

Rachel Reeves
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

CC Angela Rayner, Deputy Prime Minister and Secretary of State for Housing, Communities and Local Government

Dear Chancellor of the Exchequer,

We're writing to you as members and affiliates of Homeless Link, who are a collection of the country's leading homelessness and housing organisations, to raise the alarm regarding the perilous funding cliff-edge homelessness services across the country are currently facing. We ask that you safeguard the sector in the Autumn Budget and commit to review spending on homelessness as part of the upcoming Spending Review.

Perilous funding cliff-edge

Everyone needs a safe, secure place to live. But rough sleeping rose by 27% in 2023 and 60% since 2021. If it keeps rising at the current rate, numbers in 2024 will be similar to the 2017 peak. Meanwhile over 150,000 children are currently trapped living in temporary accommodation, often in very poor conditions. Behind these statistics are people, let down by systems that should protect them, the insecurity and trauma of homelessness holding them back from achieving their potential.

Homelessness charities work in communities across the country, providing accommodation and expert, holistic support to people who often live with severe and overlapping support needs such as mental ill-health, substance misuse and contact with the justice system. From outreach teams engaging people sleeping rough to specialised supported accommodation, homelessness services play a critical role in supporting people to manage their wellbeing, engage with wider health and social care provisions, access training and employment opportunities, and ultimately to live independent, fulfilled lives.

In recognition of the support provided and the overwhelming need across the homelessness system, through the 2021 Spending Review government has provided dedicated grant funds to deliver homelessness and rough sleeping support services. However, the current Spending Review period is now coming to an end **and the vast majority of funding commitments made to relieve**

homelessness, including many of those for people experiencing street homelessness, are set to expire by April 2025.

Nationally, the funding set to end between now and April 2025 includes, but is not limited to:

- £548million Rough Sleeping Initiative (RSI) funding
- £435million Rough Sleeping Accommodation Programme (RSAP) funding
- £13million Night Shelter Transformation Fund (NSTF) funding
- £7million Voluntary and Community Frontline Sector (VCFS) funding
- £8.55m Op FORTITUDE funding

It equates to almost £1bn due to leave the homelessness sector by the end of the financial year. Without an extension, this would represent the most significant setback in progress towards ending homelessness and rough sleeping in recent history.

The inherent risks are severe, and they are already beginning to take effect. They include:

- All forms of homelessness increasing;
- Bed spaces being lost as services avoidably return rental contracts to landlords;
- Loss of skilled staff on a large scale, with a recent survey from St Martin-in-the-Fields finding 64% of frontline workers feel their role has a negative impact on their wellbeing, while only 47% of frontline workers reported feeling secure in their jobs.
- People with severe and multiple disadvantage facing eviction from supported accommodation, triggering local authority statutory duties for some and pushing others into rough sleeping;
- Loss of established local partnerships, institutional knowledge and best practice;
- Trusted providers exiting the market;
- Huge extra strain placed on health and emergency services.

At the same time service contracts across the homelessness sector have fallen well behind the cost of delivering services. Most existing contracts were set in April 2022, before the cost of living crisis saw rapid inflation to the cost of service delivery. Even prior to this, government spending on homelessness sat well below the cost incurred by services, and inflation merely exacerbated the systemic underfunding that had already pushed providers out of the market.

With all forms of homelessness rising rapidly, support services are needed now more than ever. As bed spaces constrict, providers across the country are already turning people away. We cannot afford to lose more beds because services cannot afford to stay open. **Insights from the sector show that 64% of providers manage contracts that are no longer deemed financially viable.**

That's why we're asking the Treasury to give the homelessness sector certainty in the upcoming Autumn Budget through a one-year rollover of existing homelessness funding into 2025/26. This should include an inflationary uplift to local authority commissioned contracts for homelessness services.

A new ring-fenced funding system

While the sector must be given security in the short-term, there are deep flaws with the current system of homelessness funding. Current spending is inefficient and extremely complex, comprising a patchwork of different funding schemes. [A recent report from the National Audit Office](#) attempted to quantify spending on homelessness across government and in doing so showcased the complexity of current funding arrangements. **The analysis found that funding was 'fragmented and generally short-term, inhibiting homelessness prevention work'.**

NAO's report found £2.44bn was spent on homelessness services, echoing the previous government's announced headline spend set out in the 'Ending Rough Sleeping for Good' strategy but this is exclusive of the unknown figure also spent on non-statutory exempt accommodation services which make a significant majority of the homelessness supported accommodation sector, - which estimates put at around £1.9 billion of additional funding based on 2016 spending levels - meaning the total figure spent on homelessness is significantly higher.

The challenges are rooted across the system. The cost of delivering temporary accommodation has left local authorities with little choice but to pull resources inward to meet their statutory duties, but this comes at the expense of non-statutory homelessness, which can include the majority of people sleeping on our streets, and services focused on preventing homelessness. Providers have done all they can to balance the books and are running out of things to cut without undermining the safety of their services. Meanwhile, rising homelessness places increased strain on health and emergency services.

As providers of services from across the country, we firmly believe that a more effective and efficient homelessness system is possible, one that regains strategic control over homelessness spending by reinvesting in a holistic system, rooted in effective partnerships, that works for all. The new Government has committed to a cross-government strategy to get us back on track to ending homelessness, this needs to be backed by a cross-government funding approach. It should be an urgent priority of the Treasury to launch a systematic, cross departmental review of all homelessness-related spending informing a commitment to develop and deliver a consolidated, ring-fenced homelessness funding system from 2026/27 onwards.

In your speech at Labour Party Conference, you said “it is time that the Treasury moved on from just counting the costs of investments, to recognising the benefits too.” The cost of homelessness is felt across our society, holding people back from achieving their potential and placing huge strain on wider public services. Putting in place the foundations for a stable and effective homelessness sector should, therefore, be seen as an investment and a key steppingstone for Labour’s mission driven Government, with the upcoming Autumn Budget an opportunity to show that the Government is serious about getting back on track to ending homelessness.

Yours sincerely

Rick Henderson, CEO at Homeless Link

Kate Henderson, CEO at The National Housing Federation

Francesca Albanese, Executive Director of Policy and Social Change at Crisis

Pam Orchard, Chief Executive at The Connection at St Martin’s

Nick Redmore, Director of Homelessness Services at The Salvation Army

Denise Hatton, CEO at YMCA England & Wales

Gavin Smart, CEO at Chartered Institute of Housing

John Glenton, Executive Director of Care and Support at Riverside

Amanda Dubarry, CEO at Your Place

Duncan Shrubsole, Chief Executive at St Martin-in-the-Fields Charity

Jean Templeton, Chief Executive of St Basils and Chair of WMCA Homelessness Taskforce

Stephen Bell, CEO at Changing Lives

Lorraine Mealings, Chief Executive Officer at BCHA

Andrew Redfern, Chief Executive at Framework

Paul Morrish, CEO at LandAid

Charlotte Talbott, Chief Executive at Emmaus UK

Ellie McNeil, Chief Executive at YMCA Together

Jo Carter, CEO at Glass Door Homeless Charity

Richard Gammage, Chief Executive at Two Saints

Mark Grant, CEO at Action Homeless

Ben Keegan, CEO at Roundabout

Robert Payne, Director of Homelessness Services at HOPE worldwide

Chris Keating, Chief Executive Officer at Connection Support

Alexia Murphy, CEO at Depaul UK

Shirley Scotcher, Interim CEO at SMART CJS

Denis Tully, Chief Executive Officer at Emmanuel House

Nash Chhatralia, Chief Executive Officer at The Bridge (East Midlands)

Gill Arukpe, CEO at Social Interest Group

Steve Rundell, CEO at Nomad Opening Doors

Jools Ramsey-Palmer, Chief Executive Officer at Ipswich Housing Action Group

Atinuke Ekundayo-Kehinde, Operational Manager at Optimism Supported Housing

Jodie Geddes, CEO at AMAT

Tim Archbold, CEO at Signposts

Nicci Marzec, CEO at Aspire

Marie Davis, CEO at Falcon Support Services

Natalie Allen, Chief Executive Officer at SIFA Fireside

Lawrence Santcross, Chief Executive at Transform Housing

Moya Woolven, CEO at Basis Yorkshire

Andrew Brown, Chair of the Board of Trustees at Harbour Place Grimsby

Tim Fallon, Chief Executive at SPEAR

Keely Dalfen, CEO at The Brick

Natasha Davies, Chief Executive Officer at Jimmy's Cambridge

Kellie Ziemba, Chief Executive Officer at Kairos WWT

Meg Doherty, Founding Director at Fat Macy's

Winnie Oluoch, Director of Strategy and Operations at First Choice Housing

Emily McCarron, Chief Executive Officer & Co-Founder at The Bus Shelter Dorset

James Boulton, CEO at Wycome Homeless Connection

Amy Hull, Executive Manager at the Marylebone Project

Tamsin Maitland, Chief Executive at Catching Lives

Helen Bedser, Chief Executive at Julian House

Wendy Taylor, Assistant Director of Housing and Homelessness Services at Cranstoun

Salma Ravat, CEO at One Roof Leicester

Elaine Chalmers-Brown, Director at Pilgrims Hearts Trust

Sarah Lister, CEO at Oasis Community Housing

Patrick O'Dowd, Director at Caritas Salford

Rob Edmunds, Deputy CEO at New Hope

Carmen White, Chief Executive at Evolve Housing + Support

Henry Meacock, Chief Executive at St Petros

David Ford, CEO & Founder at Expert Link

Carol Webster, Co-Chair at Gravesham Sanctuary

Fiona Humphrey, CEO at Providence Row Housing Association

Cherisse Dealtry, Chief Executive at York Road Project

Lesley Howard, Head of Homelessness at Change, Grow, Live

Simon Hewitt-Avison, CEO at Homeless Oxfordshire

Sebastian Rocca, Founder & CEO at Micro Rainbow

Tim Renshaw, CEO at The Archer Project

Helen Razdan, CEO at Self Help Community Housing Association

Laura Dalton, Head of Homelessness & Complex Needs at Concrete

John Lee, CEO at YMCA Norfolk

David Lackner-Smith, CEO at The Sanctuary Trust

Kirstie Cook, Chief Executive Officer at Kings Arms Project

Michael Chandler, CEO at Groundswell

Paul Tyler, Housing and Support Manager at Still Waters House

Tom O'Connor, CEO at Providence Row

Mark Simms, CEO at P3

Kate Gascoigne, Chief Customer Officer at A2Dominion