwC analysis (see various sources)

Similar to Objective 1, we made assumptions regarding the claiming of Job Seekers Allowance and entering the workforce. As above, these are both 25%.

A.3.3. Child specific values

Table 79 contains the values we use to estimate the different benefits that arise from interventions which affect children. Below we outline the analysis to estimate these values.

Table 79: Benefits arising from children moving out of homelessness (Objectives 2-5)

Benefit category	Benefit type	Gross benefit/cost for core homeless (£ per year)	Not homeless (£ per year)	Net benefit / cost (£ per year)	Source
Education Outcomes	Estimated lifetime earnings return to achieving 1-2 GCSEs vs non (average of men and women)	£105,517	£126,621	£21,103	Calculation based on Shelter (2006) and DoE (2014)
NHS	Weighted average on hospital expenditure, with adjustments made for fact that a homeless child is likely to be at a 25% higher risk of serious illness/ disability	£1,116	£893	£223	Calculation based on Guardian (2018) and Shelter (2006)
Mental health	Based on annual cost of mental health provision	£524	£175	£349	Calculation based on Knapp et al. (2016)
Criminal justice	Based on cost of crime and prison time	£74	£17	£57	Ibid
Benefits	Based on annual cost of ESA and Housing Benefit	£230	£46	£184	Ibid
Wellbeing	Temporary accommodation to secure housing (no dependents)	£8,344	Not applicable	Not applicable	Fujiwara and Vine (2015)

Source: PwC analysis (see various sources)

Children are likely to benefit in different ways than adults, our analysis therefore accounts for this by using different values than the benefits that arise for adults. We estimate the average cost of use of NHS and mental health services in the same way. We illustrate this below using NHS as an example:

- We have data on the average cost of NHS for a child in different age bands between 0-19. These are weighted based on age distribution of homeless children to produce an average cost of a child using the NHS (both homeless and non-homeless average).
- Evidence suggests that a child who is homeless represented by children living in bad housing (e.g. unsuitable temporary accommodation) is 25% more likely to have health related issues.[86]
- Using this ratio, and the proportion of children who are homeless in Britain, we calculated the average cost of the NHS for both non-homeless children and homeless children.

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[86] Shelter (2006)

- The difference between these two costs is the saving from moving a child out of homelessness.

For education outcomes, we compared the number of children living in poor quality housing (reflects homelessness, overcrowding and poor conditions) gaining no GCSEs to the number of children who do not gain GCSE but are not living in bad housing (25% compared to 10%).[87] We then use this to generate an expected lifetime earnings for both homeless children and children who are not homeless based on the lifetime return to achieving 1-2 GCSEs as calculated by the Department of Education.[88] We use the difference between these two expected lifetime earnings figures as a measure of the benefit in terms of economic output of moving a child out of homelessness.

A.4. *Adjusting for regional/national differences*

We estimate the costs and benefits of the different interventions in six regions/nations in line with Heriot-Watt's homelessness projections. We divide England into four regions (North, Midlands, South and Greater London) whilst Wales and Scotland are captured separately. The costs and benefits identified through secondary research are specific to a region/nation. To reflect regional/national differences in costs and benefits we adjust the original unit cost for the six regions/nations using one of two methods:

- **Regional/national wage differences:** To adjust the unit cost (or benefit per person supported) of interventions that are largely service offerings (e.g. Housing First, Housing Options), we adjusted the cost through regional/national wage differences. These differences are based on median annual earnings from the ONS for the year 2016 (the latest available year across all regions/nations). We convert these figures to 2017 using the GDP deflator data from ONS. We then adjust regional/national cost estimates up or down based upon the percentage difference in regional/national wages.
- **Regional/national differences in private or social market rents or the Local Housing Allowance differences**: To adjust the unit cost (or benefits per person supported) of interventions driven primarily by rental costs or Local Housing Allowance, such as rental or deposit support (e.g. housing access through a guaranteed deposit scheme), we adjusted the costs using regional/national differences in private or social market rents or Local Housing Allowance (LHA). Regional/national rent differences are based on median monthly private rent by the ONS published in 2016. The Local Housing Allowance figures are based upon the allowance set for 2017-18, and obtained from the regional (or national) governments. We analyse the data in the same way as we do for wages differences (see above). We then adjust cost estimates which are region/nation-specific based upon these differences, using the private rent differences for costs associated with the private rented sector and local housing allowance for costs associated with the public housing sector.

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[87] Rice (2006)

[88] Department of Education (2014)

Appendix B – References

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