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What Works
Evidence Notes

05 Employment

Evidence from across the world on solutions to homelessness
What Works Evidence Notes
This series draws together research evidence from across the world of what we know about how best to relieve and prevent homelessness. The notes are deliberately short to provide a summary for busy people of findings of research from different fields. They will be updated regularly as our knowledge of what works advances.

About the Centre for Homelessness Impact
The Centre for Homelessness Impact champions the creation and use of better evidence for a world without homelessness. Our mission is to improve the lives of those experiencing homelessness by ensuring that policy, practice and funding decisions are underpinned by reliable evidence.

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Purpose

This paper looks at the evidence around the relationship between homelessness and employment, with a focus on street homelessness and other forms of single homelessness. In addition to looking at statistical and research evidence on the links between homelessness and employment, we also look at evidence on the effectiveness of various approaches to assisting people experiencing homelessness to find and keep employment and identify some areas where further research or changes in approach are needed.

Overview

It is by no means the case that everyone experiencing homelessness is unemployed, but employment rates amongst people experiencing homelessness are much lower than in the general population.

Whilst most people experiencing homelessness, including street homelessness, have had previous work experience, there is a wide disparity between individuals in terms of their distance from the labour market. This means that some people will be best helped by light touch, relatively inexpensive, support that helps them to move on from a homelessness crisis and towards a rapid return to work.

For those with greater obstacles, more specialist interventions are needed. The best evidence is for the Individual Placement Support (IPS) model, but there is also promise, based on the success of the MHCLG (now DLUHC) Fair Chance Fund, in outcomes-based commissioning aimed at achieving both stable accommodation and sustained employment.

The Challenge

Loss of employment can be a cause for homelessness; but homelessness may also act as a barrier to remain employed or regain employment.

The data shows that a proportion of people experiencing homelessness are employed, but their labour market participation is lower than for the population at large. The latest homelessness statistics for England which record employment status show that in 2020/21, of those households owed a homelessness prevention or relief duty, where employment status was known, 13% had a household member in full-time work when they approached the local authority for assistance, with 10% in part time work. 41% were registered as unemployed, whilst 14% were not working due to long term illness or disability.

The proportion of people who are experiencing homelessness and are employed has decreased over the last few years. The figure was 29% in 2018-19 to 23% in 2020-21.

These are much lower proportions of employed people than the general population, where 86.5% of working age UK households had at least one member in work during the same period. Nevertheless, this shows that the premise that being employed necessarily prevents homelessness is flawed.

Amongst people experiencing street homelessness, the numbers in employment are even lower. Among respondents to the DLUHC Rough Sleeping Questionnaire, all of whom had experience of street homelessness at some point during the previous year 80% had been employed at some point in the past; the vast majority, however, (93%) were not in employment at the time of completing the questionnaire. Where respondents were previously employed, in most cases (73%) it had been at least a year since they were last employed.

It is interesting to note significant differences between UK nationals and non-UK nationals in this respect. Only 4% of UK nationals were currently employed compared to 17% of the non-UK sample. Non-UK national respondents were also more likely to have been in employment within the last year (57%) compared to UK-national respondents (21%). This difference may point to increased vulnerability of non-UK nationals to street homelessness if they lose their job or do not earn enough to pay for accommodation while working. This is likely to be at least in part due to greater difficulty of non-UK nationals in accessing welfare benefits (see Evidence note on Immigration Status). 89% of the UK national respondents were currently in receipt of benefits, compared to 31% of non-UK nationals.

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1 Department for Levelling Up, Housing and Communities. (2021). Statutory Homelessness Live Tables.
Precarious employment

Despite the low employment figures amongst people experiencing homelessness, the evidence is that the large majority want to work, as shown by a number of studies. There is also clear evidence that ‘good’ work is beneficial for health and well-being compared to unemployment for almost everyone. Cycling in and out of low paid, insecure employment is also not likely to be as conducive for good health and well-being.

Precarious employment is a real risk for some types of households trying to re-enter the labour market. Evidence from the UK ‘Work Programme’ shows that of the roughly 45% of participants who entered employment according to HMRC RTI data, less than half earned more than £5,000 in the 15 months after starting the programme, due to a combination of delays in entering employment, low pay, part time work and becoming unemployed again.

Other examples of precarious employment is the number of people who are on zero-hour contracts, meaning their employer is not obligated to provide minimum working hours to the employee. From July-September 2021, 3% of people employed and over age 16 were in zero hour contracts.

Examples of how precarious employment can particularly affect young people with experience of homelessness are described in Centrepoint’s research published in 2019, which concludes that precarious employment is insufficient to enable young people to leave homelessness behind. 11% of people aged 16-24 were in zero-hour contracts in July-September 2021, which is higher than any other age breakdown. Young people are also more likely to take jobs in the gig economy, which generally provides less stability and job protection. One estimate had 18-29 year olds making up 39% of all gig economy employment.

The same kind of pattern is shown in research on specific homelessness employment programmes, where a significant proportion of those who gain employment may struggle to sustain it or to improve their incomes significantly. Those in precarious employment are likely to be in a borderline state in which they are not experiencing homelessness but are not a comfortable distance away from homelessness either. This is particularly true for those with high support needs. Despite employment programmes not always moving into the labour market, some employment programmes do lead to improvements in quality of life and wellbeing.

Barriers to employment for people experiencing homelessness, adapted from the Joseph Rowntree Foundation’s ‘Homelessness and Poverty: Reviewing the Links 2014’, can include a) a lack of stable housing, b) work disincentives through the tapering system embedded in UC, c) support needs including mental health and substance use, d) low educational attainment, e) a lack of workplace skills, f) limited or no work experience, g) criminal records, h) poor self-esteem, i) discrimination against people who have experienced homelessness and j) lack of peer support. See the Annex for more detailed information on these barriers to employment.

15 For every pound earned in wages above a minimum income threshold, £3p is lost in reduced benefits.
Recent Trends

During the period from 2010 to 2020, UK unemployment fell significantly to 2019, before rising in 2020. During the same period, street homelessness rose before falling dramatically in 2020. Both the 2020 rise in unemployment and fall in street homelessness were direct consequences of the Covid-19 pandemic, with the fall in rough sleeping being a result of the government’s Everyone In policy.

Figure 1: Unemployment rate and levels of street homelessness in England, 2010-2020

Nevertheless, the data does show that increasing employment does not necessarily lead to a reduction in homelessness levels. Despite these conflicting trends between homelessness and employment, there are real concerns that the jobs landscape has changed during the Pandemic in ways that may make it more difficult for people facing barriers to employment to find and keep a job.

Whilst there are recent signs of recovery in employment – there were 1.42 million unemployed people in the UK in August - October 2021 (4.2%), a fall of 127,000 from the previous quarter and a further fall of 295,000 from the same period the year before. However, unemployment remains higher than before the pandemic started (3.99% in January-March 2020).

The worry is that jobs which might be most available to people with experience of homelessness have declined. McKinsey\(^\text{19}\) expect the largest negative impact of the pandemic to fall on workers in food service and customer sales and service roles, as well as less-skilled office support roles, and forecast that, whilst before the pandemic, nearly all low-wage workers who lost jobs could move into other low-wage occupations, because of the pandemic’s impact on low-wage jobs, almost all growth in labour demand will occur in high-wage jobs. “Going forward, more than half of displaced low-wage workers may need to shift to occupations in higher wage brackets and requiring different skills to remain employed”.

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What we know about what works

1. Government programmes

The main current government programmes aimed at helping people who are either long term unemployed or at risk of becoming long term unemployed are, in England and Wales, the Work and Health Programme, and in Scotland the Fair Start Scotland programme. The Kick Start scheme for young people has also been running in England, Scotland and Wales.

i. The Work and Health Programme

The Work and Health Programme was launched in England and Wales between November 2017 and April 2018 predominantly to help people who are disabled, as well as the long-term unemployed or those in the 'early access' group to enter into and stay in work. The early access group explicitly includes people experiencing homelessness as well as other priority groups like care leavers, ex-armed forces and refugees. The programme is aimed at people assessed as being at risk of becoming long term unemployed by funding 100% of the minimum wage and employer NI contributions for 6 months as well as paying a grant of £1,500 per job. The programme has a target to create 250,000 placements. As of August 2021, 260,000 individuals had been referred to the programme with 180,000 having started on the programme. Of all those who had started the programme, 18% had achieved a job outcome.

ii. Fair Start Scotland

Fair Start Scotland is a voluntary programme open to anyone unemployed for at least 12 months as well as specific groups who have been unemployed for any length of time. The programme is not explicitly targeted at people with experience of homelessness, but is open to lone parents, people with a conviction, care experienced young people, residents of the 15% most deprived areas in Scotland, refugees and other groups who may be overrepresented amongst those with experience of homelessness. Of the 35,918 people starting the programme between its launch in April 2018 and June 2021, 33% had started a job and 18% had sustained employment for 6 months or more, which, although not directly comparable, appears to be a similar success rate to the Work and Health Programme.

iii. Kick Start

The Kick Start programme, announced in July 2020, supports employers to offer 6 month work placements to 16 to 24 year olds on UC and at risk of long term unemployment by funding 100% of the minimum wage and employer NI contributions for 6 months as well as paying a grant of £1,500 per job. The programme has a target to create 250,000 placements. As of November 2021, only 100,000 of the expected 250,000 jobs were filled.

iv. Northern Ireland

In Northern Ireland, work schemes for people with disabilities or health conditions include: ‘Access to Work’, the ‘Condition Management Programme’, and ‘Workable (NI)’, as well as the Jobstart scheme for young people aged 16 to 24 who are finding it hard to get work.

2. Individual Placement Support (IPS)

Individual Placement and Support (IPS) is an alternative to the traditional ‘train-and-place’ model which focuses on helping people to access paid employment immediately, alongside the offer of ongoing in work support. Originally designed in the US for adults with severe mental illness, IPS has been implemented and adapted for different groups, including people experiencing homelessness with psychiatric or substance use disorders, housed young adults with first-episode psychosis, and young adults with mental illness who are experiencing homelessness. Its core principles include:

- zero exclusions, with everyone who wants to work being supported regardless of their apparent distance to the labour market
- competitive employment as quickly as possible, aiming to obtain paid jobs in the community as quickly as one month after meeting for the initial vocational profile; and
- ongoing support for as long as needed, which includes individualised and integrated support for vocational, mental health and any other needs.

IPS has been subject to several robust evaluations showing better employment outcomes than traditional alternatives in the USA. In Europe, the EQOLISE trial (2007) of IPS in six countries (including the UK) for people with severe mental illness found that IPS was more effective than traditional “train-and-place” services: 54.5% of IPS recipients were employed over the period compared to 27.6% of the control group. They were also significantly less likely to be hospitalised, and employment sustainment outcomes were longer. A systematic review of IPS has also been published and found evidence supportive of the model.

In the UK IPS has been rolled out for people with serious mental illness, but not for other cohorts. Between its rollout in 2018 to 2021, over 14,500 people with serious mental illness were able to access IPS services through the NHS. The scheme is set to be expanded in the hope of reaching 55,000 people each year by 2023/24. The Department for Work and Pensions is assessing whether IPS could be as effective for people with moderate severe mental illness.
mental health problems or physical conditions". A trial was announced by Public Health England in 2017 assessing the effectiveness of IPS for people with substance use problems but results have not yet been published. This has also been highlighted as a key gap in the provision of support to achieve employment for people with disabilities. Given the considerable evidence supporting the effectiveness of IPS for people with overlapping needs, the programme should be evaluated for people in this cohort, including people experiencing homelessness.

3. Outcomes based contracts funded through social investment

There seems to be promise in outcomes based programmes which pay for both housing and employment outcomes for people experiencing homelessness, so that helping as many people as possible to gain employment becomes an integral part of providing a service which is primarily focussed on them gaining and sustaining accommodation.

There are a number of examples of this in England including Social Impact Bonds (SIBs) for those experiencing street homelessness and care leavers which reward EET outcomes and accommodation sustainment. MHCLG commissioned Fair Chance Fund helped around 2,000 young people experiencing homelessness aged between 18 and 24 with high support needs in seven projects across England between January 2015 and December 2017. The main outcomes paid for were sustained accommodation and sustained employment. On the employment side, 33% of all participants entered employment, 57% of whom sustained full time posts for 13 weeks, and 40% of whom sustained full time posts for 26 weeks, with others gaining part time employment.

Success may be due to the focus and flexibility offered by the SIB model, which incentivises achieving positive outcomes for as many people as possible and provides the flexibility to adapt services to the needs of each individual.

Whilst there are no UK homelessness SIBs outside England to date, there are two youth homelessness SIBs with employment outcomes in Australia and one in Belgium. 

4. Voluntary sector employment support

Many organisations and charities in the homelessness sector (e.g. Crisis Skylight projects, Beam, Thames Reach, Mayday Trust) offer models of employment support.

There is some evidence, albeit of limited reliability, that personal job coaching can lead people into employment and that it may be beneficial for some people compared to generalised approaches, such as the Work & Health Programme. The evaluation of the National Lottery and ESF funded ‘Building Better Opportunities’ programme identifies beneficial service components as including trusted relationships, services provided in familiar places, flexibility to provide bespoke and tailored provision and inclusion of specialist partners.

All of these are potentially on offer in voluntary sector schemes, but there is a dearth of evidence about their costs and relative effectiveness at improving employment outcomes, especially sustained employment outcomes offering a reasonable income.

Implications for policy, practice and research

While it is clear that boosting employment opportunities and reducing employment nationally is not a reliable method of reducing homelessness, there is a well-founded moral and practical case for doing more to help people experiencing homelessness to find and keep good employment. The case for intervention is made stronger by the increasing pressure upon low paid accessible employment, which has been accelerated by the Covid-19 pandemic.

The most promising ideas for interventions could be divided into two areas:

- **For people closer to the labour market** who have lost their home, the priority, alongside providing stable accommodation, should be to support rapid re-engagement with the labour market in order to achieve a rapid return to work.

- **For people with longstanding and more substantial barriers to employment**, more specialist approaches are needed, with the best-evidenced intervention being IPS.

Some ideas include:

- The potential for success in achieving employment and housing outcomes for young people with more substantial needs has been demonstrated through the Fair Chance Fund. A similar outcomes-based commissioning approach could be repeated for young people experiencing homelessness or extended to other priority groups, with an emphasis on achieving sustained employment.

- IPS is a very promising evidence-informed intervention, yet so far it has been underused as a tool to help tackle homelessness. CHI has been scopining opportunities to partner with organisations interested in delivering IPS programmes, alongside a robust impact evaluation. Potential target groups could include: people experiencing street homelessness, people approaching housing options services who have 3 or more support needs, or prison leavers.

- For people with lower support needs approaching local authority housing options services, who are not working but are closer to the labour market, a greater emphasis on employment could be trialled through extending personal housing plans to become personal housing and employment plans, with individuals being offered assistance by a specialist work coach in order to access local employment programmes and opportunities as quickly as possible.

- Research could be funded to properly assess the effectiveness, and cost-effectiveness of different voluntary sector approaches to promoting employment amongst people who have experienced homelessness. This should include monitoring of longer-term outcomes including...
job retention and housing stability, as well as an assessment of whether there are meaningful benefits to engagement with programmes for those who do not find work.

- National governments could provide funding for local authorities (directly or indirectly) to bid for on the basis of homelessness employment approaches that they themselves design, with the most promising approaches receiving pilot funding. This is the type of approach that has been usually taken to fund other services (e.g. the Next Steps Accommodation Programme). However, to ensure lessons could be drawn from these different pilots it would be important to attach quantitative evaluations of the effectiveness of these initiatives to ensure that only the most effective practices are scaled up.

Annex 1: Barriers to employment

Barriers to employment for people experiencing homelessness, adapted from the Joseph Rowntree Foundation’s ‘Homelessness and Poverty: Reviewing the Links’, can include:

- **A lack of stable housing**: It is much harder to gain or sustain work without a stable place to live.
- **Welfare benefits system / work disincentives**: An important driver behind the introduction of Universal Credit was to reduce the ‘benefit trap’ issues for people entering work, and there are indeed stronger work incentives for many people under UC than under the previous benefits system. However, UC still has a 63% taper, so that in general for every pound earned in wages above a minimum income threshold, 63p is lost in reduced benefits.
- **Vulnerabilities / support needs**: These include mental and physical health problems or drug and alcohol issues.
- **Low educational attainment**: This can sometimes include low levels of literacy and numeracy, as well as a lack of the skills needed in the modern workplace e.g. digital skills.
- **Limited or no work experience**: This is highly variable across different segments of the population who have experienced homelessness. Many are actually in work or have worked very recently but others have never worked or only worked intermittently, especially people with health problems or disabilities.
- **Criminal records**: Again this is variable but is a problem for a significant proportion of people experiencing homelessness who may consequently face reduced willingness of employers to take them on;
- **Poor self-esteem and lack of confidence**: A number of studies have shown this to be an important barrier to employment and to engagement with work focussed support programmes for a significant proportion of those with experience of homelessness.
- **Discrimination**: Knowledge that a person has experienced homelessness can itself be a negative factor in the eyes of employers who may assume that this means they will not perform as well in a job role;
- **Lack of peer support**: It is sometimes the case that households experiencing homelessness may lack social contact with peers who are working or can help them with work related problems.

Although by no means applicable to everyone who experiences homelessness many of these households face some or all of the above barriers to a greater or lesser extent, and these issues are now likely to be compounded by the economic issues arising from Covid-19.

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