



Ministry of Housing,  
Communities &  
Local Government

# Evaluation of the Housing First Pilots

Cost Benefit Analysis – Final Report

October 2024



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# Foreword

This report presents a cost benefit analysis (CBA) of the three Housing First pilots in England, as part of the evaluation of the Housing First pilots (2018-2023). The pilot programmes aim to develop the UK evidence base on delivering Housing First at scale by funding, and robustly evaluating, three pilots in the Greater Manchester, Liverpool and West Midlands combined authority regional areas, with a view to informing future investment decisions.

The evaluation of the Housing First Pilots has been building the evidence base for what works in delivering positive outcomes for people with experience of homelessness and with multiple and complex needs. The CBA aims to help MHCLG and Pilot areas to understand the resources committed locally, the benefits that have resulted (and are expected to result), and the extent to which the Pilots have delivered value for money.

The study combined cost data provided by the three Pilots, including data on financial expenditures in delivering Housing First services, as well as additional in-kind resources, and benefits data drawn from the surveys of Housing First participants, estimates from previous studies, published sources of the value of changes in wellbeing and the costs of public service delivery.

I would like to thank ICF and their partners for their hard work gathering information from the Pilot areas, the Housing First Delivery Team and Advisers, whose support was critical to the research, the Pilot staff and other stakeholders who participated in the research, and the analysts at MHCLG who provided input to the research materials and reviewed the outputs.

Most importantly, I am hugely grateful to the service users who participated for giving us their time and sharing their experiences with us.

MHCLG is committed to continuing to develop its evidence base on the causes of and solutions to homelessness and rough sleeping.

**Stephen Aldridge**  
**Director for Analysis and Data & Chief Economist**  
**Ministry of Housing, Communities and Local Government**

# List of acronyms and abbreviations

A&E	Accident & Emergency
B&B	Bed & Breakfast
BVSC	Birmingham Voluntary Service Council
CBA	Cost Benefit Analysis
CSJ	Centre for Social Justice
DCLG	(former) Department for Communities and Local Government
DLUHC	(former) Department for Levelling Up, Housing and Communities
GM	Greater Manchester
GMCA	Greater Manchester Combined Authority
GP	General Practitioner
HCA	Homes and Communities Agency
HF	Housing First
HM	His Majesty
HR	Human Resources
IT	Information Technology
LA	Local Authority
MHCLG	Ministry of Housing, Communities and Local Government
MoJ	Ministry of Justice
NHS	National Health Service
NI	National Insurance
PIE	Psychologically Informed Environments
RCT	Randomised Control Trial
WEMWBS	Warwick-Edinburgh Mental Wellbeing Scale
WM	West Midlands
WMCA	West Midlands Combined Authority

# Executive Summary

## Key Messages

- The CBA estimates the costs of support provided by the three Housing First Pilots in England and the value of benefits delivered. The costs of delivering the Pilots averaged £7,700 per person supported per year to the end of 2022.
- The full benefits of the pilots will take many years to be seen but are expected to amount to £15,880 per person per year, through improvements in personal well-being and reductions in the public service costs of homelessness. More than half of the value of these annual benefits was estimated to have been realised 12 months after participants had entered the programme.
- The benefit: cost ratio is estimated at 2.1 (based on expected benefits) and 1.1 (based on estimated benefits after only 12 months). Housing Benefits (as transfer payments) are excluded from these BCRs. This suggests that the Pilots have delivered good value for money.

## This report

This report presents a cost benefit analysis (CBA) of the three Housing First Pilots in England, based on evidence at December 2022. The CBA aims to help MHCLG and the Pilots to understand the resources committed locally, the benefits that have resulted (and are expected to result), and the extent to which the Pilots have delivered value for money.

Data on costs were provided by the three Housing First Pilots. They include both financial expenditures by the Pilots, and in-kind costs (mostly relating to participation of senior staff and partners in meetings and governance arrangements). Analysis of benefits examined evidence from surveys of Housing First clients at baseline and 6- and 12-month follow-up, to examine changes in their wellbeing and their use of public services. These changes were valued as far as possible, based on a review of evidence of the benefits of homelessness interventions, and the unit costs of delivery of relevant public services.

The CBA compares estimates of the costs of the Pilots with the benefits estimated to date. The costs are known with a large degree of certainty, while the benefits are much more uncertain and subject to major data gaps and assumptions. In the absence of a comparison group, assumptions were made about the additionality of Housing First outcomes. The CBA should therefore be regarded as indicative only.

## Costs of Housing First Pilots

The Housing First Pilots programme had a budget of £28.0 million over 4 years to 2021/22, of which £25.3 million was shared between the three Pilots and the remainder

spent on evaluation. An extension of £13.9 million funded the Pilots for a further 2 years in 2022/23 and 2023/24.

The timing of delivery varied between the Pilots, beginning earlier in the West Midlands than in Greater Manchester and Liverpool. This affected the profile of costs, client numbers and hence unit costs. Liverpool had higher set-up costs than the other two Pilots, which are attributed to the costs of establishing service delivery infrastructure, including direct recruitment of staff, commissioning a psychology service, setting up multi-disciplinary panels, and safeguarding advice. Costs and outcomes in the three pilots were also substantially affected by the COVID-19 pandemic, which disrupted delivery, particularly in 2020 and 2021. The Pilots had spent a total of £27.6 million by 31 December 2022. More than 80% of this sum was spent on staffing costs, especially for Housing First support workers. In-kind costs committed by the local partners amounted to a further £0.4 million.

The unit costs of supporting Housing First clients were calculated by dividing the total costs incurred by (1) the number of clients housed and (2) the number of clients receiving support on the programme, but not yet allocated housing. Unit costs were calculated from the cumulative total costs of support provided to date, as well as the annual support costs.

A total of 1,387 people received support from the three pilots at some point in the programme, with 1,061 of these provided with housing. People leave Housing First for a variety of reasons, with many achieving positive outcomes, including 86 classified as having graduated from the programme by the end of 2022. The average cumulative unit cost per person housed on the programme at some point amounted to £26,348 (ranging from £18,430 in the West Midlands to £43,841 in Liverpool). The average cumulative cost per person receiving support from the programme (whether or not they were housed) amounted to £20,155 (ranging from £15,957 in the West Midlands to £29,749 in Liverpool).

The annual unit costs per person supported on the programme each year between 2018/19 and 2022/23, including those exiting the programme each year, averaged £7,737, ranging between £5,558 (West Midlands) and £12,613 (Liverpool). The equivalent average annual unit costs per person housed each year averaged £10,915 over this period, ranging from £7,116 (West Midlands) to £22,027 (Liverpool).

The wide variations in unit costs between the Pilots reflect the differences in the starting point of each Pilot and degree of additional staff recruitment required, numbers of clients, proportion of clients housed, accessibility of local authority owned housing stock, and differences in the levels of service provided, including fidelity to the Housing First model.

## **Benefits of Housing First Pilots**

The CBA examined both:

- Benefits to the wellbeing of supported individuals and wider society from alleviating homelessness; and
- Financial savings resulting from reduced consumption of other public services by those supported by the programme.



The assessment considered both:

- Existing evidence of the costs of homelessness and benefits of interventions to tackle it; and
- Evidence of the benefits observed to date among people supported by the programme, as recorded through this evaluation.

The impact evaluation evidence is based on surveys of supported individuals 12 months after entering the programme. This is too early to expect to observe the full outcomes of Housing First interventions, which target individuals with complex needs, including entrenched rough sleepers. Therefore, it is helpful to examine the expected value of outcomes from the support provided as well as the outcomes observed to date.

Studies demonstrate that Housing First interventions deliver savings to a range of public services, especially homelessness, physical and mental health, and police and criminal justice services. Published evidence suggests that an intervention which provides secure housing for a previously homeless person would be expected to yield reductions in annual public service costs of between £10,900 and £15,900 at 2022 prices (central value - £13,400).<sup>1</sup>

The impact evaluation of the three Housing First Pilots found that, after 12 months, supported clients significantly reduced their use of homelessness and prison services, though there was no significant change in use of physical or mental health services at this stage. The Housing First interventions were estimated to yield savings in the costs of homelessness services estimated at £6,116 per person per year, and prison costs estimated at £1,804 per person per year. The costs of homelessness services were balanced by additional housing costs, met through Housing Benefit payments.

Based on published evidence of the value of benefits to personal wellbeing of alleviating homelessness, the expected benefits of the Housing First Pilots in providing access to secure housing were estimated to average £13,289 per person entering the programme.

The baseline and follow-up surveys of Housing First participants recorded actual changes in self-reported wellbeing using the Warwick-Edinburgh Mental Wellbeing Scale (WEMWBS). This found improvements in self-reported wellbeing of participants against all seven WEMWBS criteria at 6-months and again at 12-month follow-up. The annual value of these wellbeing improvements was estimated at £6,246 per person over 12 months, suggesting that almost 50% of the expected value of improvements in participant wellbeing could be observed after a year of entering the programme.

## **Comparison of costs and benefits**

The benefits estimates were adjusted to take account of the proportion of Housing First clients losing contact with the programme or experiencing negative outcomes (such as those who died or went to prison), for which a (conservative) 15% reduction in average benefits per person was applied (based on 3-year outcomes data).

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<sup>1</sup> Pleave and Culhane (2016) and CSJ (2021) – full references in main report.

Some of the outcomes delivered by the Pilots would have been expected even in the absence of the intervention. However, no comparison group was available to the evaluation. In the absence of a robust counterfactual, it was necessary to make an informed assumption about the extent to which the estimated benefits would have occurred without the Pilots (i.e. the degree of non-additional outcomes). Based on a review of international evaluation evidence, it was assumed that 30% of Housing First recipients would have achieved access to secure housing and associated benefits in the absence of the programme; i.e. 70% of benefits were assumed to be additional while 30% would have occurred under a “treatment-as-usual” scenario. It should be noted that, while there are some similarities, the context covered by these international examples differs from that in the English Housing First Pilots. The Pilots themselves argue that this assumption overestimates non-additional outcomes, given the multiple challenges facing their cohort.

Deducting 15% from the estimated benefits to allow for those losing contact or experiencing negative outcomes and a further 30% to adjust for non-additional outcomes:

- The expected annual benefits of the Housing First Pilots were estimated at £15,880 per person supported through the programme, comprising reduced public service costs of £7,973 and wellbeing benefits of £7,907.
- The actual annual benefits observed at 12 months were estimated at £8,429 per Housing First client, comprising reduced public service costs of £4,712 and enhanced personal wellbeing of £3,716.

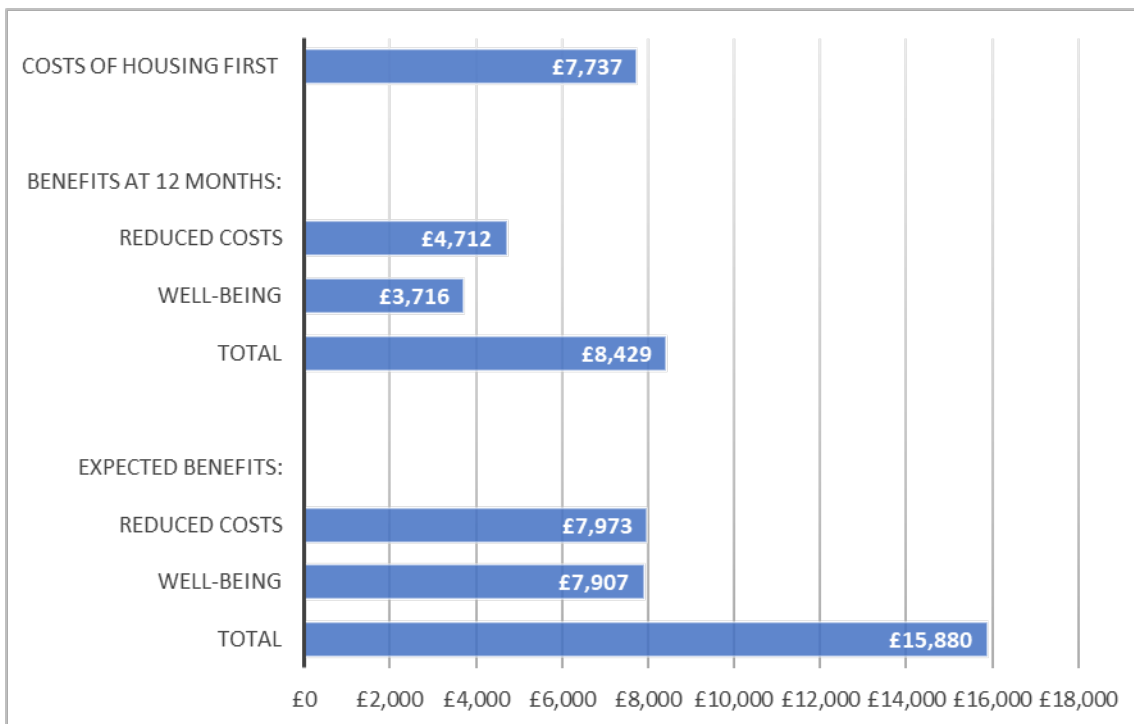
Housing First interventions are expected to take several years to deliver positive outcomes for clients with complex and multiple needs, so the presence of quantifiable benefits at 12 months demonstrates significant progress towards the estimated total benefits expected.

These benefit estimates compare with the unit cost per Housing First client of £7,737 per annum. This gives an expected benefit cost ratio of 2.1, and an estimated benefit cost ratio to date of 1.1. Therefore, the estimated annual benefits exceed the costs, even when considering outcomes observed only 12 months after entering the programme. The full benefits of the programme are expected to take many years to be realised.

A comparison of estimated costs and benefits is given in Figure 1.

The benefit cost ratios exclude housing costs, met through Housing Benefit payments, which, as a transfer payment, are normally excluded from social cost benefit analysis. The programme has so far had a net overall cost to the public finances, even based on potential cost savings, if Housing Benefits costs are deducted from cost savings.

**Figure 1: Comparison of estimated costs and benefits (£ per participant per year)**



**Conclusion**

Overall, the comparison of costs and benefits suggests that the Housing First Pilots are providing good value for money. The unit costs of delivering Housing First varied between the Pilot areas and over the course of the programme, reflecting differences in starting points, delivery models and service levels, and varying needs for adaptation and learning over the programme period. The learning from the pilots can inform the design of cost-effective future delivery models.

The net annual benefits can be expected to increase over time, both through declining costs (as individuals become more established on the programme and require less intensive ongoing support) and increasing benefits (as individual wellbeing improves and savings in public budgets increase with improvements in physical and mental health and reduced contact with police and criminal justice services).

# 1. Introduction

## 1.1 This Report

This report presents a cost benefit analysis (CBA) of the Housing First pilots, based on evidence at December 2022.

The CBA aims to help MHCLG and the Pilots to understand the resources committed locally and nationally to deliver the Housing First interventions, the benefits that have resulted (and are expected to result) from these interventions, and the extent to which they have delivered value for money.

## 1.2 Approach to the Cost Benefit Analysis

The approach to the cost-benefit analysis (CBA) was set out in a framework paper which was agreed with MHCLG in December 2019 and shared with the Pilots. This defined the types of costs and benefits of the Housing First Pilots and the approach to quantifying and valuing them.

Data on costs have been provided by the three Housing First Pilots and analysed by ICF. The data include both financial expenditures by the Pilots, and in-kind costs (mostly relating to participation of senior staff and partners in meetings and governance arrangements). The unit costs of delivering the Pilots were calculated by dividing total delivery costs (including in-kind costs) by numbers of Housing First clients on the programme and housed to date (Section 2).

Analysis of benefits examined evidence from surveys of Housing First clients at baseline and 6- and 12-month follow-up, to assess changes in their wellbeing and their use of public services. These changes were valued as far as possible, based on a review of evidence of the benefits of homelessness interventions, and the unit costs of delivery of relevant public services (Section 3).

## 1.3 Limitations and Caveats

The CBA compares estimates of the costs of the Housing First Pilots with the benefits estimated to date. In general, the costs are known with a large degree of certainty, while the benefits are much more uncertain and subject to major data gaps and assumptions.

The principal limitations of the benefits assessment are that:

- The Housing First Pilots target individuals with complex needs, including entrenched rough sleepers, and are expected to take many years to deliver their expected outcomes. The benefits (e.g. as captured through surveys of participants 12 months after entering the programme) will therefore only be partially observable within the evaluation period.
- While Housing First interventions have been shown to reduce the public service costs of homelessness, these savings also take time, particularly as investment is required to address the needs of supported individuals. For example, while participation in Housing First may reduce usage of emergency health services (e.g. ambulance services, A&E visits), it often raises demand for services treating drug and alcohol addiction and physical and mental health problems during the first years after entering the programme.
- There was no comparison group for the evaluation, and therefore a robust counterfactual was lacking. It was therefore necessary to make an assumption about the extent of non-additional benefits, based on international evaluation evidence (see Section 4), which inevitably differs in context from the English Pilots.

Because of these limitations, the CBA should therefore be regarded as indicative only.

## 1.4 Report structure

This report is structured as follows:

- Section 2 examines the costs of delivering the Housing First Pilots.
- Section 3 examines and as far as possible values the benefits that the Pilots have delivered, and have the potential to deliver.
- Section 4 compares the costs and benefits of the Housing First Pilots.

## 2. Costs of Housing First Pilots

### 2.1 Framework for cost assessment

#### Financial costs of Housing First Pilots

The costs of delivering the Pilots include:

- The costs of delivering the Housing First service, which include all staffing, overheads, in kind costs and support services procured by the projects;
- The costs of provision of housing, including rents and any refurbishment or maintenance costs met by the projects.

The costs of service delivery include:

- Core staffing costs - salaries and other staff costs (including pensions, national insurance contributions (NI)) of staff employed primarily in delivery of Housing First services;
- Wider staffing costs – salaries and other costs of local authority and other staff who spend some of their time supporting Housing First services. This may include staff involved in Pilot governance (e.g. managers and steering group members) and supporting the administration of the projects (e.g. finance, contracts, IT, HR);
- Overheads (IT equipment and systems, office costs, expenses, training etc);
- Costs of procured services (e.g. contracted delivery of core services, 24/7 support, brokers/estate agents, support on mental health etc.);
- Expenses for participants, often financed through discretionary/personalisation funds to cover small scale expenditures;
- In kind costs, including volunteer time and any additional staff or office costs incurred by partner organisations but not charged to the project.

Housing costs include:

- Rents – these will normally be met through Housing Benefit claims, but there may be some direct costs to the Pilots (e.g. provisions or insurance for rent arrears or voids);
- Any costs relating to direct provision of housing (e.g. furnishing, equipment, refurbishment of social housing etc.), where not covered by rents.

The costs incurred by the Pilots are dominated by the costs of service delivery. Most housing related costs incurred tend to be in the second category.

Social security payments such as Housing Benefits are normally considered a transfer payment, so are not normally included in cost benefit analyses. Some cost benefit and cost effectiveness analyses of Housing First have therefore excluded the costs of housing provision and focused on the costs of support services. However, it is important to include these costs when assessing the net financial impact of Housing First, since savings in other housing provision (e.g. hostels) will be considered.

The number of beneficiaries supported and the number remaining in housing enable assessment of the unit costs of service provision. Distinguishing between the fixed costs of running the Pilots and the variable costs of delivering the interventions is also helpful in understanding the resources required for future delivery.

### **Wider support costs**

Housing First encourages and facilitates use of other public services by its clients, such as physical and mental health services, drug and alcohol services, social security benefits, education and training.

We might expect the transition from homelessness to increase consumption of some public services, at least in the short term, and to reduce others. For example, there might be a need for increased provision of mental health services but a reduction in use of other services (e.g. A&E visits). The evaluation has therefore attempted to collect evidence of changes in the use of a range of public services by beneficiaries, to estimate net financial effects. These wider costs and benefits are not recorded by the Pilots themselves but are identified through the analysis of service user baseline and follow-up data to show changes in service use.

### **Housing First budget**

In the 2017 budget statement the government announced a £28m fund to roll out a pilot Housing First programme across the three regions of the country. The three regions were awarded initial funding totalling £25.3 million (Table 1).

**Table 1: Housing First budgets**

<b>Pilot</b>	<b>Budget</b>
Greater Manchester	£8.0 million
Liverpool	£7.7 million
West Midlands	£9.6 million
<b><i>Total budget for Pilots</i></b>	<b><i>£25.3 million</i></b>
Evaluation costs	£2.7 million
<b>Total Housing First budget</b>	<b>£28.0 million</b>

In September 2022 the Government announced that it was providing a further £13.9 million over 2 years to the three Pilots to enable them to cement best practice and drive forward the programme's legacy.<sup>2</sup>

The budgets represent the direct cost of the Pilots to central government, rather than their overall cost to the public sector. It is likely that the true costs of the Pilots will differ from the direct grant funding provided because there will be additional, unbudgeted costs (e.g. wider staffing costs, overheads, in-kind costs and costs of wider service delivery). MHCLG is interested in understanding the extent to which the grant provided has been supplemented by additional resources from local authorities and the voluntary sector.

It is therefore important for the CBA to consider the full costs incurred in delivering the Pilots, as well as the direct value of the grant provided by MHCLG.

### **Factors affecting delivery costs**

Some of the costs incurred in delivering the Pilots were one-off costs that relate to the process of piloting Housing First in England, rather than in delivering the Housing First service itself. These one-off, Pilot related costs may include time devoted to trial development, monitoring, reporting, learning, evaluation and demonstration, including training costs related to these functions. To understand the likely ongoing costs of delivering Housing First services, the CBA distinguished as far as possible between one-off, Pilot related costs and service delivery costs. However, one-off costs were found to be only a small proportion of the total.

It should be noted that the timing of delivery varied somewhat between the three Pilots, beginning earlier in the West Midlands than in Greater Manchester and Liverpool. This affected the profile of costs, client numbers and hence unit costs.

Costs and outcomes were also substantially affected by the COVID-19 pandemic, which disrupted delivery, particularly in 2020 and 2021.

## **2.2 Greater Manchester**

### **Delivery model**

The Greater Manchester Pilot was delivered by a consortium of providers, led by the Great Places Housing Group, under contract to Greater Manchester Combined Authority (GMCA). The initial £8.0 million budget to 2021/22 was extended by £7.1 million for the two years 2022/23 and 2023/24.

Most of the Pilot's expenditure is for services provided under the Great Places contract, which accounted for £7.6 million of the initial £8.1 million budget, and £9.9 million of the £10.5 million total expenditure incurred by the end of December 2022. The remaining expenditures include salary costs within GMCA, an innovation fund and a co-production

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<sup>2</sup> DLUHC (2022) [Housing First Pilots 2 year extensions: funding allocations 2022/23 and 2023/24](#)



budget. Three additional Housing First workers were employed in 2020 and 2021, as an extension to the original contract, and these were part funded through additional funding of £100,000 contributed by GMCA.

In addition to these expenditures, delivery of the Pilot involved some in-kind costs, mostly through time taken by participants in meetings of the Housing First Board and local authority partners.

## Costs incurred to date

### HOUSING FIRST EXPENDITURES

Total expenditure by the Greater Manchester Pilot amounted to £10.5 million by 31 December 2022, with £9.9 million of this paid to Great Places.<sup>3</sup>

**Table 2: Overall expenditure by GMCA at 31 December 2022, by financial year**

Expenditure type	2018-19 (£)	2019-20 (£)	2020-21 (£)	2021-22 (£)	Apr-Dec 2022 (£)	Total (£)
Provider costs	80,000	1,646,338	2,904,176	2,969,426	2,281,027	9,880,967
Salary costs		24,319	49,000	57,802	48,176	179,297
Management Costs		354		209		563
Co-Production		15,151	15,151	21,000	22,349	73,652
Innovation fund		11,636	157,000			168,636
Extra Staff			62,594	107,280		169,874
<b>TOTAL</b>	<b>80,000</b>	<b>1,697,798</b>	<b>3,187,921</b>	<b>3,155,717</b>	<b>2,351,552</b>	<b>10,472,988</b>

Expenditure by Great Places by 31 December 2022 amounted to £9.2 million (Table 3), indicating a slight time lag in expenditure of allocated funding. Staffing costs amounted to 77% of this total, with other significant expenditures on GM Mental Health services (£1.0 million) and personalisation<sup>4</sup> (£420,000).

<sup>3</sup> The totals are at December 2022. The figures for 2022/23 are for the 9-month period April to December only.

<sup>4</sup> Personalisation budgets are typically used to meet essential personal expenses for clients, such as clothing, toiletries, bedding, furnishings and equipment.

**Table 3: Expenditures by Great Places at 31 December 2022, by year**

<b>Expenditure type</b>	<b>Year 1 Apr 19 – Mar 20 (£)</b>	<b>Year 2 Apr 20 – Mar 21 (£)</b>	<b>Year 3 Apr 21 – Jun 22 (£)</b>	<b>Year 4 Jul – Dec 22 (£)</b>	<b>Total to date (£)</b>
<b>Salaries</b>					
HF delivery staff	735,678	1,538,366	2,805,834	1,004,289	6,084,166
Management/ admin team	241,454	238,419	333,441	135,621	948,934
Salaries subtotal	977,133	1,776,784	3,139,274	1,139,909	7,033,100
<b>Other costs</b>					
Operating contribution	84,963	153,660	180,966	88,406	507,996
Personalisation	150,000	144,000	71,000	55,579	420,579
Landlord incentives	42,936	4,209	24,130	2,297	73,572
Welcome Pack	16,477	-3,361	624	59	13,799
Crisis Fund	30,000	-8,042	15,284	1,520	38,762
Training	1,166	0	0	4,068	5,235
GM Think costs	2,633	5,400	0	0	8,033
GM Mental Health	164,159	310,637	482,518	119,802	1,077,116
GM Mental Health Accrual	0	-171,433	0	0	-171,433
Peer programme	3,423	12,828	31,017	19,396	66,664
Printing and Stationery	1,972	-257	0	0	1,715
Marketing	3,639	0	5,328	6,128	15,095
Sundries	6,544	7,594	31,036	714	45,888
Legal Fees	20,393	0	0	10,182	30,575
Donations	0	0	-135		-135
Contingency fund	128,000	-103,119	57	30	24,968
Other costs subtotal	656,305	352,115	841,825	308,182	2,158,428
<b>Total</b>	<b>1,633,438</b>	<b>2,128,900</b>	<b>3,981,099</b>	<b>1,448,091</b>	<b>9,191,528</b>

## IN-KIND COSTS

As well as the direct costs of delivery of the Housing First Pilot, GMCA and its partners also incur additional in-kind costs relating to the governance of the Pilot.

Costs for meetings relate to:

- Housing First Board Meetings
- Local Authority Zonal Meetings
- Local Authority Annual Review Meetings
- Registered Provider Annual Review.

The Pilot has estimated the cost of each meeting based on attendance, staff time and salary costs, with the cost per meeting estimated at £213 for each local authority and registered provider annual review meeting, £450 for each local authority zonal meeting and £843 for each Housing First board meeting. The total in-kind costs for the meetings held between 1 April 2019 and 31 December 2022 are estimated at £71,405.

In addition, figures provided by GMCA for senior staff time to the project and to contract monitoring and room hire amount to an estimated total of £20,861, giving total estimated in-kind costs of £92,266 up to 31 December 2022 (Table 4).

**Table 4: Total in-kind costs associated with meetings of GM Housing First Pilot, 1 April 2019 to 31 December 2022**

Cost type	Total cost
<b>Meetings</b>	
Housing First Board	£30,330
LA Zonal Meeting (All Zones)	£20,250
LA Annual Review Meetings	£6,375
RP Annual Review	£14,450
<b>Subtotal</b>	<b>£71,405</b>
<b>GMCA staff and room hire costs</b>	
Strategic lead for homelessness	£12,593
Assistant director of public service reform	£7,296
Room hire for contract monitoring	£972
<b>Subtotal</b>	<b>£20,861</b>
<b>Grand Total</b>	<b>£92,266</b>

## 2.3 Liverpool City Region

### Delivery model

Liverpool City Region Housing First Pilot is delivered by the Liverpool City Region Combined Authority, which employs a team of in-house strategy and delivery staff. The initial £7.7 million budget to 2021/22 was extended by £4.2 million over the two years 2022/23 and 2023/24.

In addition to the government grant, the Pilot's income has been supplemented by contributions from Liverpool City Region Combined Authority. Expenditure of £8.3 million by 31 December 2022 had been funded through a Combined Authority contribution of £584,000 and other income of £11,000, as well as the Housing First grant.

LCR faced some challenges and additional costs in developing its delivery model, compared to the other Pilots. LCRA had no homelessness lead at the start of the Pilot, and needed to develop the model from the ground up. This involved recruitment of a strategic lead role as well as a best practice lead and commissioning lead. LCR also funded a lived experience lead from the start, and operated a small test and learn phase, taking time to mobilise fully and reach full capacity of service users. This affected the costs of developing the Pilot, particularly in the early phases.

### Costs incurred to date

#### HOUSING FIRST EXPENDITURES

Total expenditures by the Liverpool City Region Housing First Pilot at 31 December 2022 amounted to £8.3 million (Table 5). 85% of these expenditures have been on staffing. Other significant items of expenditure included a Psychologist Service (£433,000), software and systems (£200,000) and personalisation (£184,000). Most of the investment in software and systems was in the set-up phase in 2019/20, and costs have declined since then.

Staffing and other costs increased sharply in 2020/21, reflecting increased recruitment, before declining in 2022/23.

Total expenditures by the Liverpool City Region Housing First Pilot are given in Figure 5.

**Table 5: Expenditures by Liverpool City Region Housing First Pilot, at 31 December 2022, by financial year**

Expenditure type	2018/19 (£)	2019/20 (£)	2020/21 (£)	2021/22 (£)	April to Dec 2022	TOTAL (£)
<b>Staffing Costs</b>						
Staffing	66,846	721,391	1,567,546	2,344,882	1,901,140	6,601,804
Staff Training	50	6,123	6,220	31,043	6,683	43,436
Other staff costs <sup>1</sup>	5,160	24,506	87,523	67,418	46,724	231,331
Seconded Staff	60,456	69,661	38,601	3,440	0	172,158
<b>Subtotal</b>	<b>132,511</b>	<b>821,681</b>	<b>1,699,891</b>	<b>2,446,783</b>	<b>1,947,863</b>	<b>7,048,729</b>
<b>Housing Services</b>						
Tenancy Set Up	0	26,486	42,118	86,186	38,575	154,790
Temporary Accommodation	0	61,064	6,512	719	413	68,708
Personalisation	6,170	54,758	22,266	69,103	31,807	184,104
<b>Subtotal</b>	<b>6,170</b>	<b>142,309</b>	<b>70,896</b>	<b>156,008</b>	<b>32,220</b>	<b>407,603</b>
<b>Interventions</b>						
Engagement Sessions	0	10,284	2,418	5,571	3,275	21,548
Psychologist Service	0	78,000	136,695	130,668	87,750	433,113
Lived Experience	0	6,889	7,256	1,150	1,703	16,998
<b>Subtotal</b>	<b>0</b>	<b>95,173</b>	<b>146,369</b>	<b>137,389</b>	<b>92,728</b>	<b>471,659</b>
<b>Other costs</b>						
Software and systems	0	79,771	52,232	45,786	22,653	200,443
Consultancy <sup>2</sup>	0	65,000	7,395	50,920	3,938	127,253
Other	1,739	42,162	0	0	0	43,901
<b>Subtotal</b>	<b>1,739</b>	<b>186,933</b>	<b>59,627</b>	<b>96,706</b>	<b>26,591</b>	<b>371,597</b>
<b>Total costs</b>	<b>140,420</b>	<b>1,246,096</b>	<b>1,976,783</b>	<b>2,836,886</b>	<b>2,099,402</b>	<b>8,299,587</b>

Notes:

<sup>1</sup> Other staff costs include DBS checks, staff advertising, travel costs & mobile phone charges

<sup>2</sup> Consultancy examined system change around Property Pool Plus, including equitable access to excluded groups, and improved ways of working following the test and learn phase of the model.

## IN-KIND COSTS

In-kind costs include the time committed by:

- The Housing First Steering Group, made up of external stakeholders and some internal staff; and
- The Housing First Project Board, attended by internal staff.

The frequency and cost of meetings has declined over the course of the Pilot. The costs of time committed by staff outside the Housing First Team (and therefore not included in the project expenditures above) are estimated in Table 6.

**Table 6: Estimated total in-kind costs for staff attending Liverpool Housing First meetings, April 2019 to 31 December 2022**

Meeting type	2019/20	2020/21	2021/22	2022/23	Total
Steering Group	£1,240	£1,240	£4,023	£2,682	£9,184
Project Board	£7,860	£7,860	£3,274	£1,965	£20,959
<b>Total</b>	<b>£9,100</b>	<b>£9,100</b>	<b>£7,297</b>	<b>£4,646</b>	<b>£30,144</b>

In-kind costs at 31 December 2022 are estimated at £30,144.

## 2.4 West Midlands

### Delivery model

The West Midlands Housing First Pilot covers the seven Metropolitan Borough Councils in the West Midlands (Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton). Two of these (Sandwell and Dudley) deliver in-house with the other five contracting their Housing First services out to external providers. The programme is overseen by the West Midlands Combined Authority (WMCA) Homelessness Taskforce and headed by Birmingham City Council.

The budget for delivery of the Pilot was therefore split among the seven authorities, with Birmingham City Council, being the accountable body for the Pilot, and having the largest homeless population, receiving the largest share of the overall budget (42%).

The grant award to the Pilot amounted to £9.6 million. A breakdown of budget per authority is given in Table 7.

**Table 7: Budget of West Midlands Housing First Pilot, breakdown by local authority**

Local authority	Budget 2018-21	Revised budget	% of West Midlands total
Birmingham	£4,073,664	£4,073,664	42%
Coventry	£1,666,582	£1,446,582	15%
Dudley	£289,799	£446,726	5%
Sandwell	£935,137	£935,137	10%
Solihull	£518,163	£563,163	6%
Walsall	£1,331,032	£1,518,032	16%
Wolverhampton	£785,624	£616,123	6%
<b>West Midlands</b>	<b>£9,600,001</b>	<b>£9,599,427</b>	<b>100%</b>

The budgetary allocations to local authorities were revised in 2021, with funds shifted from Coventry and Wolverhampton (which were underspending compared to their initial allocation) to Dudley, Solihull and Walsall (where expenditure was running ahead of budget).

In addition, some local authorities (Birmingham, Solihull, Walsall and Wolverhampton) record significant additional in-kind costs on top of the budgeted expenditures, financed through their own resources.

The Pilot's budget was extended by £2.6 million over the two years 2022/23 and 2023/24.

## **Costs incurred to date**

### **HOUSING FIRST EXPENDITURES**

Data provided by the Pilot indicate that total expenditure amounted to £9.5 million by December 2022. The largest item of expenditure was the employment of Housing First Support Workers (£7.3 million). Other support services included the employment of nurse practitioners and substance misuse outreach workers, as well as the use of crisis funds, together totalling £450,000. Property related costs amounted to £548,000, central management and administration £925,000 and outreach £249,000 (Table 8). The expenditure from April to December 2022 is estimated at 75% of the full year financial year forecast.



**Table 8: Expenditure by West Midlands Housing First Pilot, at 31 December 2022, by financial year**

<b>Expenditure type</b>	<b>2018/19 (£)</b>	<b>2019/20 (£)</b>	<b>2020/21 (£)</b>	<b>2021/22 (£)</b>	<b>Apr to Dec 2022* (£)</b>	<b>TOTAL (£)</b>
<b>HF Support Workers</b>	146,408	1,285,476	2,220,183	2,217,552	1,412,844	7,282,464
<b>Interventions</b>						
Nurse Practitioners	20,833	65,341	51,924	0	0	138,098
Substance Misuse Outreach Workers	32,500	50,000	63,659	0	20,312	166,471
Mental Health Link Worker	0	0	2,040	9,688	0.00	11,728
Crisis Fund	18,800	50,041	88,148	11,713	9,044	177,746
<b>Subtotal</b>	<b>72,133</b>	<b>165,382</b>	<b>205,771</b>	<b>21,401</b>	<b>29,356</b>	<b>494,043</b>
<b>Property costs</b>						
Property sourcing officers	10,800	20,500	21,105	0	0	52,405
Private property acquisition vehicle	10,800	16,500	22,810	3,000	37,759	90,869
Bond scheme pot	6,000	7,000	6,595	500	2,625	22,720
Inhouse props and furnishings	8,000	0	0	0	0	8,000
Personalisation fund	12,700	125,594	167,880	40,701	27,517	374,391
<b>Subtotal</b>	<b>48,300</b>	<b>169,594</b>	<b>218,390</b>	<b>44,201</b>	<b>67,901</b>	<b>548,385</b>
<b>Staff</b>						
Project Manager (BVSC)	0	90,682	82,458	0	0	173,140
Early Adopter (BVSC)	0	78,712	0	0	0	78,712
Data Analyst	0	50,386	25,925	13,368	0	89,679
Finance Support FC 50%	0	13,739	28,411	32,697	15,000	89,847
Commissioning and Procurement Leads	68,262	66,328	69,030	70,934	56,250	330,804

PIE Training 100 staff at 1500	7,320	73,712	55,344	6,857	19,500	162,733
<b>Subtotal</b>	<b>75,582</b>	<b>373,559</b>	<b>261,168</b>	<b>123,856</b>	<b>90,750</b>	<b>924,915</b>
Expansion of Outreach into other authorities	45,000	42,500	77,120	43,388	41,166	249,174
<b>Contingency</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>387,423</b>	<b>2,036,511</b>	<b>2,982,632</b>	<b>2,450,398</b>	<b>1,642,016</b>	<b>9,498,981</b>

*\*Estimate to December 2022, at 75% of 2022/23 full year forecast*

The expenditure at 31 December 2022 amounted to 98% of the original Housing First Budget.

A break down by local authority areas is given in Table 9. The largest levels of expenditure were in Birmingham, at just over £4 million, which include costs of central management and administration required to meet the MHCLG reporting and compliance for the programme.

**Table 9: Housing First Expenditures by West Midlands local authority area, at 31 December 2022, by financial year**

Local authority	2018/19	2019/20	2020/21	2021/22	Apr to Dec 2022*	TOTAL
Birmingham	£39,658	£781,942	£1,195,177	£1,184,662	£861,499	<b>£4,062,938</b>
Coventry	£30,469	£335,740	£394,856	£423,073	£145,718	<b>£1,329,856</b>
Dudley	£34,454	£124,837	£182,741	£166,507	£125,952	<b>£634,491</b>
Sandwell	£143,197	£134,796	£421,566	£151,608	£119,008	<b>£970,175</b>
Solihull	£37,505	£178,116	£150,579	£119,202	£79,646	<b>£565,048</b>
Walsall	£102,140	£384,580	£383,546	£345,346	£220,945	<b>£1,436,557</b>
Wolverhampton	£0	£96,500	£254,167	£60,000	£89,250	<b>£499,917</b>
<b>Total</b>	<b>£387,423</b>	<b>£2,036,511</b>	<b>£2,982,632</b>	<b>£2,450,398</b>	<b>£1,642,016</b>	<b>£9,498,981</b>

*\*Estimate to 31 December 2022, at 75% of 2022/23 full year forecast*

#### **IN-KIND COSTS**

Four local authorities identify and itemise in-kind costs, in addition to the expenditures above. These relate to a share of the time of staff in each authority devoted to Housing First work. These costs are estimated to amount to £250,000 to December 2022 (Table 10).

**Table 10: Estimated total in-kind costs incurred by local authorities in West Midlands, at 31 December 2022**

Local authority	Details	Estimated cost to December 2022
Birmingham	Share of time of 7 staff including Adult Social Care, Business Support Officer, Rough Sleeping Strategy Manager, WMCA and Head of Housing Options	£88,074
Solihull	Share of time of two staff: Rough Sleepers Coordinator and Commissioning Lead	£104,025
Walsall	Attendance at meetings	£28,500
Wolverhampton	Share of time of 3 staff: Monitoring Officer, Homelessness Project Officer and Homelessness Strategy Manager	£30,058
<b>Total</b>		<b>£250,656</b>

## 2.5 Comparison of costs

Table 11 compares the overall expenditures by the three Pilots to date. Total recorded expenditure by 31 December 2022 amounted to £27.6 million. By this time the Pilots had spent more than the funding received from government for the pilot phase, with additional expenditure made up from extended funding from MHCLG as well as local contributions<sup>5</sup>.

**Table 11: Comparison of expenditures by three Pilots at 31 December 2022**

Expenditure type	Greater Manchester	Liverpool	West Midlands	Total
Expenditure to date	£9,783,550	£8,299,587	£9,498,981	£27,582,117
Estimated in-kind costs	£92,266	£30,144	£250,656	£373,065
Estimated total cost	£9,875,815	£8,329,731	£9,749,637	£27,955,183
Housing First Budget (for pilot phase)	£8,000,000	£7,700,000	£9,600,000	£25,300,000
Extended government funding, 2022/24	£7,142,30	£4,233,5115	£2,553,086	£13,928,902

<sup>5</sup> In 2022, the government announced in [Ending Rough Sleeping For Good](#) that it had committed a further £13.9m to extend the Housing First pilots into 2024, after which services will continue into 2025 through local areas' Rough Sleeping Initiative (RSI) programmes

In-kind contributions by local partners were estimated at £373,000 at 31 December 2022.

Table 12 categorises the broad types of costs incurred by the Pilots to date. The table presents analysis by ICF of costs according to common categories. Core staffing accounts for 82% of all expenditures to date, and more than three quarters of the costs for each of the three Pilots. The largest costs relate to the employment of Housing First support workers.

Interventions to support Housing First clients (including health services, personal engagement and support, and crisis funds) account for 7% of costs, and housing services and personalisation (landlord incentives, tenancy set up, temporary accommodation, property sourcing, furnishing and personalisation) a further 6%. There are small differences between the Pilots in the types of services procured, as well as in accounting for costs (e.g. office costs).

**Table 12: Comparison of cost categories between Pilots**

Cost category	Greater Manchester	Liverpool	West Midlands	Total
Staffing	76%	85%	86%	<b>82%</b>
Office costs (where separately identified) *	1%	2%	0%	<b>1%</b>
Housing services & personalisation	5%	5%	8%	<b>6%</b>
Interventions (health, engagement & support)	10%	6%	3%	<b>7%</b>
Professional fees	0%	2%	0%	<b>1%</b>
Outreach (WM)	0%	0%	3%	<b>1%</b>
Co-production (GM)	2%		0%	<b>1%</b>
Innovation Fund (GM)	1%		0%	<b>0%</b>
Other*	5%	1%	0%	<b>2%</b>
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: ICF analysis based on data provided by the Pilots

\*The Pilots use different cost categories in their accounting. Office costs are often included as overheads in staff costs, rather than being separately identified. Greater Manchester's data include an operating contribution and contingency fund, included here in "Other".

## 2.6 Unit costs of service delivery

The unit costs of provision of Housing First services can be compared by dividing the recorded costs by the number of clients benefiting from services in each Pilot area. Two ratios can be considered:

- Cost per client engaged in Housing First services;
- Cost per client housed.

The cost per client housed is a more meaningful measure of the cost effectiveness of the service in terms of its delivery of housing outcomes. However, given that there can be a significant length of time between engaging clients in Housing First services and housing them in permanent accommodation, the cost per client housed was higher and more irregular during the early stages of the intervention, making early comparisons potentially misleading. It should also be noted that some clients engage with Housing First and benefit from support services but leave without receiving a housing outcome, as the clients may determine that Housing First is not the most suitable pathway for them. These clients may, nevertheless, benefit from the service. Unit costs can be expressed in terms of:

- The total cumulative costs of support provided to date – this gives an indication of the total costs per person supported and housed by the programme;
- The annual support costs – this gives an indication of the average cost per person supported and housed each year.

Again, both total and annual unit costs are relevant and important. While we may be most interested in the overall costs of the outcomes delivered by the programme, it is important to note that maintaining housing outcomes depends on ongoing provision of support, and that total cumulative unit costs can be expected to increase in future as those housed require ongoing support.

Unit costs can also be expressed in terms of:

- The number of clients currently on the programme or in housing;
- The number of clients who have ever been on the programme or in housing, including those who have left the programme or the housing provided.

Clients leave Housing First for a variety of reasons. Some may decide to leave because they find the service unsuitable for their needs, some die or are imprisoned while on Housing First, while others may leave the area, receive support through other pathways, find alternative accommodation or graduate from the programme. These leavers therefore benefit to varying extents from Housing First services, with many achieving positive outcomes. They include 86 individuals classified as having graduated from the programme by the end of 2022. It is therefore relevant to include them in unit cost calculations.

## Total unit costs to date

Table 13 provides a comparison of the unit costs of the three Pilots to date, dividing the recorded costs to date by the total numbers housed, and the numbers on the programme, to calculate an average unit cost for each. Metrics are included both for those in housing and on the programme at 31 December 2022, and those who have been housed and on the programme at some stage.

**Table 13: Estimated cumulative unit costs per Housing First client, at 31 December 2022**

Cost type	Greater Manchester	Liverpool	West Midlands	Total
<b>Pilot Expenditures to Date:</b>				
Financial expenditures	£9,783,550	£8,299,587	£9,498,981	£27,582,117
Including in-kind costs	£9,875,815	£8,329,731	£9,749,637	£27,955,183
<b>Number of Participants per Pilot at 31/12/22:</b>				
Total number housed on Pilot	236	133	315	684
Total number on programme	327	207	350	884
Proportion of those on programme housed to date	72%	64%	90%	<b>77%</b>
<b>Number of Participants including leavers:</b>				
Total number housed on Pilot at some stage	342	190	529	1061
Total number on programme at some stage	496	280	611	1387
<b>Unit Costs (including in-kind costs):</b>				
<b>Cost per person housed:</b>				
Per person in housing at 31.12.22	£41,847	£62,630	£30,951	£40,870
Per person in housing at some stage	£28,877	£43,841	£18,430	£26,348
<b>Cost per person on programme:</b>				
Per person on programme at 31.12.22	£30,201	£40,240	£27,856	£31,624
Per person on programme at some stage	£19,911	£29,749	£15,957	£20,155

\* Greater Manchester figures have been adjusted to estimate actual expenditures to date by Great Places

The figures indicate that cumulative costs (including in-kind costs) per person in housing at 31 December 2022 averaged £40,870 for the three Pilots combined. This unit cost ranged widely from £30,951 in the West Midlands to £62,630 in Liverpool, where far fewer clients had been housed and where initial set-up costs were much higher. The cumulative cost per client housed by the three Pilots at some stage is considerably lower, at £26,348.

Total cumulative unit costs per person on the programme at 31 December 2022 averaged £31,624 across the three Pilots, ranging from £27,856 in the West Midlands to £40,240 in Liverpool. The cumulative cost per client on the programme at some stage amounted to £20,155.

It should be noted that variations in unit cost ratios may reflect a wide range of factors, such as local circumstances and the level and types of services provided. The levels of services provided to Housing First clients may influence the sustainability of housing outcomes as well as the costs of service delivery, such that cost minimisation does not necessarily deliver long term cost effectiveness. For example, the evaluation found that Liverpool and Greater Manchester have delivered a higher fidelity Housing First service than some local authorities in the West Midlands. The latter also benefited from access to a more plentiful local authority housing stock. These factors may help to explain the lower unit costs in the West Midlands.

It should also be noted that the profile of unit costs varies over the programme with the rate of client recruitment. In the early stages, costs are incurred before new clients are recruited, so unit costs are high in the early stages and decline as recruitment increases. However, in the later stages, the Pilots slowed down the rate of recruitment of new clients but incurred costs in servicing existing clients, such that cumulative unit costs per client rose again. Indeed, the cumulative total cost per person in housing increased from £22,314 by 30 September 2021 to £40,870 by 31 December 2022, while the cost per person on the programme increased from £15,590 to £31,624 over the same period.

These changes reflect an increase in cumulative expenditures and a decline in client numbers over these 15 months. They continue a similar trend observed between autumn 2020 and autumn 2021, when it was noted that the ongoing costs of supporting those already housed and those on the programme were outweighing any economies of scale through increasing client numbers<sup>6</sup>.

The figures indicate that, overall, 77% of those identified as being on the programme at 31 December 2022 had been housed at that date. This proportion varied from 64% in Liverpool to 90% in the West Midlands and helps to explain the differences in the unit costs of housing outcomes recorded to date.

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<sup>6</sup> ICF (2022) Housing First Cost Analysis, 5 January 2022

## Annual support costs

Tables 14 to 16 estimate the annual unit cost of support for the three Pilots. The unit cost estimates divide the total annual costs for each Pilot by the numbers of clients housed, and on the programme, at the year end (March 2019, March 2020, March 2021, March 2022 and December 2022) as well as the totals housed and on the programme each year (including leavers). The annual unit costs for 2022/23 are estimated by upscaling the costs to the nine months to December 2022 to an annualised total.

**Table 14: Estimated annual unit costs of support – Greater Manchester**

<b>Cost type</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Spend including local contributions and in-kind costs	0	£1,706,610	£2,438,630	£3,397,155	£2,333,420
Total number housed on Pilot (year-end)	0	96	195	256	236
Total number housed on Pilot during year, including leavers	0	102	218	294	275
Total number on programme (year-end)	0	160	324	326	327
Total number on programme during year, including leavers	0	175	364	389	378
<b>Annual cost per person housed at year end</b>	-	<b>£17,777</b>	<b>£12,506</b>	<b>£13,270</b>	<b>£13,183</b>
<b>Annual cost per person housed during year</b>	-	<b>£16,731</b>	<b>£11,186</b>	<b>£11,555</b>	<b>£11,314</b>
<b>Annual cost per person on programme at year end</b>	-	<b>£10,666</b>	<b>£7,527</b>	<b>£10,421</b>	<b>£9,514</b>
<b>Annual cost per person on programme during year</b>	-	<b>£9,752</b>	<b>£6,700</b>	<b>£8,733</b>	<b>£8,231</b>



**Table 15: Estimated annual unit costs of support – Liverpool**

<b>Cost type</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Spend including local contributions and in-kind costs	£140,420	£1,255,196	£1,985,883	£2,844,183	£2,104,049
Total number housed on Pilot (year-end)	0	30	52	138	133
Total number housed on Pilot during year including leavers	0	30	76	138	166
Total number on programme (year-end)	0	58	161	217	207
Total number on programme during year including leavers	0	61	175	239	241
<b>Annual cost per person housed at year end</b>	-	<b>£41,840</b>	<b>£38,190</b>	<b>£20,610</b>	<b>£21,093</b>
<b>Annual cost per person housed during year</b>	-	<b>£41,840</b>	<b>£26,130</b>	<b>£20,610</b>	<b>£16,900</b>
<b>Annual cost per person on programme at year end</b>	-	<b>£21,641</b>	<b>£12,335</b>	<b>£13,107</b>	<b>£13,553</b>
<b>Annual cost per person on programme during year</b>	-	<b>£20,577</b>	<b>£11,348</b>	<b>£11,900</b>	<b>£11,641</b>

**Table 16: Estimated annual unit costs of support – West Midlands**

<b>Cost type</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Spend including local contributions and in-kind costs	£433,865	£2,090,968	£3,037,089	£2,504,855	£1,682,859
Total number housed on Pilot (year-end)	52	167	330	371	315
Total number housed on Pilot during year including leavers	60	168	338	500	383
Total number on programme (year-end)	66	295	472	411	350
Total number on programme during year including leavers	66	315	513	559	402
<b>Annual cost per person housed at year end</b>	<b>£8,344</b>	<b>£12,521</b>	<b>£9,203</b>	<b>£6,752</b>	<b>£7,123</b>
<b>Annual cost per person housed during year</b>	<b>£7,231</b>	<b>£12,446</b>	<b>£8,985</b>	<b>£5,010</b>	<b>£5,859</b>
<b>Annual cost per person on programme at year end</b>	<b>£6,574</b>	<b>£7,088</b>	<b>£6,435</b>	<b>£6,095</b>	<b>£6,411</b>
<b>Annual cost per person on programme during year</b>	<b>£6,574</b>	<b>£6,638</b>	<b>£5,920</b>	<b>£4,481</b>	<b>£5,582</b>

The figures estimate the annual unit costs per person supported on the programme at 31 December 2022 at between £6,411 (West Midlands) and £13,553 (Liverpool). Including those who left the programme during the year reduces the unit cost to between £5,582 (West Midlands) and £11,641 (Liverpool).

The annual unit costs per person housed at 31 December 2022 range from £7,123 (West Midlands) to £21,093 (Liverpool). Including those who left their housing during the year reduces the unit cost to between £5,859 (West Midlands) and £16,900 (Liverpool). These wide variations reflect the differences in numbers of clients between the Pilots, as well as the proportion of clients housed and levels of service provided.

The figures show that, in general, the annual unit costs of support have come down in each Pilot since 2019/20. This is likely to reflect economies of scale in delivery as well as a time lag between costs being incurred and clients recruited but may also indicate a reduction in annual support costs per client over time.

Each of the Pilots incurred costs in developing their systems and service offers during the early stages of the programme. They also recorded some one-off, developmental costs at the time of their establishment that were not repeated in later years. In Liverpool, there were significant developmental costs, because of the need to invest in a new delivery model and associated systems, while LCRCA had no homelessness lead in place at the beginning of the Pilot. The costs included a strategic lead role as well as a best practice lead and commissioning lead, which gave rise to larger costs than for the other pilots. LCR also funded a lived experience lead from the start. The recorded systems costs, consultancy as well as early-stage staffing costs are all considered developmental costs, resulting in high unit costs in the early stages of the Pilot, prior to upscaling client recruitment. LCR operated a small test and learn phase at the start of the pilot, taking time to mobilise fully and reach full capacity of service users. Unit costs have therefore fallen significantly since 2019/20.

In Greater Manchester, developmental costs included legal fees of £20,393. In the West Midlands, delivery began in 2018/19 and it appears that developmental costs were more limited.

Table 17 combines these annual unit cost estimates for the programme as a whole. This indicates an annual average support cost (including in-kind costs) of £11,930 per person housed and £9,231 per person on the programme at December 2022 across the three Pilots. Including those leaving the programme during that year reduces the annual unit costs to £9,903 per person housed or £7,993 per person on the programme.

**Table 17: Estimated annual unit costs of support – 3 Pilots combined**

<b>Cost type</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
Spend including local contributions and in-kind costs	£574,285	£5,052,774	£7,461,602	£8,746,193	£6,120,329
Total number housed on Pilot (year-end)	52	293	577	765	684
Total number housed on Pilot during year, including leavers	60	300	632	932	824
Total number on programme (year-end)	66	513	957	954	884
Total number on programme during year, including leavers	66	551	1052	1187	1021
Annual cost per person in housing at year end	£11,044	£17,245	£12,932	£11,433	£11,930
Annual cost per person housed during year	£9,571	£16,843	£11,806	£9,384	£9,903
Annual cost per person on programme at year end	£8,701	£9,849	£7,797	£9,168	£9,231
Annual cost per person on programme during year	<b>£8,701</b>	<b>£9,170</b>	<b>£7,093</b>	<b>£7,368</b>	<b>£7,993</b>

Table 18 gives the weighted average annual cost per person housed and per person on the programme over the period 2018/19 to 2022/23 (including those exiting during each year). On average, across the three Pilots and including in kind costs, the programme cost £10,915 per person housed per year and £7,737 per person per year on the programme.

**Table 18: Weighted average annual unit costs, by Pilot**

<b>Pilot area</b>	<b>Average annual cost (2018/19 to 2022/23) per person housed during the year</b>	<b>Average annual cost (2018/19 to 2022/23) per person on programme during the year</b>
Greater Manchester	£11,984	£8,157
Liverpool	£22,027	£12,613
West Midlands	£7,116	£5,558
<b>Programme (3 pilots)</b>	<b>£10,915</b>	<b>£7,737</b>

Again, the lowest annual unit costs are recorded by the West Midlands Pilot and the highest in Liverpool. These figures reflect variations in the number of clients housed and supported by the three Pilots, with the West Midlands recording the largest volumes. However, as noted above, it is possible that they also reflect differences in the type and level of services provided. Maximising cost effectiveness depends both on controlling costs and delivering an effective level of services to achieve long term client outcomes.

For example, LCRA argues that the benefits of its model include:

- Systems change – resulting from the extra strategic roles funded, the test and learn approach and establishment of Housing First panels in specific locations, improving response and making more sustainable local impacts.
- Benefits from employing a commissioning lead, integrating and co-ordinating work with other services and raising the standard across the homelessness workforce.
- Focus on a high-fidelity Housing First model, a particular focus of the best practice lead.
- These features are expected to enhance the sustainability of the outcomes recorded.

The figures are comparable to estimates in a report by The Centre for Social Justice (2021)<sup>7</sup> that a high-fidelity Housing First programme (with mental health input and a personalisation budget) has support costs of £9,683 per person per year. The annual unit costs of the Pilots per person housed were well above this level in the early years but fell to £9,384 in 2021/22 and £9,903 in 2022/23.

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<sup>7</sup> Centre for Social Justice (2021) [Close to Home: Delivering a national Housing First programme in England.](#)

## 3.0 Benefits of Housing First

### 3.1 Introduction to the benefits assessment

The primary objective of Housing First is to tackle homelessness by providing stable, affordable accommodation and intensive wrap-around support to people experiencing entrenched and cyclical rough sleeping and with the most complex needs. The principal benefits of the programme will be to enhance the wellbeing of the people it supports. In tackling homelessness, the programme may also deliver financial benefits through savings in the costs of public services to support homeless people.

The CBA therefore needs to examine both:

- Benefits to the wellbeing of supported individuals and wider society from alleviating homelessness; and
- Financial savings resulting from reduced consumption of other public services.

A full social cost benefit analysis needs to consider both the above, while a narrower financial CBA focuses on public expenditures only.

Programme data indicate that in December 2022 the three Pilots were providing housing for 684 people who were previously homeless. Evidence suggests that the benefits of tackling homelessness are substantial. In this section we assess the value of these benefits, based on:

- Existing evidence of the costs of homelessness and benefits of interventions to tackle it; and
- Evidence of the benefits observed to date among people supported by the programme, as recorded through this evaluation.

Both these methods have some merit and some disadvantages:

- Using existing published evidence of the benefits of homelessness interventions enables us to include the value of outcomes which can be expected to occur, but which have not yet been observed in the evaluation data. This is important as homelessness interventions can take many years to deliver outcomes for people with complex needs. Using existing values can also help to fill data gaps. It has the disadvantage that it relies on the assumption that Housing First will deliver similar outcomes to previous/ similar interventions, and that some evidence is based on scenarios and assumptions rather than evidence from the current evaluation.
- Basing the assessment on the outcomes recorded for the target group to date has the advantage that we are assessing and valuing the outcomes actually recorded, rather than those expected or assumed. The disadvantage is that it is too early to record

many of these outcomes (particularly for individuals with complex needs, surveyed up to 12 months after entering Housing First) and that there are gaps and limitations in the evaluation data. Another issue is that the evaluation relies on self-reported, rather than independently collected data.

## 3.2 Public service costs of homelessness

There is a much evidence of the substantial cost of homelessness to public service providers. These costs include the provision of homelessness services (including temporary accommodation and support for homeless people), costs to the NHS (costs of treating negative effects of homelessness on physical and mental health, drug and alcohol use), and costs to police and criminal justice services through increased incidences of crime and anti-social behaviour.

### **Costs to homelessness and housing services**

By providing secure housing for homeless people, Housing First can be expected to deliver significant savings in the costs of homelessness services. These include the costs of providing accommodation and support in hostels, shelters, refuges and day centres; expenditures on providing short term emergency accommodation in B&Bs, hotels and local authority accommodation; and spending on outreach services provided to rough sleepers. This should yield budgetary savings for local authorities and charities supporting the homeless.

Housing First clients will normally take up tenancies in social or (to a lesser extent) private rented accommodation, with rent normally met through Housing Benefits. The costs of provision of secure housing will to some extent offset the savings in homelessness services; however, as a transfer payment, Housing Benefit payments are normally excluded from social cost benefit analysis.

### **Health Service Costs**

By improving the physical and mental health of beneficiaries and providing support to address problems of drug and alcohol addiction, Housing First can be expected to save the NHS money over time.

It is important, however, to note that, while homelessness imposes large costs on the NHS, cost savings may take several years to accrue. The health problems affecting homeless people are often deep-rooted and may take years to address. Housing First can be expected to increase the consumption of some health services in the short term by helping people to gain access to services to treat physical and mental health and drug and alcohol addiction. An evaluation of Housing First Pathfinders in Scotland by Johnsen et al (2022)<sup>8</sup> found a tendency for reduced use of emergency health services (ambulance and

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<sup>8</sup> Johnsen, S, Blenkinsopp, J & Rayment, M 2022, [Scotland's Housing First Pathfinder Evaluation: Final Report](#). Heriot-Watt University, Edinburgh

A&E services) among a sample of 21 beneficiaries, and an overall reduction in costs to the NHS, but that the use of some services (such as GP surgeries) increased.

## Costs to police and criminal justice services

Homelessness has been shown to impose substantial costs for the police and criminal justice services, by increasing rates of crime and anti-social behaviour. This is reflected in elevated numbers of arrests, cautions, detentions in police custody, cases involving anti-social behaviour, court appearances and time spent in prison.

## Evidence from previous studies

Several studies and reports have put values on the public service costs of homelessness and the potential savings of interventions to address it (Table 19). Each of these cost estimates relates to the public service use (and therefore potential cost savings) of single homeless people with complex needs and is therefore comparable with the Housing First cohort.

**Table 19: Estimates of public service costs of homelessness**

Reference	Scope	Types of costs included	Value (per person per year)
Centre for Social Justice (2021) <sup>9</sup>	Reduction in costs resulting from Housing First. Projection using assumptions based on existing evidence.	Homelessness services, NHS services, criminal justice services, drug & alcohol services, mental health services	£15,073
Pleace and Culhane (2016) <sup>10</sup>	Services used by sample of 86 homeless people in York, Birmingham and London, and net savings if homelessness prevented.	Homelessness services, NHS, mental health, drug and alcohol services, criminal justice system; assumptions used to estimate potential net savings	£34,518 (gross) £9,266 (net reduction in spending if homelessness prevented)

<sup>9</sup> Centre for Social Justice (2021) [Close to Home: Delivering a national Housing First programme in England.](#)

<sup>10</sup> Nicholas Pleace and Dennis P. Culhane (2016) [Better than Cure? Testing the case for Enhancing Prevention of Single Homelessness in England.](#)

Reference	Scope	Types of costs included	Value (per person peryear)
DCLG (2012) <sup>11</sup>	Review of studies of public sector costs of homelessness	Range of studies of gross public sector costs of homelessness; includes case study evidence	£24,000- £30,000
Johnsen et al (2022)	Average costs of public services prior to entering Housing First Scotland	Housing, physical and mental health, police and criminal justice services, based on survey of sample of HFS clients	£22,999

These studies find that the largest potential cost savings are from homelessness services (particularly expenditures on emergency accommodation, and support services to homeless people), police and criminal justice services, and health services (including physical and mental health, drug and alcohol services).

**Table 20: Public service costs, by type of service**

Type of service	Pleace and Culhane (2016) Gross costs of service use per person per year	Johnsen et al (2022) Gross costs of service use per person per year	CSJ (2021) Net savings expected from Housing First per person per year
Homeless services	£14,808	£8,062	£8,650
Police and criminal justice	£11,991	£6,467	£1,658
NHS	£4,298	£8,470*	£4,350
Mental health	£2,099	£8,470*	£165
Drug and alcohol	£1,320	£8,470*	£250

<sup>11</sup> DCLG (2012) [Evidence review of the costs of homelessness](#).



Type of service	Pleace and Culhane (2016) Gross costs of service use per person per year	Johnsen et al (2022) Gross costs of service use per person per year	CSJ (2021) Net savings expected from Housing First per person per year
<b>Total</b>	<b>£34,518</b>	<b>£22,999</b>	<b>£15,073</b>

*Note: £8,470 split across NHS, Mental health and Drug and alcohol*

An important distinction needs to be made between gross and net costs. While the evidence shows that the costs to public services arising from homelessness are substantial, only a proportion of those costs will be saved when homelessness is reduced, because:

- Non-homeless, as well as homeless people, consume public services. For example, average healthcare spending per person in the UK amounted to £4,188 per year<sup>12</sup> while spending on police, courts and prison services in England and Wales amounts to approximately £412 per citizen<sup>13</sup>.
- Homeless people experience a range of complex needs and will continue to incur high levels of service use (police and criminal justice, physical and mental health, drug and alcohol services) after they are no longer homeless. Part of the role of Housing First is to ensure clients get the services to address their needs.
- Tackling homelessness requires ongoing support for the target group, as reflected in the costs of Housing First summarised in Section 2, and in the estimates of net cost savings by Pleace and Culhane; and
- Non-additional outcomes need to be considered – some people might cease to be homeless in the absence of intervention, resulting in savings in public service costs.

In general, we would expect interventions to house homeless people to deliver direct savings in the costs of homelessness services (provision of temporary accommodation and associated support, support for rough sleepers), while leading to more gradual reductions in the costs of police, criminal justice and health services over time.

Based on the Pleace and Culhane (2016) and CSJ (2021) estimates above, an intervention which provided secure housing for a previously homeless person would be expected to yield reductions in annual public service costs of between £10,900 and £15,900 at 2022 prices (central value - £13,400).

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<sup>13</sup> Based on MoJ and Home Office budget data

<sup>13</sup> Based on MoJ and Home Office budget data

## Evidence of public service costs from the impact evaluation

### METHOD

The survey of Housing First participants collected evidence regarding their use of public services prior to baseline and at six and twelve month follow ups. Sample sizes were 312 at baseline, 160 in the 6-month follow-up and 169 in the 12-month follow-up surveys.

Where changes in public service use can be quantified over a specified time period, the costs of public service use can be estimated using published unit cost data.

Principal sources of unit cost data include:

- The Greater Manchester Combined Authority Unit Cost database, which brings together 900 cost estimates across a range of public service themes (crime, education and skills, employment and economy, environment, fire, housing, health and social services)<sup>14</sup>.
- NHS reference costs and national tariff data, updated annually (NHS England).<sup>15</sup>
- Personal Social Services Research Unit data on the unit costs of health and social care, updated annually<sup>16</sup>.

To be able to assess changes in the costs of public service use by Housing First clients, it is necessary to be able to quantify the levels of use of public services (e.g. numbers of visits to GP surgeries, numbers of arrests) in a specific time period prior to and since entering Housing First, and to identify appropriate unit costs for each service.

Unfortunately, gaps in survey data do not permit a comprehensive or consistent assessment of the costs of each type of service. For example, the surveys did not capture some incidences of service use (e.g. court appearances, nights in police custody, specific treatments for drug and alcohol misuse). Others (e.g. arrests) were recorded but not quantified. Furthermore, the time periods to which questions referred (e.g. whether a service had been used in the previous 3, 6 or 12 months) varied between questions and between the baseline and follow up surveys. Therefore, the available data allow only a partial assessment of the costs of public service use at baseline and follow up.

The absence of a comparison group means that the survey evidence only captures changes among the sample of Housing First clients; we have no way of knowing what might have happened in the absence of the intervention.

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<sup>14</sup> [GMCA \(2022\) Unit Cost Database 2022.](#)

<sup>15</sup> [NHS England \(2023\) 2022/23 National Cost Collection data](#)

<sup>16</sup> [PSSRU \(2022\) Unit Costs of Health and Social Care 2022](#)

## COSTS OF HOMELESSNESS SERVICES

The baseline survey asked respondents to indicate the main place they were staying in the month prior to joining Housing First. Usable baseline data are available for 310 individuals, who are assumed to be representative of all Housing First clients (Table 21). By applying weekly unit costs, taken from the GMCA Unit Costs database, the annual cost of homelessness services per Housing First client prior to joining the programme is estimated at £6,116, at 2022 prices.

**Table 21: Estimated cost of homelessness services of Housing First clients at baseline**

Type of accommodation	Number in baseline survey*	%	Weekly unit cost**	Weighted annual cost
Hostel/refuge/shelter/supported housing	60	19%	£137	£1,379
B&B/ hotel	37	12%	£427	£2,650
Council emergency accommodation	32	10%	£125	£671
Social rented housing	7	2%	£118	£139
Private rented housing	4	1%	£207	£139
Rough sleeping (outreach services)	97	31%	£70	£1,139
Other (sofa surfing, hospital, prison, other)	73	24%	-	-
<b>Total</b>	<b>310</b>	<b>100%</b>		<b>£6,116</b>

\*Main type of accommodation in month prior to joining Housing First, for respondents to baseline survey

\*\*Weekly unit cost for each accommodation type, taken from GMCA Unit Costs database. Cost of outreach services is applied for rough sleepers.

This estimate of £6,116 is below the costs of homelessness services recorded by previous studies, as summarised above.

Details of accommodation recorded in the 12-month follow-up survey are given in Table 22. At this point 90% of respondents were housed in social or private rented accommodation. The remainder, using various forms of temporary accommodation, were presumably waiting to be housed under the programme.

Applying unit costs from the GMCA Unit Cost database gives an annual housing cost averaging £6,216 per person. This indicates that there was little overall change in housing

costs between baseline and the 12 month follow up survey, but that there was a prominent shift in costs away from local authority homelessness services (hostels, B&Bs, temporary accommodation and outreach) and towards support for social rented housing, typically funded through housing benefits.

**Table 22: Estimated cost of housing services of Housing First clients at 12-month follow-up**

Housing service type	Number in 12-month survey	%	Weekly unit cost	Weighted annual cost
Hostel/refuge/shelter/supported housing	9	5%	£137	£379
B&B/ hotel	1	1%	£427	£131
Council emergency accommodation	2	1%	£125	£77
Social rented housing	148	88%	£118	£5,374
Private rented housing	4	2%	£207	£255
Rough sleeping (outreach services)	0	0%	£70	£0
Other (sofa surfing, hospital, prison, other)	5	3%	-	-
<b>Total</b>	<b>169</b>	<b>100%</b>		<b>£6,216</b>

According to the GMCA Unit Cost Database, the average weekly Housing Benefit award is £120, equivalent to £6240 per annum, which is comparable to the estimated cost in Table 22. As a transfer payment, Housing Benefits are not usually included as costs in social cost benefit analysis, although they add to the full cost to the taxpayer of the services that individuals receive. The cost benefit analysis in Section 4 therefore compares costs and benefits both inclusive and exclusive of Housing Benefit payments.

### **COSTS TO NHS**

The survey data do not allow a comprehensive and consistent comparison of costs of NHS services consumed by Housing First clients in the baseline and follow up surveys, as some relevant cost items are missing, some questions do not quantify the extent to which some services were used, and there were differences in the format of questions and time duration they referred to (e.g. whether services were consumed in the preceding 3 month or 6 month period).

However, for those services whose use can be measured, the data indicate that the overall annual average cost of NHS services consumed by the survey respondents was broadly

similar prior to baseline and at 12-month follow up<sup>17</sup>. Though they need to be treated with caution, these data suggest a fall in costs of some emergency services (ambulance and A&E services) and an increase in the costs of other services (visits to GP surgeries, hospital appointments).

The 12-month outcomes report for this study<sup>18</sup> found no statistically significant differences in levels of use of any health services between the 6 month and 12-month surveys, while no comparable data were available at baseline. The only statistically significant difference in health service use was an increase in the number of Housing First clients registered with a GP at 12-month interviews compared to baseline.

### **COSTS TO POLICE AND CRIMINAL JUSTICE SERVICES**

The 12-month outcomes report found statistically significant reductions in reported anti-social behaviour, arrests, cautions and convictions, as well as the number of clients in prison, at 12-month follow up compared to baseline.

As for health services, the survey data do not allow a comprehensive and consistent comparison of costs of police and criminal justice services in the baseline and follow up surveys, as some relevant cost items are missing, some questions do not quantify the extent to which some services were used, and there were differences in the format of questions and time duration they referred to.

However, while incomplete, the available data do indicate reductions in the costs of incidences of use of the police and criminal justice services between the baseline and 12 month follow up surveys.

The main reduction in costs relates to the number of nights spent by Housing First clients in prison in the 12 months preceding the baseline and follow up surveys, which fell from 23.8 (average across all survey respondents, at baseline) to 6.2 at 12 month follow up. Applying a unit cost of £102.50 per prison night from the GM Unit Cost Database suggests a fall in the cost of prison services alone of £1,804 per person per year (Table 23).

**Table 23: Estimated cost of use of prison services by Housing First clients at baseline and 12- month follow up**

<b>Category</b>	<b>Baseline</b>	<b>12-month follow up</b>	<b>Change</b>
Average nights spent in prison in last 12 months	23.8	6.2	-17.6
Estimated cost per prison night	£102.50	£102.50	£102.50
Estimated annual cost of prison service use	£2,440	£636	-£1,804

<sup>17</sup> Estimates of the cost of annual costs of NHS services averaged £3125 at baseline and £3067 at 12 month follow up, but underestimate the true value of services consumed, as some items are missing or not fully quantified (especially drug and alcohol treatment services).

<sup>18</sup> MHCLG (in prep.) Evaluation of the Housing First Pilots. Report on clients' outcomes twelve months after entering Housing First. Draft.

### 3.3 Wellbeing benefits

The principal benefit of tackling homelessness is to enhance the wellbeing of those affected, by providing access to secure and good quality housing.

#### **Evidence from previous studies**

Fujiwara and Vine (2015)<sup>19</sup> used a longitudinal dataset to assess the impact of moving between different housing statuses on life satisfaction and assessed the value of these changes in terms of individual wellbeing. This is consistent with HM Treasury Supplementary Green Book guidance on wellbeing valuation<sup>20</sup>. The analysis found that the average impact (for adults without dependent children) of moving from rough sleeping to temporary accommodation had a value of £13,382 per person. The impact of a move from temporary accommodation to settled housing was valued at £8,019 per person. The total value of a move from rough sleeping to settled housing was £21,401 per person. These values are equivalent to £16,102, £9,649 and £25,750 respectively at 2022 prices.

The baseline survey of Housing First participants found that 31% of respondents were sleeping rough and 65% were in some form of temporary accommodation prior to recruitment to Housing First. At 12 month follow up, 90% of respondents were in secure accommodation and 10% in temporary accommodation. These figures suggest a weighted average value of £13,289 per person entering the programme for enhancements in personal wellbeing.

As well as enhancing the wellbeing of the supported group, Housing First can also be expected to deliver benefits to wider society, as the overall population benefits from seeing reductions in homelessness among others. These wider societal benefits can be assessed through surveys eliciting people's willingness to pay to alleviate homelessness. For example, a European study in 2017<sup>21</sup> found that 42% of respondents were willing to pay more taxes to reduce homelessness through the Housing First model, with a mean willingness to pay of Euro 28.2 (£24.50). No estimates appear to be available for England.

#### **Evidence from the evaluation**

The 12-month outcomes report found a range of positive effects on the wellbeing of Housing First participants. Both six months and a year after entering Housing First, significantly greater proportions of clients reported eating and sleeping well and perceived their health as good, and significantly fewer reported suffering from anxiety and depression.

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<sup>19</sup> Fujiwara and Vine (2015) [The Wellbeing Value of Tackling Homelessness](#).

<sup>20</sup> HMT (2021) [Wellbeing Guidance for Appraisal](#): Supplementary Green Book Guidance

<sup>21</sup> Loubiere et al (2020) [Europeans' willingness to pay for ending homelessness: A contingent valuation study](#).

The surveys used the Warwick-Edinburgh Mental Wellbeing Scale (WEMWBS) to record changes in self-reported wellbeing in relation to seven categories (Table 24).

**Table 24: WEMWBS scale: statements and scores**

Statement	None of the time	Rarely	Some of the time	Often	All of the time
I've been feeling optimistic	1	2	3	4	5
I've been feeling useful	1	2	3	4	5
I've been feeling relaxed	1	2	3	4	5
I've been dealing with problems well	1	2	3	4	5
I've been thinking clearly	1	2	3	4	5
I've been feeling close to other people	1	2	3	4	5
I've been able to make up my own mind about things	1	2	3	4	5

The responses to each positive statement are scored between 1 (none of the time) and 5 (all of the time). These scores are then aggregated to give a total score, which has a minimum value of 7 and a maximum value of 35.

Changes in the value of WEMWBS scores can be assigned monetary values, using a scale developed by HACT and Simerica, based on the wellbeing valuation method.<sup>22</sup>

Respondents to the baseline, 6-month and 12-month surveys were asked to rate their feelings with respect to each of these seven statements, and these ratings were used to estimate WEMWBS scores out of 35.

The mean WEMWBS score increased from 20.4 at baseline to 22.5 at 6 months and 23.0 at 12 months after entering Housing First, indicating an overall improvement in mental wellbeing among respondents. An improvement in each of the seven WEMWBS components was also recorded.

Based on the monetary values for WEMWBS scores specified by HACT and Simerica, updated to 2022 prices, the value of the recorded improvement in mental wellbeing between baseline and 12-month follow-up is £6,246 (Table 25).

The HACT/Simerica methodology recommends subtracting 27% of the value of estimated changes in wellbeing as deadweight, on the basis that 27% of recorded improvements in health and wellbeing would have been achieved in the absence of intervention, in accordance with the HCA additionality guide<sup>23</sup>. Our evaluation applied a 30% adjustment for non-additional outcomes, as explained in Section 4 below.

**Table 25: Mean WEMWBS scores of Housing First clients at baseline and 12-month follow up**

Statement	Baseline	6-month	12-month	Change baseline to 12 month
I've been feeling optimistic (score out of 5)	3.1	3.3	3.4	0.3
I've been feeling useful (score/5)	2.8	3.1	3.0	0.2
I've been feeling relaxed (score/5)	2.6	3.0	3.0	0.4
I've been dealing with problems well (score/5)	2.8	3.2	3.3	0.5

<sup>22</sup> Trotter L. and Rallings Adams M-K (2017) Valuing improvements in mental health: Applying the wellbeing valuation method to WEMWBS. HACT. London, UK.

<sup>23</sup> Homes and Communities Agency (2014) [Additionality Guide, 4<sup>th</sup> edition](#).



<b>Statement</b>	<b>Baseline</b>	<b>6-month</b>	<b>12-month</b>	<b>Change baseline to 12 month</b>
I've been thinking clearly (score/5)	2.9	3.3	3.3	0.4
I've been feeling close to other people (score/5)	2.6	3.0	3.0	0.4
I've been able to make up my own mind about things (score/5)	3.6	3.6	4.0	0.4
Mean overall score/5	2.9	3.2	3.3	0.4
Mean overall score/35	20.4	22.5	23.0	2.6
Wellbeing value (£2022)	£20,376	£24,424	£26,622	£6,246

## 4. Comparison of Benefits and Costs of the Housing First Pilots

### 4.1 Costs of the Housing First Pilots

Based on the cost analysis in Section 2, the costs of delivering the Housing First Pilots to date are estimated at £10,915 per annum per person housed, and £7,737 per annum per person on the programme (see Table 18).

### 4.2 Expected benefits

By providing access to secure, good quality housing to participants, the Pilots are delivering significant benefits in enhancing the mental and physical health and wellbeing of the people supported, and by reducing the costs of homelessness to public services.

The expected benefits of the Housing First programme can be estimated by transferring values from previous studies, as reviewed in Section 3 above. Based on these values, the expected benefits for each person on the Housing First programme achieving positive housing outcomes amount to:

- £13,400 per year in reduced costs of public services (Section 3.2);
- £13,289 per year in enhanced personal wellbeing resulting from improvements in housing status (Section 3.3).

Altogether, therefore, these estimates suggest that benefits potentially total £26,689 per person per year for Housing First clients.

A proportion of these benefits can be expected to be realised in the short term, as housing previously homeless people helps to improve their wellbeing as well as reducing the costs of some public services (such as emergency healthcare and contact with police and criminal justice services). However, because of the multiple and complex needs of Housing First clients, it is likely that the full benefits will take several years to be realised, depending on ongoing improvements in physical and mental health. A recent report for Homeless Link<sup>24</sup> found a positive long-term trajectory for many outcome indicators of Housing First. Positive outcomes for physical and mental health, access to healthcare, access to healthcare, substance misuse and addiction, antisocial behaviour and offending, tenancy sustainment and meaningful use of time were recorded a year after becoming Housing First tenants, with these positive outcomes growing in years 2 and 3 and beyond.

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<sup>24</sup> Sakinah Abdul Aziz and Sophie Boobis (2024) [More Than a Roof. Exploring the holistic outcomes of Housing First.](#)

However, not all Housing First clients achieve positive outcomes. Data collected by Housing First staff indicate that, around three years after joining Housing First, six in ten (59%) who provided baseline data when they entered Housing First were still in the programme. A further 14% had graduated, while 9% had entered alternative accommodation, and 3% had moved out of the area. Over the period, 7% of clients had died, and 3% were reported not to be on Housing First because they were in prison at the point of the follow-up. Housing First staff had lost contact with 5% of the clients who provided baseline data.

These data suggest that 15% of Housing First clients either experience negative outcomes (those who die or end up in prison) or lose contact with the programme. If we assume that 85% of clients on the programme achieve positive outcomes, this reduces the expected benefits per client to:

- £11,390 per year in reduced costs of public services;
- £11,296 per year in enhanced personal wellbeing resulting from improvements in housing status.

### 4.3 Additionality of Expected Benefits

In assessing the net benefits of the programme, it is important to take account of non-additional outcomes, noting that a proportion of Housing First participants might have gained positive outcomes even in the absence of the scheme. Ideally, such an assessment would compare the outcomes for recipients of Housing First services with a comparison group, to provide a robust counterfactual. However, this was not possible in the current evaluation.

Furthermore, there is a lack of evaluation evidence from the UK applying robust counterfactuals to examine the net benefits of Housing First services. However, evaluations of Housing First interventions in other countries have used randomised control trials (RCTs) to compare impacts on recipients of Housing First services with comparison groups receiving “treatment-as-usual” services.

International evaluations demonstrate that Housing First services deliver significant improvements in housing outcomes compared to treatment-as-usual services (Table 26). Differences in metrics and timescales complicate comparisons between studies; however, in general, studies indicate that Housing First services deliver net improvements in the numbers of people gaining security of housing of between 50% and 90% compared to treatment-as-usual services. A typical finding is that reductions in homelessness among treatment-as-usual groups is often in the region of 30% between two and five years after the intervention.

**Table 26: International Evaluation Evidence of Net Benefits of Housing First Services**

Study	Location	Finding
Peng et al (2020) <sup>25</sup>	Review of 26 qualifying studies in US and Canada	HF programmes reduced homelessness by 88% compared to treatment-first and 89% compared to treatment-as-usual programmes.
Tinland et al (2020) <sup>26</sup>	Four cities in France	Housing stability in treatment-as-usual group was 33% of that of recipients of Housing First services
Baxter et al (2019) <sup>27</sup>	Four US/ Canadian studies	Those on treatment-as-usual services were 40% as likely as participants receiving HF to be stably housed after 18–24 months
Coram et al (2022) <sup>28</sup>	Adelaide, South Australia	Recipients of an intensive homelessness programme achieved 75% lower use of emergency homelessness services compared to counterfactual
Tsemberis and Eisenberg (2000) <sup>29</sup>	New York	After five years, 88% of Pathway participants remained housed compared to 47% in the control group
Tsemberis et al (2004) <sup>30</sup>	New York	79% of Housing First participants remained stably housed at the end of 6 months, compared to 27% in the control group.
Aubry et al (2019) <sup>31</sup>	Vancouver, Winnipeg, Toronto, Montreal and Moncton, Canada	31% of treatment-first participants were housed full time after 5 years, compared to 73% of housing-first participants.

<sup>25</sup> Peng et al (2020) [Permanent Supportive Housing with Housing First to Reduce Homelessness and Promote Health among Homeless Populations with Disability: A Community Guide Systematic Review](#)

<sup>26</sup> Tinland et al (2020) [Effectiveness of a housing support team intervention with a recovery-oriented approach on hospital and emergency department use by homeless people with severe mental illness: a randomised controlled trial.](#)

<sup>27</sup> Baxter et al (2018) [Effects of Housing First approaches on health and well-being of adults who are homeless or at risk of homelessness: systematic review and meta-analysis of randomised controlled trials](#)

<sup>28</sup> Coram et al (2022) [Evaluation of the Aspire Social Impact Bond: final report.](#)

<sup>29</sup> Tsemberis and Eisenberg (2000) [Pathways to Housing: Supported Housing for Street-Dwelling Homeless Individuals With Psychiatric Disabilities.](#)

<sup>30</sup> Tsemberis et al (2004) [Consumer Preference Programs for Individuals Who Are Homeless and Have Psychiatric Disabilities: A Drop-In Center and a Supported Housing Program](#)

<sup>31</sup> Aubry et al (2015) [One-Year Outcomes of a Randomized Controlled Trial of Housing First With ACT in Five Canadian Cities.](#)

Study	Location	Finding
Aubry et al (2019) <sup>32</sup>	Moncton, Canada	Housing First group was three times as likely as the treatment-as-usual group to be stably housed.

The international evidence is consistent with expectations regarding the target group for the Housing First Pilots in England. Given their multiple and complex problems, we might expect that a minority would achieve access to secure housing in the absence of support.

Based on international evaluation evidence, it is assumed that 30% of Housing First recipients would have achieved access to secure housing and associated benefits in the absence of the programme; i.e. 70% of benefits are assumed to be additional while 30% would have occurred under a treatment-as-usual scenario. A similar (70% additionality/30% deadweight) assumption was employed in a recent evaluation of the Westminster VAWG Housing First service<sup>33</sup>.

It should be noted that, while there are some similarities, the context covered by these international examples is likely to differ from that in the English Housing First Pilots. The Pilots themselves argue that this assumption overestimates non-additional outcomes, given the multiple challenges facing their cohort. Nevertheless, if we assume an additionality ratio of 70%, this would suggest expected additional benefits of £15,880 per person supported through the programme, comprising reduced public service costs of £7,973 and wellbeing benefits of £7,907.

## 4.4 Benefits observed to date

As noted above, only a proportion of the expected benefits of Housing First can be assessed at this point, because:

- Housing First will take many years to realise its full outcomes, in tackling the multiple and deep-rooted problems facing its clients, enhancing personal wellbeing and reducing the costs of homelessness to public services. By providing support to its clients, Housing First imposes additional costs on some public services, at least in the short term.
- There are gaps in data, as the survey data do not allow all public costs to be consistently and comprehensively quantified.

Nevertheless, the survey data indicate some measurable benefits arising from the programme. These are detailed in Sections 3.2 and 3.3 and include:

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<sup>32</sup> Aubry et al (2013) [A randomized controlled trial of the effectiveness of Housing First in a small Canadian City](#)

<sup>33</sup> [Westminster VAWG Housing First Service. Second Year Evaluation](#)

- Savings in the costs of homelessness services estimated at £6,116 per person per year;
- Savings in prison costs estimated at £1,804 per person per year;
- Enhancements in personal wellbeing estimated at £6,246 per person per year.

On this basis, the estimated benefits of the programme to date (based on the survey data) amount to £7,920 per person per year in reduced public service costs, and £6,246 per person per year in enhanced personal wellbeing. Total annual benefits to date are therefore estimated at £14,166 per person per year.

These figures underestimate savings in public service costs, because the data do not allow some cost savings (particularly reductions in certain police and criminal justice costs relating to reduced incidences of arrests, cautions and antisocial behaviour) to be quantified.

It is debatable whether and how these estimates need to be adjusted (as in Section 4.2 above) to take account of the proportion of Housing First clients who lost contact with the service or experienced negative outcomes (because they died or went to prison). It is likely that some clients experiencing negative outcomes were included in the 12-month outcomes survey, before later dying, going to prison or losing contact with the service. The 12-month outcomes for this group will be included in the benefits estimates above. However, those clients who had died, gone to prison or lost contact with Housing First prior to the 12-month survey would not have been included in the survey results. It is likely therefore that the benefits estimates based on the survey results overestimate the benefits for the Housing First cohort overall. Since 15% of clients were recorded as losing contact or experiencing negative outcomes after 3 years, the extent of this overestimate will be between 0% and 15% but cannot be estimated precisely.

A conservative approach would be to reduce the estimated benefits by 15% to adjust for those losing contact or experiencing negative outcomes not captured by the survey. This would assume that those losing contact or experiencing negative outcomes were not included in the 12-month survey and received zero benefit from Housing First, so is likely to underestimate benefits. However, adopting this approach would reduce the 12-month benefits estimates per Housing First client to:

- £6,732 per person per year in reduced public service costs; and
- £5,309 per person per year in enhanced personal wellbeing.

Deducting 30% for non-additional outcomes as above would give an estimated annual benefit of £8,429 per Housing First client per year, comprising reduced public service costs of £4,712 and enhanced personal wellbeing of £3,716.

## 4.5 Comparison of benefits and costs

Table 27 compares the costs and benefits of the Housing First programme, based on estimates of the expected benefits and on evidence of the estimated benefits to date.

The analysis applies the unit costs per client on the programme, rather than per client housed, because this is comparable to the benefits estimates (which are based on surveys of participants of the programme at the time, whether or not housed to date).

The unit cost per Housing First client of £7,737 per annum compares with annual potential benefits of £15,880, and estimated benefits to date of £8,429, after allowing for negative and non-additional outcomes. This gives an expected benefit cost ratio of 2.1, and an estimated benefit: cost ratio to date of 1.1. Thus the estimated annual benefits exceed the costs, even when considering outcomes observed only 12 months after entering the programme, and after applying a (conservative) 15% adjustment for those losing contact with the service or experiencing negative outcomes. The full benefits of the programme are expected to take many years to be realised. As noted above, the 12-month benefit estimate is likely to be an underestimate, because certain savings in police and criminal justice costs cannot be quantified.

**Table 27: Comparison of annual costs and benefits of Housing First Pilots<sup>34</sup>**

Cost/benefit	Calculation	Based on expected benefits	Based on benefits estimated to date
1. Cost of HF per client	<i>Section 2</i>	£7,737	£7,737
2. Reduced costs of public services	<i>Section 3.2, 4.3, 4.4</i>	£7,973	£4,712
3. Enhanced personal wellbeing	<i>Section 3.3, 4.3, 4.4</i>	£7,907	£3,716
4. Benefit of HF per client	<i>2+3</i>	£15,880	£8,429
<b>5. Net benefit per HF client</b>	<i>4-1</i>	£8,143	£692
<b>6. Benefit cost ratio</b>	<i>4/1</i>	2.1	1.1
7. Housing Benefit payments	<i>Section 3.2</i>	£3,713	£3,713
8. Net benefit if Housing Benefits deducted	<i>5-7</i>	£4,430	-£3,021
9. Benefit cost ratio if Housing Benefits deducted	<i>(4-7)/1</i>	1.6	0.6
Net financial savings, ignoring Housing Benefits	<i>2-1</i>	£236	-£3,025
Net financial savings, deducting Housing Benefits	<i>2-7-1</i>	-£3,477	-£6,737

<sup>34</sup> The estimates of benefits and Housing Benefit payments apply a 15% reduction for those losing contact or experiencing negative outcomes and 30% deduction for non-additional outcomes. Costs are detailed in Section 2 and 4.1. Potential benefits are detailed in Sections 3 and 4.3, and estimated benefits to date in Sections 3 and 4.4. Housing Benefits payments are estimated in Section 3.2 and adjusted for negative and non-additional outcomes. The unit costs and benefits refer to all clients on the programme each year, and not just those housed at that point.

The Housing First programme has reduced the costs of homelessness services, with similar amounts spent on housing individuals, supported by Housing Benefit payments. The benefit cost ratios exclude Housing Benefit payments, which, as a transfer payment, are normally excluded from social cost benefit analysis. If these housing costs were to be deducted from the net cost savings, the benefit cost ratio would fall to 1.6 (based on potential benefits) or 0.6 (based on benefits estimated to date). It is estimated that the programme has so far had a net overall cost to the public finances, even based on potential cost savings, if Housing Benefits costs are deducted from cost savings. However, it may be expected to generate net savings over time as the costs of supporting each individual declines.

A comparison of estimated costs and benefits is given in Figure 1.

**Figure 1: Comparison of estimated costs and benefits of Housing First (£ per participant per year)**

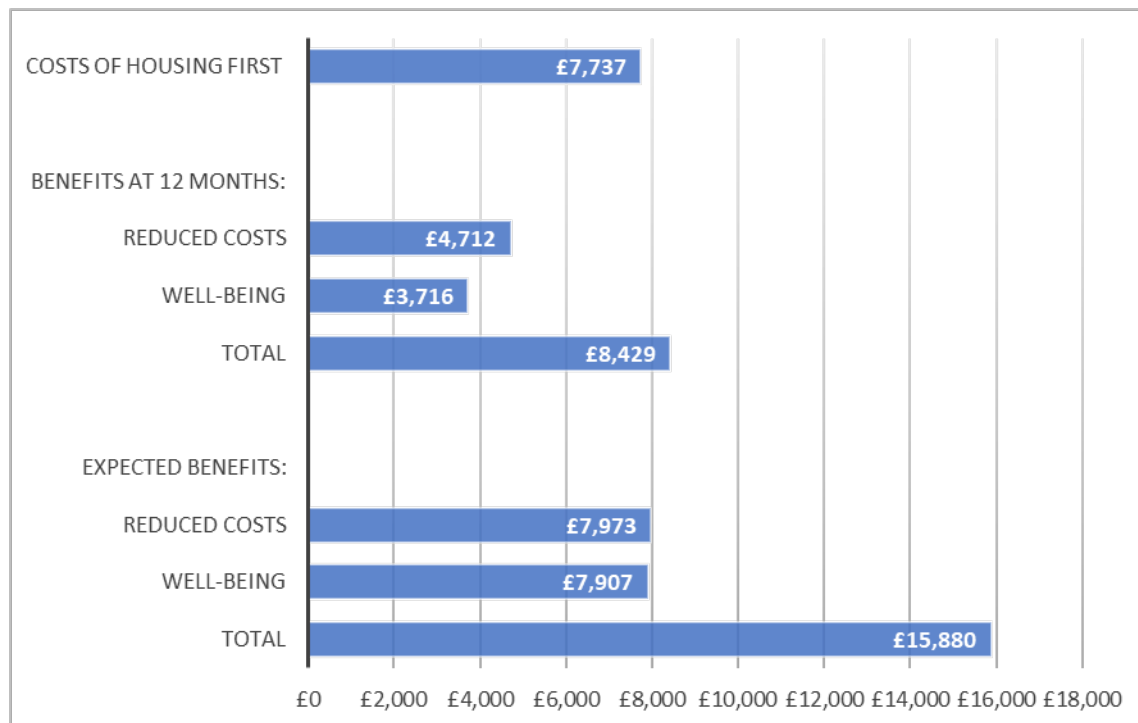


Table 28 examines the sensitivity of the CBA to changes in key underlying assumptions. It shows that applying more pessimistic assumptions regarding key variables (public costs of homelessness, monetary value of changes in wellbeing, assumed rate of additionality) reduces the benefit cost ratios and net benefit estimates. This potentially eliminates the estimated net positive benefit observed at 12 months but does not prevent the expected benefits of the programme over time exceeding the costs. Conversely, if the assumptions employed are more optimistic, the calculated benefit: cost ratio increases. For example, a 50% increase in estimated reductions in public service costs recorded at 12 months, to allow for missing data, would increase the benefit cost ratio at that point to 1.4.



**Table 28: Sensitivity of net benefits and BCRs to key assumptions employed**

<b>Assumptions employed</b>	<b>Based on potential benefits</b>	<b>Based on benefits measurable to date</b>
<b>Central Estimate</b>		
Net benefit per HF client	£8,143	£692
Benefit cost ratio	2.1	1.1
<b>Applying lower band estimate of public service costs of homelessness from literature</b>		
Net benefit per HF client	£6,655	£692
Benefit cost ratio	1.9	1.1
<b>Applying upper band estimate of public service costs of homelessness from literature</b>		
Net benefit per HF client	£9,630	£692
Benefit cost ratio	2.2	1.1
<b>Increasing 12 month public cost savings by 50% to allow for data gaps</b>		
Net benefit per HF client	£8,143	£3,048
Benefit cost ratio	2.1	1.4
<b>20% reduction in assumed monetary value of wellbeing benefits</b>		
Net benefit per HF client	£6,562	-£52
Benefit cost ratio	1.8	1.0
<b>20% increase in assumed monetary value of wellbeing benefits</b>		
Net benefit per HF client	£9,724	£1,435
Benefit cost ratio	2.3	1.2
<b>Reducing assumed additionality of benefits to 60%</b>		
Net benefit per HF client	£5,874	-£512
Benefit cost ratio	1.8	0.9
<b>Increasing assumed additionality of benefits to 80%</b>		
Net benefit per HF client	£10,412	£1,896
Benefit cost ratio	2.3	1.2

Table 29 compares the costs and benefits of the three Pilots, based on variations in unit costs. Because there are insufficient data to enable the benefits of each Pilot to be valued separately, the analysis applies the strong assumption that the value of benefits per participant is the same for all three. This is potentially misleading, if higher costs are the result of variations in service levels (and hence benefits) rather than variations in delivery costs only.

In particular, the evaluation found that the Greater Manchester and Liverpool pilots applied a higher fidelity Housing First model than certain authorities in the West Midlands, which might be expected to influence the level and sustainability of outcomes and hence the benefit cost ratio. The figures indicate that the expected benefits exceed the costs for all three Pilots, but that the estimated benefits to date outweigh the costs only for the West Midlands and Greater Manchester, given the higher unit costs of the Liverpool Pilot.

**Table 29: Comparison of annual costs and benefits by Pilot<sup>35</sup>**

<b>Cost/benefit</b>	<b>Based on expected benefits</b>	<b>Based on benefits estimated to date</b>
<b>Cost of HF per client:</b>		
Greater Manchester	£8,157	£8,157
Liverpool	£12,613	£12,613
West Midlands	£5,558	£5,558
Reduced costs of public services	£7,973	£4,712
Enhanced personal wellbeing	£7,907	£3,716
Benefit of HF per client	£15,880	£8,429
<b>Net benefit per HF client:</b>		
Greater Manchester	£7,723	£271
Liverpool	£3,267	-£4,184
West Midlands	£10,322	£2,871
<b>Benefit cost ratio:</b>		
Greater Manchester	1.9	1.0
Liverpool	1.3	0.7
West Midlands	2.9	1.5

<sup>35</sup> Based on variations in unit costs only, and assuming similar benefits per Pilot; please note caveats in text above

## 4.6 Conclusion

Overall, the comparison of costs and benefits suggest that the Housing First Pilots are providing good value for money.

The cost analysis indicates that the unit costs of delivering Housing First varied between the Pilot areas and over the course of the programme. This reflects the nature of the pilot programme, differences in starting points, delivery models and service levels, and varying needs for adaptation and learning over the programme period. The learning from the pilots can inform the design of efficient future delivery models.

The net annual benefits of Housing First can be expected to increase over time, both through declining costs and increasing annual benefits. The support costs per client can be expected to decline over time as individuals become more established on the programme and require less intensive ongoing support. Benefits are expected to increase as individual wellbeing gradually improves, while savings in public budgets should increase with improvements in physical and mental health and reduced contact with police and criminal justice services. Housing First interventions are expected to deliver benefits over the long-term, by alleviating the long-term costs of homelessness.