

Written evidence submitted by Homeless Link

Digital, Culture, Media and Sport Committee Inquiry

Impact of Covid-19 on DCMS sectors

19 June 2020

Introduction

Homeless Link is the national membership charity for frontline homelessness agencies and the wider housing with health, care and support sector in England. With over 750 members, we work to improve services and campaign for policy change that will help end homelessness and ensure that everyone has a place to call home and the support they need to keep it.

We are a member of the Making Every Adult Matter Coalition (MEAM), alongside Clinks and Mind, formed to improve policy and services for people facing multiple disadvantage. Together the charities represent over 1,300 frontline organisations that work in the criminal justice, substance misuse, homelessness and mental health sectors. We support partnerships across the country to develop effective, coordinated approaches to multiple needs that can increase wellbeing, reduce costs to public services and improve people's lives.

This submission is based on extensive informal and formal engagement with our members during the Covid-19 crisis. The impact of the current crisis on homelessness charities is still unfolding and services are still racing to mitigate the consequences for their clients. As such, our submission can only offer a snapshot of the impact of Covid-19 and offer indications of its inevitable long-term consequences for the homelessness and housing sector.

Response summary

- Voluntary sector providers of homelessness services have played a crucial role in the response to the COVID-19 pandemic. By providing flexible support to people in and out of hotels, and forging multi-agency partnerships across sectors, huge achievements have been made and lives have undoubtedly been saved.
- We remain deeply concerned about the long-term and potentially devastating impact of COVID-19 on the financial viability of charities in the homelessness sector. Ongoing disruptions to core funding streams, including Housing Benefit, fundraising, grants and contract income, combined with extraordinary operational and staffing costs, mean that the futures of many organisations are far from secure.
- Emergency funding provided thus far has been warmly welcomed and has already made a huge difference, including the COVID-19 Homelessness Response Fund from which Homeless Link has allocated £6 million to 133 charities.
- However, the scale and scope of this Fund is not enough. The financial security of homelessness organisations has been gradually eroded over recent years by repeated funding cuts. Additional long-term funding will be required to cover core costs and enable them to cope with the inevitable long-term impacts of COVID-19.

- Continued application of the No Recourse to Public Funds (NRPF) condition by statutory services means that charities will be left to plug the gap. Overstretched and under-resourced charities will struggle to prevent these vulnerable individuals returning to the streets without a suspension of the NRPF condition on government funds and additional support.
- We also call for Government, supported by DCMS, to develop a cross-departmental action plan to mitigate the impacts of COVID-19, as part of a renewed strategy to end rough sleeping. This must place accountability on all relevant departments to work together to ensure that every local area can deliver an integrated, effective multi-agency response for people experiencing homelessness.
- It is only with this backing from Government that we can continue to provide vital frontline services to help people to move on from homelessness and to stay off the streets for good.

What has been the immediate impact of Covid-19 on the sector?

Disruption to income due to COVID-19

The national mobilisation to support people experiencing homelessness during the COVID-19 pandemic has been unprecedented and has undoubtedly saved many lives. However, our members have told us how this remarkable response taken place against a backdrop of severe and worrying financial strain. This is especially true given the almost 40% reduction in statutory funding suffered by accommodation providers in the past decade, meaning that many homelessness charities have struggled to build or retain reserves in recent years.¹

Drops in income from fundraising and Payment by Results contracts; rent and service charge arrears; delays to billing out support contracts and; delays to payments for furloughed staff have all disrupted cash flow, with one charity estimating an up to £10 million initial shortfall that will need to be plugged with reserves.

Increased numbers of voids in homelessness accommodation is another key ongoing concern, as each void comes a loss of Housing Benefit (HB) income. Many accommodation providers have been required to reduce their levels of occupancy in shared accommodation and in accommodation with shared common space in order to comply with social distancing guidance. In addition, shortages in supplies, PPE and staffing prevented the engagement of contractors needed to clean and refurbish accommodation units for new tenants, leaving many units empty.

For some of our members, HB makes up almost two thirds of their budget for accommodation provision. This means that repeated or large-scale voids required to comply with COVID-19 guidance will have highly damaging impacts on their finances. One of our members tells us that, were they to have to reduce their occupancy rates to 50% to facilitate social distancing in shared accommodation, their weekly HB income would drop by £82,000.

Extraordinary costs incurred during COVID-19

At the same time, extraordinary measures taken to keep staff and clients safe mean that operational costs have significantly increased. One provider in the South-East estimated an additional £30,000 per month was being spent on agency staff to cover for staff who had symptoms or who were obliged to shield at home. Another provider in London and the south

¹ WPI Economics. 2020. Local authority spending on homelessness. 2020 Update. Available at: <https://www.homeless.org.uk/sites/default/files/site-attachments/Local%20authority%20homelessness%20spending%202020.pdf>

reported that over a five-week period in March–April 2020, they lost an average of 85 staff days per week due to coronavirus-related absence, not including furloughed staff, and ran up additional staff costs of circa at £88,000.

Another member estimated up to £1 million in additional food costs, for providing self-isolating staff and residents with three meals per day. Deep cleaning after symptomatic residents move on, purchase of PPE where available, private transport for staff and residents to safely travel and setting up and resourcing additional accommodation units and services are other key areas where homelessness organisations have had to absorb extra costs running into the hundreds of thousands.

Arrangements with Local Authorities

Local authorities are operating at and [beyond their limits](#), with many reporting severe overspends and cuts to services as the emergency funding received does not cover their needs during COVID-19.

While some of our voluntary sector members have been able to negotiate increases to contract payments with local authorities to mitigate some of their losses, extra funding has often not been made available. Our charity members report delivering extra services without contracts or payments from local authorities and others report an expectation to provide “extra” capacity without any assurance that funding will be consistent. Many of our members have informed us that although they have been able to keep their services running in this way in the short-term, this ‘crisis-mode’ is unsustainable and they are concerned about the impact on staff and operations in the medium-term.

How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector’s needs?

Emergency, short-term funding has been provided to the homelessness sector [via local authorities](#) and directly to charities via [the COVID-19 Homelessness Response Fund](#). These investments have been crucial to keeping the doors of services open and will go some way to alleviate the heavy losses and increased operational costs created by the COVID-19 crisis. However, research commissioned by Homeless Link and St Mungo’s shows that the sector already faced a shortfall of £1 billion before the COVID-19 crisis.² The funding provided thus far is therefore lacking the scope and scale needed to support homelessness charities at the frontline of the COVID-19 response to remain sustainable now and in the longer-term.

On 24 May, the government announced that it would fast-track funding to make homes available for people moving on from hotels. While few details of how this will be delivered are available, the capital and revenue investment over four years is encouraging. However, with the fund aiming to create an additional 3,300 units in the next 12 months alone, it is essential adequate revenue investment will be available to ensure this financial package stacks up: many formerly homeless people moving into new accommodation will require ongoing support around their tenancies so there must be the right balance between capital and revenue funding to incentivise developers and give assurance that new units will be sustainable.

Beyond this grant programme, we remain concerned that the level of revenue investment will not be adequate to plug the gap in support services that has developed over recent years and truly meet the complex and multiple needs of many of those experiencing homelessness. In addition to being long-term, funding must be delivered as part of a cross-

² Ibid.

departmental strategy that takes account of the inter-dependence of health, substance misuse, adult social care, criminal justice and homelessness services.

Everyone in? Supporting people with No Recourse to Public Funds

Our members report that significant proportions of those housed in hotel accommodation have No Recourse to Public Funds (NRPF), ranging from 25% to 70% in some areas. Despite this, no move-on options are available for most of them. We are deeply concerned that in making commitments to ensure that nobody has to return to the street, Government is not making adequate provision to support this group. Without intervention and clear direction from Government, overstretched charities will be placed in an impossible situation, forced to step in to protect public health and plug the gap left by statutory provision, without adequate funding to do so.

We support [Local Authorities' calls](#) on government to suspend the NRPF condition and ensure that all vulnerable individuals are entitled to receive support they need during the ongoing public health crisis. Without these changes, investments from the COVID-19 Homelessness Response Fund cannot be used to support this group, creating major inefficiencies and obliging charities to find scarce resource elsewhere.

How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?

The directive to bring 'everybody in' has paved the way for unprecedented local partnership working, community innovation and the successful engagement of many individuals facing multiple disadvantage for the very first time. Research published by the MEAM Coalition in recent weeks has evidenced how flex and adaptations in local services have enabled responsive and innovative partnership-working during COVID-19.³ There is an opportunity to ensure that this progress is not wasted, and many areas are determined to seize it. To do so, and to deliver on promises to end rough sleeping, we must re-think funding systems and integrated cross-government policy-making.

Homeless Link's [plan to bring #EveryoneInForGood](#) puts forward three principles. The third, 'No return to business as usual', points to the need to transform funding and commissioning to produce a truly integrated health, care and homelessness system.

The interdependence of public and individual health, and of health and homelessness, has never been clearer. Shared accountability across local authorities, the NHS and other relevant agencies, must be backed up by cross-departmental commitment at the national level.

We call for Government, supported by DCMS, to develop a cross-departmental action plan to mitigate the impacts of COVID-19, as part of a renewed strategy to end rough sleeping. This must place accountability on all relevant departments to work together to ensure that every local area can deliver an integrated, effective multi-agency response for people experiencing homelessness. In addition, this strategy must provide for long-term revenue funding to enable the development of sustainable and effective services that people in need can rely upon.

³ MEAM Coalition. 2020. Flexible responses during the Coronavirus crisis: Rapid evidence gathering. Available at: <http://meam.org.uk/wp-content/uploads/2020/06/MEAM-Covid-REG-report.pdf>