

Homeless Link submission to the Autumn Budget 2025

October 2025

Introduction

Context

Homeless Link is the national membership charity for frontline homelessness services in England. Representing over 750 organisations, we work to improve services through research, guidance and learning, and campaign for policy change that will ensure everyone has a place to call home and the support they need to keep it.

The country is currently experiencing an unprecedented homelessness crisis. Rental affordability, social housing supply and shortfalls in support mean that record numbers of people are living in temporary accommodation, while rates of rough sleeping are just 2% below their 2017 high.

It is in everyone's interest to break this cycle, and Treasury must be at the heart of a whole-Government response. We know that the Government shares our commitment to get the country back on track to ending homelessness. Many of the initiatives introduced in the last year provide welcome evidence of this, including the Inter-Ministerial Group on Tackling Homelessness and Rough Sleeping, the uplift of funds to the Rough Sleeping Prevention and Recovery Grant, and the additional £100m of homelessness prevention funding introduced in the Comprehensive Spending Review.

We are also pleased to welcome the proposed reforms to local authority funding arrangements as laid out in the Fair Funding consultation. We are glad to see the Government align with our calls for consolidated, ringfenced funding and are grateful for the support this will give homelessness providers to plan strategically for the future.

Similarly, investment in social housing supply represents a hugely positive move to deal with the root causes of homelessness and we look forward to supporting Government to maximise the impact of changes in improving the lives of people experiencing homelessness.

However, despite these positive steps, data indicates that homelessness continues to rise. Treasury must take urgent measures to unlock housing supply, keep people in their own homes, ensure sufficient appropriate bed spaces for those who are currently without any accommodation to turn to, and enable the necessary support for those whose homelessness is caused by more than just housing affordability. Without urgent resources to increase the homelessness sector's capacity and fund support, the homelessness crisis is likely to worsen even further.

We welcome the Autumn Budget as an opportunity for the Chancellor to reaffirm the Government's commitment to reduce homelessness and safeguard the homelessness sector from further financial risk. The Government must act now to prevent further loss of bedspaces and ensure that people experiencing homelessness are not left without any support to turn to.

This submission draws from various sources, including discussions and intelligence from Homeless Link members, case studies of member services, interviews conducted as part of the Supported Accommodation consultation, Homeless Link's annual Support for Single Homelessness research, meetings of Homeless Link's National Advisory Council, and external publications of statistics and research.

The submission is structured as follows:

1. Act now to safeguard the homelessness sector from collapse

Record levels of homelessness while services shrink

Government departments are pursuing policies which increase homelessness

Services face a cliff-edge of financial uncertainty from March 2026

Service delivery costs have spiralled well beyond the value of existing contracts
Local authorities are risking lives by cutting funding in false economy measures
Stabilising the sector and transforming the system

2. Invest in supported housing to drive up standards and end homelessness

The supported accommodation funding system is dysfunctional
Providers need support to meet the burdens of new regulations
Variation in Housing Benefit monitoring is causing chaos

3. Reform the welfare system to prevent and end homelessness

Solve the work disincentive for residents of supported housing
Uplift Local Housing Allowance and the benefit cap

1. Act now to safeguard the homelessness sector from collapse

Record levels of homelessness while services shrink

The severity of the homelessness emergency cannot be overstated. Our members, who deliver homelessness services up and down the country, are working in an almost impossible environment. As the number of people facing homelessness rises, too often there is no support that services can offer. In the face of such extreme hardship, many skilled workers have burnt out and left the sector altogether.

In 2024, rough sleeping rates rose to 4,667, just 2% away from the highest number on record.¹ Local authority homelessness relief duties increased by 6% last year and the number of households in temporary accommodation increased by 12%, to its highest level ever recorded.²

Since then, homelessness has continued to grow. The number of people sleeping rough in London has increased 10% since last year, reaching its highest ever rate.³ CHAIN serves as a reliable indicator of wider trends. Last year, when CHAIN increased by 19%, the national count increased by 20%. It is therefore almost certain that this Autumn we will surpass the record highs of 2017, and 2025 will act as a historical high for rates of rough sleeping.

But at the same time as rates of homelessness rise, the homelessness support sector is in crisis. Demand has soared while resource has dwindled: new Homeless Link data shows nearly half of services are at risk of closure, and one in five have already made redundancies. Bedspaces in the sector have dropped by 43% since 2008.⁴

This section outlines the crisis faced by support providers in the voluntary and community sector. Our members consistently speak of complex and intersecting financial difficulties caused by insufficient funding, local authority cuts, and poor strategic oversight of central grants. For many, this picture has worsened in the last year. And while the details are

¹ MHCLG (2025). [Rough sleeping snapshot in England: autumn 2024](#).

² MHCLG (2024). [Statutory homelessness in England: financial year 2023-24](#).

³ GLA (2024). [Rough sleeping in London \(CHAIN reports\), Annual data table 2024/25](#).

⁴ Homeless Link (2025). [Support to End Homelessness 2024: A review of services addressing single homelessness in England](#).

different in every service, the end result is the same: services closing down at the time they are needed most.

The homelessness sector holds responsibility for supporting some of the most acutely unwell adults in our society, often in the absence of more appropriate health and social care support. As services close, the gap in support grows wider. At best, this means additional pressure on temporary accommodation through an increase in relief duties. At worst, it means people with very significant physical and mental health concerns are left to live and die on our streets.

We cannot accept this. Treasury must work with relevant Government departments to ensure no further losses to homelessness support capacity. This requires action on numerous challenges in order to stabilise services, restore funding, and safeguard from cuts. A picture of these numerous challenges is given below.

Government departments are pursuing policies which increase homelessness

As we have described, rough sleeping has risen sharply in recent years, with many people left with no choice but to sleep rough as support services reach capacity. Homeless Link members report being forced to turn people away due to lack of capacity, as well as an increase in the level and severity of support needs experienced among those they work with. But as services struggle to keep up with demand, new pressures coming from across Government risk accelerating the homelessness crisis even further. Changes to policy, alongside increased thresholds for service access across health, social care and other forms of upstream support, mean that homelessness services have had to adapt their services to meet a wide range of support needs beyond housing, all without commensurate uplifts to funding.

Early prisoner release

The early prisoner release scheme is a necessary measure, but without additional resources it carries an outsize risk of causing homelessness. Data released by the Ministry of Justice (MoJ) in July 2025 showed that over the last two years we have seen a rise of 82% in the number of people leaving prison into homelessness – the highest number since the data started being collected five years ago.⁵ Over 1,000 people a month are now coming out of prison into homelessness, a 39% rise in the past year.⁶

Inappropriate hospital discharge

People experiencing homelessness face the worst health outcomes of any population in England. This inequality means people are four times more likely to visit A&E as the general population and stay six times as long in hospital as inpatients.⁷ But while finding suitable step-down accommodation for patients experiencing homelessness can be challenging, the frequency of discharge into homelessness comes at huge risk to the individual and drives up spending across health and homelessness services in the long run.

A Freedom of Information Request to hospital trusts in England in early 2024 showed that at least 4,200 people were discharged from hospital to into homelessness from 2022-23.⁸

Discharge to the street can mean people managing serious illnesses or recovering from surgery in very unsafe conditions, without access to hygiene facilities or medication storage. Standard homelessness services are neither designed nor equipped to respond to medical

⁵ MoJ (2025). [Offender accommodation outcomes, update to March 2025](#).

⁶ *ibid*.

⁷ Pathway (2024). [Street Discharge](#).

⁸ Bancroft, H (2024). [Cancer and stroke NHS patients among thousands discharged with nowhere to live. The Independent, 17th March 2024](#).

needs and inappropriate discharge inevitably means frequent readmissions to hospital and the deterioration of health conditions. Treasury should support the Department for Health and Social Care (DHSC) to immediately end the practice of street discharge and commit funds to upscale specialist step-down care for people experiencing homelessness. Such services are a sound long-term investment, with every pound spent resulting in £1.20 saved to the NHS.⁹

Asylum accommodation move-on period

Recent changes in Government policy aiming to end the use of unsuitable accommodation such as hotels to house asylum-seekers also risk driving homelessness. In December 2024, we welcomed the Home Office's decision to pilot a change to its asylum support cessation procedure for newly recognised refugees, giving individuals who had been granted their refugee status 56 days from the date they received their Asylum Decision Letter to leave their asylum accommodation. The 56-day asylum move-on pilot was introduced to bring cessation of asylum support in line with other homelessness prevention provisions,¹⁰ and because of the overwhelming evidence that move-on from asylum accommodation had become a significant factor in homelessness and rough sleeping. Over the past two years, we saw a 252% increase in new refugees presenting as homeless to their local authority due to being required to leave asylum support accommodation.¹⁰

The emerging evidence from our members suggested that the 56-day pilot helped reduce rates of homelessness and enabled more people to successfully move on from Home Office accommodation and begin to integrate and participate in their communities. This helps alleviate pressures on costly homelessness interventions and other public services, and paves the way for people to make a positive start to their lives in this country. LSE analysis estimates that a 56-day move on period for all new refugees would lead to net financial benefits to the country of £4-7 million a year, across homelessness, rough sleeping, mental and physical health, wellbeing and employability.¹¹

The Government committed to understanding the impact of the pilot through a full evaluation due to conclude at the end of this year, but changed course and reverted to a 28-day move-on period for most single adults from 1st September 2025. This was done before considering and publishing the evidence from the 56-day move-on pilot. We are extremely concerned that this will increase homelessness and rough sleeping, cause individual harm, put pressure on local statutory and voluntary sector organisations, and undermine the government's commitment to ending homelessness through a cross-departmental strategy.

These worries are not unfounded. Attempts under the previous government to fast-track asylum hotel evictions led to a nearly threefold increase in the number of newly recognised refugees experiencing homelessness.¹² The steep increase in demand caused immense pressure to local authority Housing Options teams and local homelessness services,¹³ and led to sharp increases in rough sleeping.¹³ We expect another spike in rough sleeping to occur as a result of this recent decision.

Impact on homelessness

The additional pressure for local councils comes as the number of people living in temporary accommodation is at an all-time high, and a lack of alternatives will result in further use of expensive nightly paid options for those eligible. The MoJ early prisoner release scheme, inappropriate hospital discharges and Home Office efforts to clear the asylum backlog are

⁹ Alma Economics (2024). [Intermediate care for people experiencing homelessness: Cost-benefit analysis](#).

¹⁰ MHCLG (2025). [Statutory homelessness in England: January to March 2025](#).

¹¹ LSE (2020). [Extending the "move-on" period for newly granted refugees: Analysis of benefits and costs](#).

¹² Wainwright, D. and England, R. (2024). ["Asylum homelessness rises as refugees told to leave accommodation". BBC News. 30th April 2024.](#)

¹³ Refugee Council (2024). [Keys to the City: Ending refugee homelessness in London](#).

sources of significant anxiety among the homelessness sector. Transition out of state institutions such as prisons, hospitals or the asylum system have long been recognised as drivers into homelessness. After years of funding restrictions and service closures, providers are simply unable to adapt to increased demand.

To avoid an unprecedented increase in the number of people sleeping rough across England, **the Government must ensure that targeted funding is released to prevent homelessness among people being evicted from asylum accommodation including newly recognised refugees, people being discharged from hospital, or people leaving prison.**

Treasury should work closely across the Home Office, Ministry of Justice, Department for Health and Social Care and Ministry of Housing, Communities and Local Government (MHCLG) to target funding to prevent homelessness among these cohorts whenever possible. Such programmes risk creating excess and avoidable homelessness, driving costs downstream as local authority housing services attempt to meet demand. We urge the Government to proceed carefully, monitoring rates of homelessness and remaining prepared to channel extra funding to local authorities where demand for services rapidly increases. However, a significant amount of the need driven by the Home Office could be averted by reinstating a 56-day move on period.

Homelessness, and rough sleeping in particular, has devastating long term health impacts. Reduced capacity for support means more people experiencing elongated periods of homelessness, which in turn means higher rates of physical and mental ill-health caused by homelessness, increased demand for long-term support with emerging needs, and a higher likelihood of developing intersecting support needs that require intensive, and costly, support.

An increase in people sleeping rough is also very likely to mean an increase in early deaths associated with homelessness, an outcome that is both tragic and avoidable with a properly resourced system.

The Government must account for this increase in complex health needs through allocation of targeted funding to address increases in rough sleeping, and in particular amongst those leaving asylum hotels, hospitals and early release prisoners.

The Government must also accept that a 28-day move on period for newly recognised refugees will increase homelessness and cost the taxpayer more in the long run, and reinstate the 56-day move-on period for everyone who has received an asylum decision.

Services face a cliff-edge of financial uncertainty from March 2026

The homelessness sector has endured enormous uncertainty across recent years. Despite providing essential support for people experiencing homelessness, our members have faced static budgets, poor planning, and an atmosphere of uncertainty that has already forced many out of business. While the Government's decision not to cut funding is welcome, the sector has faced significant real-terms cuts as grants have remained static despite rapid inflation and increased costs from National Insurance and minimum wage.

The vast majority of funding to relieve single homelessness expires in April 2026, totalling approximately £1bn funding overall. This income funds providers to deliver thousands of bed spaces, key workers and support activities across local authorities and the VCSE sector. Many providers have been managing contracts well below value for years and are unable to absorb the risk of further contract uncertainty.

The move towards three-year contracts was universally welcomed by the sector, which has long called for longer-term funding arrangements so that services can plan strategically across a number of years. The decision to roll over funding through this financial year was again welcomed as ensuring certainty while the new homelessness strategy is being

developed. But since the announcements of the CSR there has been silence, and with months to go until the existing Rough Sleeping Prevention and Recovery Grant (RSPRG) expires, providers are currently without certainty about their funding for the future.

Approximately 36% of providers cite local authority commissioned contracts as their primary source of income.¹⁴ These contracts are usually concurrent with Housing Benefit (HB) income, including Enhanced Housing Benefit. Commissioned contracts fund staff and specialist support activity, which encompasses a wide range of social care needs including support to attend appointments, access welfare, improve health, and prepare to manage a tenancy independently.

The overall commitment not to make actual cuts to homelessness funding in the CSR was welcome, but providers have since been left in limbo about how new funding will be targeted and any changes in expectation as to the types of service they deliver. The lack of direction from Government about the timing of the homelessness strategy or how funds will be distributed means that many are unable to renew contracts or plan for the future. Instead, providers are in the dark about the next financial year, and it seems that – once again – contracts are likely to be renewed once the new financial period has already begun.

The consequences of this uncertainty are severe. They include:

- Services forced to accept enormous financial risk to extend expiring rental contracts without definite funding
- Bed spaces being lost as services avoidably return rental contracts to landlords
- Mass redundancies of skilled staff
- 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.

There is currently no clarity from the Government about its strategic priorities for the homelessness sector, leaving providers to make decisions on the future based on very little information. Providers need assurance now – six-month break clauses on leased properties mean negotiations with landlords have already begun, burdening services with significant financial risk if they are not able to guarantee funding into the next financial year.

Case study

A supported accommodation and outreach provider which works across the South West of England told us about the ‘contract crunch’ situation they are currently facing, where 40% of their public sector contracts are up for retendering in March 2026. This equates to £4.1 million of annual income at risk, which is all currently revenue funding. If these contracts are retendered, over the next six months the provider will have to respond to the tenders for dozens of contracts in order to try to retain these, with limited staff capacity to do so. If these contracts are not retendered, 85 bedspaces would be lost. Because of the lack of available housing in these areas, many of the current residents would return to rough sleeping.

Local authorities issuing these contracts are currently unsure how much money they will receive from the Government for homelessness services, and so rather than committing to recommissioning the service because it is clearly needed, some have instructed the provider

¹⁴ Homeless Link (2025). [Support to End Homelessness 2024: A review of services addressing single homelessness in England.](#)

to assume that the contract will be ending in March. This makes it very difficult to retain staff, as staff are concerned about their job security and will leave the organisation earlier on rather than waiting to find out if the contract has been retained.

Some commissioners have flagged that they are anticipating they will receive less government funding for homelessness services in future because their rough sleeper count has decreased, despite the fact that it is likely that this decrease has happened because of the homelessness services being delivered by this provider and others in that area. Some local authorities are also considering ending contracts because of their financial difficulties, which is leading to them reducing spending on anything that is not a statutory service.

Homelessness and rough sleeping levels in this region have been on a steady upward trend over the past few years, with one of this provider's hostels consistently operating at 113% capacity, and voids across all of their accommodation services decreasing. Nearby areas are also cutting their homelessness services significantly, which will have an impact on this provider's services and will likely increase the number of people being referred.

Local authority staff have acknowledged that potential funding cuts to homelessness services will likely lead to an increase in rough sleeping in the longer term, but they are pressured to do so by the need to solve the short-term budgetary problems they face.

Service delivery costs have spiralled well beyond the value of existing contracts

Even without the current uncertainty, homelessness services have existed in a long-term crisis of inadequate funding. Contracts across the sector have fallen well behind the cost of delivery following years of funding suppression and rapidly rising costs. Most existing contracts were set in April 2022, before the cost of living crisis saw rapid inflation to the cost of service delivery.¹⁵ Even prior to this, government spending on homelessness sat well below the cost incurred by services,¹⁶ and inflation merely exacerbated the systemic underfunding that had already pushed providers out of the market.¹⁷

With all forms of homelessness rising rapidly, support services are needed now more than ever. As the supply of bed spaces reduces, 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 two thirds of accommodation providers run services no longer deemed financially viable, while 48% are at risk of closure due to costs.¹⁸

Many services are running deficit budgets and relying on reserves to meet essential costs. In most cases, existing funders – primarily local authorities – are facing financial restrictions themselves and are unable to offer budget increases. Additional income streams are also restricted, with members reporting increasingly competitive grant funding environments and a shrink in charitable giving.

Providers have seen a wide range of cost increases across essential spending, including building and maintenance costs, utility costs and staffing costs. For many providers, the only

¹⁵ Homeless Link (2022). [Keep Our Doors Open: The Homelessness Sector and the Cost of Living Crisis](#).

¹⁶ Thunder, J. and Bovill Rose, C. (2019). [Local Authority Spending on Homelessness: Understanding recent trends and their impact](#). WPI Economics, St Mungo's and Homeless Link.

¹⁷ Homeless Link (2023), [Support for single homeless people in England, Annual Review 2022](#).

¹⁸ Homeless Link (2025). [Support to End Homelessness 2024: A review of services addressing single homelessness in England](#).

way to meet these sustainably is either an increase in contract values or cuts to service delivery.

Recent cost increases also include increases to the National Living Wage and employers' National Insurance contributions, both of which have been met without an associated increase in contract value. Changes to National Insurance contributions introduced in last year's budget are estimated to have removed between £50-60m from the delivery of frontline services in the homelessness sector.¹⁹

This has a twofold impact, placing the service at higher financial risk and reducing the resources available for fair staff remuneration. Low contract values have already led to wages being suppressed across the sector. Many frontline posts are now paid at or only slightly above the minimum wage, despite the skilled and challenging work involved. Recent research from the Frontline Network found that 36% of frontline workers in the sector took on extra work to make ends meet, while only 34% described their pay as meeting their living costs.²⁰ Too often, this leads to skilled staff leaving the sector for better pay elsewhere, reducing support capacity and driving up reliance on expensive, non-specialised agency staff.

Local authorities are risking lives by cutting funding in false-economy measures

The challenges faced by homelessness providers are happening in the context of extreme financial difficulties at the local authority level. While we are cognisant of the depth of these challenges, the decisions taken by some local authorities to de-prioritise non-statutory homelessness service funding cannot be the solution.

Funding cuts described by our members in recent years have largely seen county councils cutting funding or decommissioning local services in two-tier local authorities. While councils are not statutorily obliged to fund single homelessness support services, most fund some form of provision. These services are essential lifelines to the thousands of people who face homelessness each year but do not fall into narrow 'priority need' categories. This includes the majority of non-family homelessness, and spans from individuals who require very light-touch support through to those with complex and intersecting support needs.

Examples of cuts include 90% cuts to floating support services in East Sussex,²¹ 43% cuts to homelessness accommodation in Norfolk,²² and the wholesale decommissioning of adult services in Kent.²³

While the councils in question are making cuts to fill significant budget shortfalls, evidence repeatedly shows that cuts to non-statutory homelessness services act as false economy.²⁴ Homelessness services, particularly those which house people experiencing severe and multiple disadvantage, often deliver support in the absence of other services.

Homelessness support plays an essential role in promoting health and preventing demand on other services. Good quality supported housing has a significant positive impact on

¹⁹ Cuffe, Grainne (2024). [Charities warn homelessness services will close if National Insurance hike goes ahead, Inside Housing, 17th December 2024.](#)

²⁰ St Martin in the Fields Frontline Network (2025). [Frontline Worker Survey 2025.](#)

²¹ BHT Sussex (2025). ["Proposed cuts to our East Sussex Floating Support Service to be debated by Council".](#)

²² Moseley, P. (2025) ["Concerns over plan to cut homeless services by £2m". BBC News, 18 February 2025.](#)

²³ Booth, R. (2024). ["Planned cuts to shelters in England will cost lives, say homeless people". Guardian, 24 March 2024.](#)

²⁴ PwC (2018). *Assessing the costs and benefits of the Crisis plan to end homelessness*; Pleace (2015). *At What Cost? An estimation of the financial costs of single homelessness in the UK*; DLUHC (2024). *Monetising the social benefits of reducing rough sleeping.*

residents' health, wellbeing and sense of social connection,²⁵ all of which play a crucial role in relieving pressures on DHSC, MoJ, HO and MHCLG. If services are forced to close, the increased pressure on public services will negate any savings made, with costs simply pushed further downstream as people go unsupported.²⁶

Stabilising the sector and transforming the system

It's clear that the homelessness sector is contending with immediate, urgent challenges to financial viability and service provision, as well as facing fundamental problems with the way that the homelessness system functions. **The Government must use the Autumn Budget to fund an emergency response to spiralling levels of homelessness and the crisis in the homelessness sector, while at the same time committing to the funding required to transform the homelessness system going forwards.**

In the immediate term, the Government should protect existing support services through stable funding. This means contracts reset to the true cost of delivery, linked to inflation and reflecting increases in the National Minimum Wage and National Insurance contributions, with protection against cuts at local authority level. The Government should also increase funding for local government more generally, so that local authorities are not driven to cut homelessness services in order to shore up their financial position.

This should include addressing the temporary accommodation subsidy gap, which has increased to £260M, and is a significant contributing factor to the strain on local government finances and inability to fund wider homelessness prevention and support provision.²⁷ The Government must lift the rate of reimbursement for temporary accommodation from 90% of the 2011 rate to 90% of the current LHA rate.

In the longer term, the Treasury must gain control of homelessness spending by conducting a systematic review to place a number on costs from Enhanced Housing Benefit spending in the Department for Work and Pensions (DWP), support grants in MHCLG, as well as the costs incurred by DHSC, MoJ, the Home Office and others supporting people with problems stemming from homelessness.

Once spending has been quantified, the next step is reform, consolidating to a single ringfenced budget designed to prevent and end homelessness for good.

We have seen positive steps towards this as the Government seeks to reform Local Government finance settlements through the Fair Funding Review 2.0 proposals, and we are particularly welcoming of proposals to provide long-term, consolidated and ringfenced budgets to respond to homelessness. However, without a complete picture of homelessness spending this is only a piece of the puzzle. To achieve the long-term changes we need to end homelessness, the Government must commit to:

- Ending wasteful short-term grants, and a budget safeguarded from cuts elsewhere
- Support-focused funding that follows a person from the start of their journey to the end, with adequate funding to personalise their care at whatever scale they require
- The end of race-to-the-bottom commissioning, with funding that matches caseloads and is sufficient to pay competitive wages
- Enabling local innovation, smaller providers, and a drive for diversity over uniformity

²⁵ National Housing Federation (2025). [The benefits of supported housing.](#)

²⁶ Ibid.

²⁷ LGA (2025). [Temporary accommodation funding gap grows by 30 per cent in a year. 24 September 2025.](#)

- A system focused on ending homelessness for good, with long-term support and money held for prevention, recognising that stable, long-term care is always cheaper than repeat cycles of homelessness.

2. Invest in supported housing to drive up standards and end homelessness

The supported accommodation funding system is dysfunctional

Supported accommodation plays a vital role in both preventing and alleviating homelessness. People experiencing or at risk of homelessness often face other overlapping challenges which commonly include physical and/or mental health issues, unmet social care needs, physical and cognitive disability, substance use, experience of the criminal justice system and/or a history of trauma. Good quality supported housing can provide stability while addressing these needs, helping individuals to access and sustain a tenancy, rebuild family relationships, and engage in work or training opportunities. In many cases, supported housing can help someone get ready to move on to other forms of appropriate long-term housing, whilst in others it provides the long-term care and support needed to ensure someone is safe, secure and sustainably housed.

Supported housing can have a significant positive impact on residents' health, wellbeing and sense of social connection, all of which play a crucial role in relieving pressures on DHSC, MoJ and MHCLG. Research from the National Housing Federation (NHF) found that the supported housing sector in England currently saves the public purse an estimated £3.5bn every year.²⁸ This form of accommodation is key to the Government achieving its aims in both the forthcoming Homelessness Strategy and the Housing Strategy. However, the supported accommodation sector is currently in a perilous financial position.

Since the Supporting People funding programme's ringfence was lifted in 2009, the funding landscape for the homelessness sector has changed substantially. Before 2010, accommodation services were primarily funded through support contracts from the local authority. Since then, the number of services funded primarily through local authority contracts has dropped by 47%. In their place, providers have come to rely on income through Housing Benefit. Between 2008-2024, there has been a 25x increase in the number of organisations who cite Housing Benefit as their primary source of funding.²⁹ Housing Benefit is now the most common primary source of income for accommodation providers in the sector (47%) followed by local authority commissioned contracts (46%).³⁰

This has resulted in the homelessness supported accommodation sector's increasing reliance on Enhanced Housing Benefit as an income source, with non-commissioned and ex-commissioned services having to scramble to raise income through other means to fund the support element, which is not eligible to be funded through Housing Benefit. This means that accommodation providers are essentially subsidising those local authorities which are no longer providing funding for support.

It is this reliance on Enhanced Housing Benefit to fund accommodation services which has caused and enabled the supported accommodation sector to be exploited by rogue providers in some areas. It is notable that Wales has not experienced the same issue with

²⁸ National Housing Federation (2025). [The benefits of supported housing.](#)

²⁹ Homeless Link (2025). [Support to End Homelessness 2024: A review of services addressing single homelessness in England.](#)

³⁰ *ibid.*

bad actors entering the exempt accommodation market for profit, having retained a version of the Supporting People ringfenced grant.

As well as creating unintended consequences, the shift to reliance on Enhanced Housing Benefit is also unsustainable. Funding to commission supported housing has significantly reduced since 2010 – 75% was cut between 2010-11 and 2019-20, from £1.3bn to £320m.³¹ A 2024 NHF survey showed one in three providers had closed supported schemes in the last year and 60% expected to close schemes in future due to viability.³² Homeless Link's most recent research found that 48% of homelessness accommodation providers are at risk of having to close services and 38% have already reduced capacity and support.³³ The government's Supported Housing Review showed that now only 38% of all supported housing is commissioned and funded by local authorities or statutory bodies to cover some, or all, of the costs of providing care, support or supervision.³⁴

At the same time, there is significant unmet need for supported housing.³⁵ The Government's 2023 Supported Housing Review said that to address unmet demand, at least 180,700 additional supported homes are needed in England by 2040 (this was a lower estimate, the upper estimate was 412,800).³⁶ Simply to maintain current levels of provision, 129,100 new homes are needed in England by 2040.³⁷

The supported housing sector's reliance on Housing Benefit means that Government summaries of homelessness spending, which are based solely on commissioned contracts, are vastly under-representative of the actual cost of the homelessness system. Throughout this submission we have outlined what has led the homelessness funding system to this crisis point and how the Government can reform and redesign a system that works.

We have been calling on the Government to improve its oversight of the homelessness sector by conducting a systematic review of all homelessness-related spending, from direct spend on accommodation to the amount paid out in Enhanced Housing Benefit, and the costs incurred by DHSC, MoJ, the Home Office and other departments to support people with problems rooted in homelessness. We have advised that once the Government knows how much it is spending on homelessness, it must look to redistribute existing money more efficiently through a wholesale reform of the funding system. This should include funding that is truly reflective of current spending on homelessness.

Resolving how supported housing is funded was notably absent from the June 2025 Comprehensive Spending Review, or from the Fair Funding Review 2.0 consultation. This budget must now pave the way for it to be addressed, and the details must feature as part of the upcoming Homelessness and/or Housing Strategies. **The Government must finally understand actual homelessness spend in detail, with Enhanced Housing Benefit spending for supported accommodation services captured as part of that. The Government should seek to develop an improved, support-focused revenue funding system rather than the current overreliance on Housing Benefit.**

Funding for the support element of supported accommodation services for people at risk of or experiencing homelessness should feature as part of a long-term, consolidated Homelessness and Rough Sleeping Grant – but not to the detriment of

³¹ NAO (2023). [Investigation into supported housing.](#)

³² Lawrie, E. and Buchanan, M. (2024). ["I could have ended up homeless after my parents died". BBC News, 8 June 2024.](#)

³³ Homeless Link (2025). [Support to End Homelessness 2024: A review of services addressing single homelessness in England.](#)

³⁴ MHCLG and DWP (2024). [Supported Housing Review 2023.](#)

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

other homelessness services that need to be funded from that pot. This would require a further uplift of the grant. With a proper review of homelessness spend, money from departments like DWP, Home Office, MoJ, and DHSC, who all variously rely on supported accommodation and homelessness services to alleviate their own pressures, could contribute to boosting the grant.

Providers need support to meet the burdens of new regulations

Beyond the current situation, the Government is currently consulting on extensive new regulations that will impact the supported accommodation sector significantly. The upcoming implementation of the Supported Housing (Regulatory Oversight) Act, and other regulations such as the application of the new Decent Homes Standard to all supported exempt accommodation via the Renters' Rights Bill, will make extensive new demands of supported accommodation providers. But new regulations will not be able to raise standards and ensure compliance if providers are not supported and funded to make the necessary improvements.

The underfunding of the sector over the last 15 years has meant that many good providers face extreme financial challenges and viability is increasingly difficult. We are mindful that, cash poor and focused on survival and delivery, some providers are behind where they would like to be in terms of the standards of their physical environments. Providers have also faced increasing cost pressures from rocketing inflation alongside energy price increases and the impact of the increased employer contributions to national insurance. Many decent, well-meaning providers will need to make significant investments in order to ensure that all the schemes they are responsible for can comply with the new regulations, and that they have the necessary staff, buildings and reporting systems to demonstrate compliance.

So far, this Government has not outlined any plans to resource the sector to be able to meet the new standards and requirements. Without funding, the licensing regime could simply cause more providers to have to close services or leave the sector entirely, resulting in a reduction of the overall supply of good quality supported accommodation, which would increase rates of homelessness.

The Government's emphasis through regulation cannot only be about rooting out substandard providers. It must also be about sustaining and encouraging good ones, and enabling the growth of more good quality supported accommodation. This must come with ringfenced funding for the support element of supported accommodation. The true bad actors, unscrupulous providers, will have no interest in improving. But anyone who is currently just short of the expected standard but is willing and able to improve should be supported to do so. It's relevant to note that one of the reasons the Supporting People Programme was so successful is that new regulation and oversight was implemented alongside a significant cash injection.

The Government must provide both revenue and capital funding for the supported accommodation sector to meet the costs associated with new regulations. The consultation on the Supported Accommodation (Regulatory Oversight) Act included proposals for new burdens funding for local authorities, but no mention of anything for the providers supporting their residents and delivering their contracts. **The Government must ensure that some of the new burdens funding for local authorities is passed on to providers, and that local authorities are directed to uplift the value of contracts for commissioned providers in light of the additional requirements.**

Variation in Housing Benefit monitoring is causing chaos

The delay between the publication of the Supported Housing (Regulatory Oversight) Act and its implementation has created a situation where there is now significant variation in how

local authorities are working with supported accommodation providers, with some appearing to pre-empt the implementation of the legislation and begin creating their own new requirements before the regulations and guidance have been finalised.

In recent years we have seen multiple instances of local authorities, under pressure from the DWP to spend less on Housing Benefit, gatekeeping payment of Enhanced Housing Benefit to reputable, high-quality services that rely on it to remain viable. This appears to have ramped up in the last two years. The phenomenon is causing stress and uncertainty for supported housing residents, and chaos for services, risking and reducing service provision. In some cases, the consequence is a significant loss of bedspaces, as in the [recent example](#) of NAASH in West Northamptonshire. The inevitable outcome of this is sadly a further increase in rough sleeping.

This is happening now, and the Government must intervene urgently to ensure clarity, and call for collaboration and proportionality. **Treasury must not impel DWP to reduce spend on Housing Benefit regardless of the level of need or legitimacy of claims. This is a false economy and will just drive costs elsewhere in the system. The only way to sustainably reduce DWP's Housing Benefit spend on supported accommodation is to reform its funding model and develop an improved, support-focused revenue funding system alongside investment in meaningful upstream prevention activity.** Until that point, denying Housing Benefit payments to residents being supported by legitimate providers will drive homelessness services into further crisis and harm vulnerable people.

In addition to the above, **we recommend that the Government now ends the supported accommodation subsidy loss for local authorities when claiming back from the DWP for Housing Benefit paid to non-Registered Provider (RP) accommodation services.** Once all providers are subject to the National Supported Housing Standards and the licensing regime, it becomes impossible to argue that non-RP providers should be treated any differently as they will be subject to a similar level of scrutiny to RPs. Addressing this discrepancy would help end the unfair disincentive for local authorities to work with non-RP providers due to the financial loss.

3. Reform the welfare system to prevent and end homelessness

Solve the work disincentive for residents of supported housing

Many of Homeless Link's members provide supported housing, and a key element of the support they deliver involves supporting people to maintain or move towards employment. However, current benefits rules mean that residents in supported accommodation face a financial disincentive to entering work or increasing the number of hours they work. As outlined in Centrepoin's 'Make Work Pay' report:³⁸

'Unlike individuals in the Private Rented Sector who see a gradual improvement in their financial situation as they increase their earnings, residents in supported housing face a steeper and more punitive withdrawal of benefits when entering or progressing in employment. This happens because people living in supported accommodation receive benefits through Universal Credit (UC) and Housing Benefit (HB) rules, while only UC rules (which include a housing element) are applied to their peers in the private rented sector. The interaction between these two systems, particularly the high taper rate of Housing Benefit (currently set at 65%), creates a financial 'cliff edge'.'

³⁸ Centrepoin (2025). [Briefing: Make work pay in supported accommodation.](#)

As supported housing residents increase their working hours, they start to lose more money from their benefits than they are gaining in their income from wages, leaving them financially worse off. At the same time, as their Housing Benefit is tapered down based on their wages, they become liable for paying their rent in supported accommodation. This is often beyond what they can afford due to the higher costs associated with running supported accommodation. This places people at very high risk of accruing rent arrears which are beyond what they can reasonably be expected to pay back and may place their tenancy at risk. This often means it is more financially sensible to refrain from working and remain in receipt of benefits until living in an independent property, which can mean months or years of economic inactivity.

To address this, the Government should implement two changes to remove this disincentive, promoting employment and financial independence for people living in supported accommodation.

The Government should increase the Housing Benefit disregard from £5 to £57. The Housing Benefit disregard is the amount of a person's income per week that is excluded from benefit calculations. Increasing this would ensure that most people living in supported accommodation would avoid a cliff edge in their benefit entitlement, ensuring that they, like others, would be incrementally better off the more they work.

The Government should reduce the Housing Benefit taper rate from 65% to 55%, bringing it in line with Universal Credit. Parity between the Universal Credit and Housing Benefit taper rates is required to remove the work disincentive. This would effectively reduce the amount that people living in supported accommodation are taxed for accessing work, as their Housing Benefit would reduce at a rate of 55p for every pound earned, as opposed to 65p for every pound as it is currently.

Both measures are needed to remove the work disincentive. This will open the door to employment for many people living in supported accommodation, ensuring that people are not held back by their living situation and can engage with the labour market without undue financial risk.

Uplift Local Housing Allowance and the benefit cap

Social housing is the answer to resolving homelessness at scale, and we are pleased to see the Government's commitment to investing in much-needed social housebuilding. The scale of investment shows genuine commitment to ensure that everyone has access to a permanent, settled home.

Social housebuilding is not, however, a quick fix, and the Government's homebuilding programme will take many years to complete. In the meantime, the Government must ensure that the private rental sector (PRS) is able to meet the needs of people on low incomes, ensuring that everyone is able to afford to maintain a tenancy and thereby reducing avoidable homelessness.

We are far from this state at current. For low earners, the PRS often represents the only available accommodation source, but costs can be unmanageable. Average rents have increased by 6% in the previous year,³⁹ but Universal Credit levels have failed to keep pace with this.

Local Housing Allowance (LHA), which sets the maximum amount of housing benefit that private renters can claim based on where they live, has previously been intended to cover the cheapest 30% of the PRS. However, after unfreezing and increasing LHA rates in 2024,

³⁹ ONS (2025). [Private rent and house prices, UK: August 2025](#).

the Government refroze LHA rates at this level. According to 2025 research, only 2.7% of new rental properties in the UK are affordable for those claiming LHA.⁴⁰

Even where a property is sufficiently covered by LHA, many households are unable to access the benefit in full due to the household benefit cap. This is particularly the case for those in higher-cost areas, where higher average rents may quickly increase their financial proximity to the cap. This can ultimately negate the positive impact of increasing LHA rates, as was the case in 2024, as some households cannot get the benefit of the increased rate because it pushes them over the benefit cap.

For young renters, restrictions are even more severe. The Shared Accommodation Rate (SAR) of LHA means that most renters under 35 can only claim benefit for the cost of a room in a shared house.⁴¹ These rates often fall well below the actual cost of renting. While some who have been in care or hostel accommodation are exempt from these rates, exemptions are haphazard; care leavers only benefit from exemptions between the ages of 18-21, and hostel leavers must be 25 before they qualify for exemptions. This means that beds are blocked in young person's hostels as residents are forced to wait until 25 to qualify for the one-bedroom rate.⁴²

The new Government's proposals on reforms to the PRS through the Renters' Rights Bill, including ending no fault evictions and an ability to challenge rent increases, are very welcome. To ensure homelessness is prevented wherever possible, the Government must go further. The Government must:

Permanently unfreeze Local Housing Allowance and maintain it annually in line with the lowest 30% of market rents.

End the benefit cap, or at the very least ensure it is uplifted in line with LHA rates, to prevent families in high-cost areas from seeing no benefit from LHA uplifts and remaining at increased risk of homelessness.

End welfare practices which discriminate against young people living independently from family, including equalising benefits across age groups and ending the shared accommodation rate.

⁴⁰ Crisis (2025). [Local housing allowance \(LHA\) rates freeze.](#)

⁴¹ Hobson, F. (2022). [The Shared Accommodation Rate in Universal Credit and Housing Benefit.](#) House of Commons Library.

⁴² Centrepont (2023). [Exempting homeless young people and care leavers from the Shared Accommodation Rate.](#)

What We Do

Homeless Link is the national membership charity for frontline homelessness services. We work to improve services through research, guidance and learning, and campaign for policy change that will ensure everyone has a place to call home and the support they need to keep it.

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Let's End Homelessness Together

