



Research to inform policy from the University of York, School for Business and Society

# HOMELESSNESS AND FUEL POVERTY:

## Exploring the extreme end of the cost of living crisis

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### Summary

- The cost-of-living crisis is grounded in longstanding issues including substantial cuts to public services and the homelessness sector, existing inequalities within the energy market, punitive welfare reforms, and poor-quality buildings. **The crisis has been the 'last straw' for people at risk of homelessness and the homeless sector and is linked to increases in homelessness and to barriers in exiting homelessness.**
- The impact that the cost-of-living crisis has had on service delivery is profound, hampering efforts to address homelessness. **Services that were already facing severe challenges have declined in quality, reach, and intensity, and risk becoming far more crisis based.** Housing First and preventative innovations within the homelessness sector that had been making steps in permanently reducing homelessness through holistic, tailored approaches are being directly undermined by high energy costs and fuel poverty, adding to existing challenges from an inadequate welfare system and shortages of social housing.
- **Policy responses to the cost-of-living crisis are extremely limited in terms of impact with very little allowance for the issues surrounding homelessness** and are described as reactive, poorly targeted, with a very limited 'sticking plaster' effect.

### Policy recommendations

1. **Urgent review is needed of existing and future contracts for funding homelessness services.** Services have no means of meeting rising costs. The review should include allowances to cover the effects of increased energy costs and to ensure that staff are sufficiently paid to avoid their also facing risks of fuel poverty, after housing-cost poverty and food insecurity. This is vital to ensure that innovations in prevention, Housing First and trauma informed services, are maintained rather than irreparably undermined. Local authorities, which have seen marked reductions in their budgets since 2010, will require additional support from central and national governments to ensure homelessness prevention and reduction strategies are adequately funded.
2. **Reform of tariffs regarding energy policy.** Energy related tariffs, discounts and benefits should be reformed to ensure that those in greatest need are given the greatest protection. Commercial energy tariffs are punitive and undermine the ability of organisations to provide support. There is also an urgent need for rapid retrofit of both the domestic and non-domestic housing stock, reversing the stalled nationwide retrofit programme.
3. **Reforms to the welfare system and social housing supply** need to address the underlying causes of fuel poverty and homelessness at the systemic level. Reforms to ensure that payments such as Universal Credit are sufficient to cover energy, food, and housing costs are vital. Furthermore, without addressing the need for increases in social housing supply and proper funding of homelessness services, above are likely to endure.

## Homelessness and fuel poverty: making the connection

Homelessness figures in England have been increasing since 2021/22. Some 105,000 homeless households of whom 68,000 were homeless families (139,000 children), were resident in emergency accommodation in June 2023 and numbers are likely to have increased since that point. There are some 30,000 people were resident in homelessness services at any one point in England and several thousand people living rough. The wider cost-of-living crisis and fuel poverty, have increased the risks of homelessness being generated by destitution, decreased homelessness prevention and reduction capacity due to the inability of homelessness services that have seen sustained funding cuts to pay fuel bills without cutting staff or services, confronted low paid staff in homelessness services with their own risks of fuel poverty, after housing cost poverty and food insecurity and made exits from recurrent and sustained homelessness more difficult because of high fuel, rent and food costs.

### Research design

We undertook 29 qualitative interviews: 11 with stakeholders working at national and international policy level in the fields of energy, housing and homelessness; 10 participants working in frontline services, and 9 people with lived experience of homelessness using these services.

### Findings: Increased energy costs as ‘the last straw’

Our research found that increased energy costs have placed an extreme pressure on households. Interviewees regularly used the phrase ‘knife edge’ and ‘last straw’ to describe their circumstances. The cost-of-living crisis (and energy crisis in particular) was said to have pushed them beyond their limits, with no further elasticity within budgets, and any existing contingencies already exhausted in the previous winter.

People experiencing homelessness reported a combination of high utility bills and housing costs as interconnected, causal reasons for homelessness. Extreme descriptions of fuel poverty were given – participants described stopping using any gas or electricity altogether to cover rent and becoming overwhelmed into homelessness as net negative incomes meant they simply lacked the money to meet rent, fuel and food costs.

Multiple factors were increasing risks around homelessness including: underfunding of homelessness and associated services; poor housing conditions; freezes in local housing allowance; deep and sustained shortages in social housing and wider affordable housing supply; low affordability of retrofitting technologies and welfare reforms which had resulted in deep cuts in benefits.

### Findings: Services in crisis

Many homelessness services reported being charged commercial energy rates and unable to benefit from energy support packages provided to domestic properties over the course of 2022-2023, despite providing housing services within their buildings. This was in the context of ever-falling and precarious funding through local authority contracts (some £1bn in funding cuts since 2010) and reductions in charitable donations. Neither homelessness services nor local authorities had any effective reserves to draw upon as energy costs rose.

Innovation and best practice were being threatened. Cuts placed holistic, integrated homelessness prevention, Housing First and trauma informed approaches at risk, because minimal budgets risked being forced down the road of providing minimal services.

Decades of research has shown the ineffectiveness of the basic emergency shelters that the homeless sector itself has long recommended be replaced by better services, again including Housing First. Increases in fuel costs have added to pressures from cuts to health, social care, mental health and addiction services, as well as social housing supply that is hopelessly inadequate in relation to need.

Two further issues arose in our research. The first relates to capital projects and building maintenance – with most interviewees reporting that these have been frozen, cancelled, or delayed. As a result, this has meant in many cases efforts to improve energy efficiency (and reduce energy bills) have stalled, further entrenching the risk of being exposed to high energy costs in the future. Secondly, the issue of in-work poverty became clearly visible with those working for minimum wage within a homelessness sector that seen deep cuts in funding, being pushed into fuel poverty, food insecurity and precarious housing. As a result, the homeless sector is losing experienced, dedicated staff to professions that offer better pay, as their operational budgets continue to fall.

### Findings: Sticking plaster policy

Overall, it was felt that government and energy sector support was found to have had a very limited effect. Where interviewees had approached charities for support, they found these to be extremely stretched in terms of what they could provide. Similar concerns were echoed within our practitioner and stakeholder interviews, with criticism also levelled at the poor targeting of energy related support, and its lack of reach to those most in need of it. The short-term nature of existing energy and homelessness support, volatility (and limited regulation) of energy markets, the lack of regulation within the Private Rented Sector, and stalled nationwide energy efficiency programmes led to concerns about the increased entrenchment of the problems described throughout this policy briefing.

### Further information

Read the full [Homelessness and Fuel Poverty report](#)

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