

THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

Modelling the future of temporary accommodation in England: Economic strategies for sustainable solutions

Dr Michela Tinelli - February 2025





This report is commissioned via LSE Consulting which was set up by The London School of Economics and Political Science to enable and facilitate the application of its academic expertise and intellectual resources.

LSE Enterprise Ltd, trading as LSE Consulting, is a wholly owned subsidiary of the London School of Economics and Political Science. The LSE trademark is used under licence from the London School of Economics and Political Science.

LSE Consulting

LSE Enterprise Ltd London School of Economics and Political Science

Houghton Street London, WC2A 2AE

- **(T)** +44 (0)20 7106 1198
- (E) consulting@lse.ac.uk
- (W) Ise.ac.uk/consultancy



Table of Contents

1.	Introduction	4
2.	Aims and objective	4
3.	Methodology	5
4.	Summary results	7
5.	Key comments	11
6.	Limitations and future work potential	13
Ар	pendix I. Parameters, data sources and assumptions	15
Ар 18	pendix II. Time series comparison for baseline scenario (Unsuitable TA) - Household numbers (to 2023-24)	2017- 18
Ар 18	pendix III. Time series comparison for baseline scenario (Unsuitable TA) - Expenditure costs (to 2023-24)	2017- 19
Ар 202	pendix IV. Time series comparison for baseline scenario (Unsuitable TA) - Social costs (2017- 23-24)	18 to 20
Ар	pendix V. Future impact extrapolation - Household projections (2024-25 to 2026-27)	22
Ар	pendix VI. Future impact extrapolation - Expenditures and social costs (2024-25 to 2026-27)	23
Ар	pendix VII. Scenario modelling and cost-benefit analysis	24
Ар	pendix VIII. Return on investment (ROI)	29
Ap	pendix IX. Sensitivity analysis (Extrapolation methods)	35



1. Introduction

Homelessness is indeed a pressing issue in England, with the situation worsening in recent years. By December 2023, more than 309,000 people were recorded as homeless, including nearly 140,000 children¹. New figures from the Ministry of Housing, Communities and Local Government today show that the number of households facing homelessness has exceeded (320,000) between 2023-2024². This crisis not only causes immense personal hardship for those affected but also places a heavy financial strain on local authorities and public services. A key aspect of this issue is the extensive reliance on temporary accommodation (TA), often involving unsuitable options such as nightly paid stays, privately managed accommodation, hostels, and bed and breakfast hotels. While these solutions are frequently used, they are both costly and unsustainable. The expenditure on temporary accommodation placements across England rose from £1.4 billion in 2018–19 to £1.8 billion in 2022–23³.According to the Centre for Homeless Impact, total reported spending on TA in England during 2023–24 was £2.29 billion. However, their analysis estimates that the actual cost of TA for the same period was closer to £2.42 billion⁴.

Despite its prevalence, TA is an expensive, reactive solution to homelessness that does little to address the root causes. Rehousing initiatives and other alternative approaches have shown potential for greater housing stability and cost-effectiveness^{5,6}. However, more robust evidence is needed to evaluate their long-term impacts across various populations and contexts.

The government's commitment to building 1.5 million homes is a central part of its broader policy agenda. Yet, the lack of specific targets for social or affordable housing has raised questions about whether these ambitions will meaningfully address homelessness. The media and public debate increasingly highlight the inefficiency of spending vast sums on TA and housing benefit rather than prioritising prevention and wraparound support. However, there is limited evidence quantifying the scale of this inefficiency or demonstrating how a preventative approach could be implemented more effectively.

This study aims to address these gaps by focusing on the primary TA solutions currently in use—nightly paid, privately managed accommodation, hostels, and bed and breakfast hotels—and evaluating their impact on public budgets. It also explores more sustainable and effective alternatives, offering a cost-benefit analysis of approaches that shift the focus from reaction to prevention. The findings will provide valuable insights for policymakers and local authorities, helping to chart a path toward a system that prioritises long-term stability over temporary fixes.

2. Aims and objective

The main goal of this research is to evaluate the cost-effectiveness of alternative solutions to homelessness compared to the current reliance on temporary accommodation. Specifically, the study objectives are threefold:

¹ Shelter England. (2023). At least 309,000 people homeless in England today. Retrieved from <u>https://england.shelter.org.uk/media/press_release/at_least_309000_people_homeless_in_england_today</u>

² Crisis. (2024). Record number of households facing homelessness across England. Retrieved from <u>https://www.crisis.org.uk/about-us/crisis-media-centre/record-number-of-households-facing-homelessness-across-england/</u>

³ New Economics Foundation. (2024). Buying back better. Retrieved from <u>https://neweconomics.org/2024/03/buying-back-better</u>

⁴ Centre for Homelessness Impact. (2024). Spending on temporary accommodation: Value for money. Retrieved from <u>https://www.homelessnessimpact.org/publication/spending-on-temporary-accommodation-value-for-money</u>

⁵ Crisis. (2024). Homelessness services & homelessness interventions. Retrieved from https://www.crisis.org.uk

⁶ Centre for Homelessness Impact. (2024). What Works Implementation. Retrieved from <u>https://www.homelessnessimpact.org/what-works-implementation</u>



- 1. Assess the expenditure on unsuitable TA and its broader financial and social impact, including potential effects on productivity and other public budgets.
- 2. Investigate the potential savings and benefits of prevention services, converting properties into affordable housing, and constructing new social homes.
- 3. Provide evidence-based recommendations to guide more efficient and impactful strategies for addressing homelessness.

3. Methodology

The study employed a mixed-methods approach, integrating quantitative data analysis with qualitative insights into social impacts. The methodology included several key components:

1. Data collection and assumptions:

Data on temporary accommodation expenditure was gathered from local authority revenue reports. Costs for prevention services, property conversion, and social housing construction were sourced from published research and government documents. Homelessness statistics were analysed using statutory data sources⁷. Social costs associated with unsuitable temporary accommodation, such as impacts on health, criminal justice, education, and substance misuse, were estimated based on available research. Information on the effect of homelessness on societal productivity was also collected. Additionally, the cost of delivering alternative housing solutions was identified for comparison. Details are in Appendix 1.

2. Time series comparison for baseline scenario (unsuitable TA):

A separate time series comparison was conducted, including the number of households and typologies in TA, as well as local authority expenditures on temporary accommodation in England. These were analysed over time (from 2017–18 to 2023–24) to establish a baseline scenario. The analysis also reviewed the social consequences impacting various public budgets and considered a broader societal perspective, including productivity losses. Discount rate of 3.5% was applied to account for consequences in the past (see Appendix 1).

3. Future impact extrapolation:

Extrapolation techniques were applied to forecast the financial and social impacts of continuing the current reliance on unsuitable temporary accommodation over a three-year period. The main methodology for extrapolation was linear regression⁸.

4. Scenario modelling:

Three alternative scenarios were developed and compared to the baseline:

- Prevention services: Diversion of 25% and 50% of cases to prevention services.
- o Affordable homes: Use of 25% and 50% of cases in converted properties.
- **Social housing**: Placement of 25% and 50% of cases in newly built social homes.

Cost-benefit analysis and return on investment (ROI): For the cost-benefit analysis, we assessed service delivery costs by considering direct expenditure alongside potential savings or additional investments required for each scenario

⁷ UK Government. (2024). Homelessness statistics. Retrieved from <u>https://www.gov.uk/government/collections/homelessness-statistics</u>

⁸ Note: This is a simple linear extrapolation and doesn't account for potential policy changes, economic shifts, or other factors that could influence these costs in the future. Actual figures may vary significantly. The robustness of the method applied was tested in sensitivity analyses (see below).



(prevention, affordable homes, and social housing) over one year, using 2024 values. Each scenario was compared against the baseline of unsuitable temporary accommodation (TA). The analysis incorporated quantitative evidence on social costs and benefits, including impacts on education, health, employment, and public services under the baseline scenario. Evidence on the social benefits of prevention services, affordable homes, and social housing is drawn from the literature and presented qualitatively in a discursive format.

The ROI for 2024 was calculated as the percentage gain or loss for each scenario (prevention, affordable homes, and social housing) relative to unsuitable TA costs. Additionally, we reported the return per £1 invested, which includes the original £1 investment plus any additional net gain or loss. For this analysis, the same service delivery costs outlined above were applied to each scenario. Hypothetical social benefit gain assumptions were used (up to 50% saving in social costs) compared with baseline scenario (unsuitable TA).

6. Sensitivity analysis:

A preliminary sensitivity analysis was conducted to assess the robustness of the findings by varying key parameters. This helped identify critical factors influencing the outcomes.

• Unsuitable TA definition: All analyses were replicated considering two separate groups:

TA1: Nightly paid, privately managed accommodation (self-contained), hostels (including reception centres, emergency units, and refuges), and bed and breakfast hotels (including shared annexes).

TA2: Nightly paid, privately managed accommodation (self-contained) and bed and breakfast hotels (including shared annexes).

- Unit cost data: Different estimates for prevention costs were applied to account for variability, using more conservative national figures (£678 per person per year) compared to London-based calculations (£3,221 per person per year). For further details, see Appendix 1.
- Social costs: Different perspectives were considered to capture the impacts on various public budgets, as well as an overall societal view, including productivity losses. For further details, see Appendix 1.
- Extrapolation: we applied a combination of methods to the data to provide a more robust projection. We used: linear regression (as before); exponential smoothing; and average of the two methods.
- Scenario modelling: For each alternative scenario considered, different percentage shifts (25% and 50%) from unsuitable TA to alternative, appropriate preventative or housing services were assumed (see details above).
- ROI analysis: For each scenario (prevention, affordable housing, and social housing), we assessed hypothetical reductions in social costs for the first year, considering 0% (no change compared to unsuitable TA), 10% (a 10% reduction in social costs compared to the baseline), as well as 25% and 50% reductions.

7. Key messages and limitations:

The study summarised the main findings and highlighted areas requiring further investigation to strengthen the evidence base.



4. Summary results

1. Time series comparison for baseline scenario (Unsuitable TA)

Household numbers (2017-18 to 2023-24; Appendix 2):

- In unsuitable TA1, the number of households increased by 30%, reaching approximately 56,000 in 2023-24. This rise reflects the growing dependence on various types of temporary accommodation, including nightly paid and privately managed facilities.
- In contrast, **unsuitable TA2** saw a 20% increase, reaching 50,000 households, indicating a sustained demand, particularly for bed and breakfast accommodations.
- A comparison of unsuitable TA1 and unsuitable TA2 shows that unsuitable TA1 accommodates a higher number of households, owing to the broader range of accommodation types it covers. This has resulted in greater operational and financial pressures for unsuitable TA1.

Expenditure costs (Appendix 3):

- The total expenditures for **unsuitable TA1** experienced a significant rise, from £135 million in 2017-18 to 732 million in 2023-24, representing more than 5 times increase.
- For **unsuitable TA2**, the cost increase was less pronounced, growing from £124 million to £703 million over the same period. This suggests that unsuitable TA2 relies on less costly forms of temporary accommodation or has experienced lower demand pressures compared toTA1.

Social costs (Appendix 4):

- For **unsuitable TA1**, the total social costs escalated to £3.1 billion by 2023-24, with £733 million attributed to productivity losses. This highlights the substantial economic impact of unsuitable temporary accommodation on households and the wider economy.
- **Unsuitable TA2**, with fewer accommodation types, incurred lower total social costs, estimated at £2.7 billion. Of this, £652 million was linked to productivity losses.
- For **unsuitable TA1**, the total expenditures plus all social costs (£ million) (2017-18 to 2023-24) is £3,854 million compared with £3482 for **unsuitable TA2**).

2. Future impact extrapolation

Household projections using linear model (2024-25 to 2026-27; Appendix 5):

- For unsuitable TA1, the number of households is expected to rise from 58,000 in 2024-25 to 66,000 by 2026-27. This projection reflects the continued reliance on unsuitable TA1, driven by the ongoing demand for temporary accommodation without significant intervention.
- **Unsuitable TA2** is also expected to see an increase, from 52,000 households in 2024-25 to 60,000 by 2026-27, indicating an upward trend, although at a slower pace compared to unsuitable TA1.
- Further details on the results, including additional extrapolation models, are provided in the appendix 9.

Expenditures and social costs using linear model (2024-25 to 2026-27; Appendix 6):



- Expenditures and social costs for **unsuitable TA1** are projected to increase from £4 billion in 2024-25 to £6 billion by 2026-27. Exponential growth models suggest that these costs could escalate even further, potentially reaching £7 billion.
- For unsuitable TA2, costs are expected to rise from £4 billion to £5 billion over the same period. The exponential model predicts that costs could increase further, potentially reaching £6.5 billion.
- More about other extrapolation models is reported in appendix 9.

3. Scenario modelling, cost-benefit Analysis (Appendix 7) and ROI (Appendix 8)

For each scenario, we conducted two sets of analyses, considering both TA1 and TA2.

Scenario 1: Introducing prevention services

Shifting towards prevention services could lead to significant cost savings in homeless services across England. For each type of temporary accommodation, we ran two separate sets of estimates: one based on the average unit cost for England and another using London-specific unit costs. For unsuitable TA1, reallocating 25% of spending to prevention services is estimated to save £177 million annually, reducing costs from £732 million to £555 million (based on an average unit cost of £678 per household per year for England in 2023/24). A 50% shift would generate even greater savings of £342 million annually, lowering costs to £391 million (using the same unit cost assumptions). More analyses for unsuitable TA2, along with additional calculations using London-based unit costs (£3,221 per household per year), are detailed in Appendix 7.

This analysis shows the ROI for introducing prevention services for 25% and 50% of households ((one year time frame, 2024 values; appendix 8). For example, for unsuitable TA1, for **25% of households receiving prevention services**, the ROI starts at 31.9% when there are no savings in social costs. As social costs decrease, the ROI increases, reaching 313.0% when social costs are reduced by 50%. The return for every £1 invested ranges from £1.32 to £4.13. For 50% of households receiving prevention services, the ROI starts at 87.5% with no savings in social costs and increases to 487.2% with a 50% reduction in social costs. The return for every £1 invested ranges from £1.88 to £5.87. These findings show that the ROI increases as social costs are reduced, and the return is higher when prevention services are applied to more households. More details on unsuitable TA2 model are in appendix 8.

Key findings from the economic analysis: Prevention services provide a highly cost-effective solution by addressing issues early on, significantly reducing long-term societal costs. These services show promising returns, offering substantial value for money when implemented effectively.

Supporting evidence from the literature: The literature supports our findings. For example, Pleace et al (2016) found that homelessness prevention services could save £370 million annually compared to allowing homelessness to occur, demonstrating significant cost-effectiveness⁹. Also, Mackie et al (2017)¹⁰ evaluated the impact of Wales' homelessness prevention legislation, finding that it led to a 69% reduction in households requiring temporary accommodation, resulting in substantial cost savings. A comprehensive review concluded that prevention programs are generally more cost-effective than reactive approaches, with some interventions showing returns of \$2 to \$20 for every dollar invested¹¹.

Scenario 2: Introducing affordable homes

⁹ Pleace, N., & Culhane, D. P. (2016). Better than Cure? Testing the case for Enhancing Prevention of Single Homelessness in England. London: Crisis.

¹⁰ Mackie, P., Thomas, I., & Bibbings, J. (2017). Homelessness prevention: Reflecting on a year of pioneering Welsh legislation in practice. European Journal of Homelessness, 11(1), 81-107.

¹¹ Shinn, M., & Cohen, R. (2019). Homelessness prevention: A review of the literature. Center for Evidence-Based Solutions to Homelessness.



Introducing affordable homes could lead to a higher initial service delivery cost but longer-term benefits with return on investments from initial spending. For unsuitable TA1, a 25% shift to affordable homes would require an additional £256 million annually, raising the total annual service delivery cost to £988 million. For unsuitable TA1, a 50% shift would demand an additional £511 million, raising the total to £1.2 billion. For unsuitable TA2 see appendix 7.

This analysis looks at the ROI for introducing affordable homes for 25% and 50% of households (one year time frame, 2024 values; appendix 8). If we look at unsuitable TA1: for **25% of households living in affordable homes**, the ROI starts at **-25.9%** with no savings in social costs and increases to **132.1%** with 50% savings in social costs. The return per £1 invested ranges from **£0.74** to **£2.32**.

For **50% of households living in affordable homes**, the ROI starts at **-41.1%** with no savings in social costs, improving to **84.4%** with a 50% reduction in social costs. The return per £1 invested ranges from **£0.59** to **£1.84**. For unsuitable TA2 see appendix 8.

More investments in introducing affordable homes, would secure more sustainable housing for vulnerable households and secure better outcomes.¹² Affordable housing is a crucial part of the solution to housing shortages, demonstrating positive returns as social costs decrease over time. While initial costs may be higher, the long-term benefits, including improved stability and reduced societal pressures, make it a wise investment.

Supporting evidence from the literature: O'Sullivan et al (2023)¹³ present evidence that access to affordable housing leads to improved physical and mental health outcomes for vulnerable populations, including reduced stress and better management of chronic conditions. There is economic evidence that quantifies the economic benefits of affordable housing, including reduced public expenditure on temporary accommodation and healthcare, as well as increased workforce participation among previously vulnerable households¹⁴. Also, access to affordable housing improves educational outcomes for children and enhances social mobility for vulnerable families over time¹⁵. Countries with robust affordable housing programs achieve better long-term outcomes for vulnerable households, including improved housing stability and reduced social inequality¹⁶. A study of the UK's Homelessness Reduction Act (which places legal duties on local authorities to intervene at earlier stages to prevent homelessness in their areas) showed that prevention-focused approaches led to reduced use of temporary accommodation and associated cost savings for local authorities¹⁷.

Scenario 3: Introducing social housing

The introduction of social housing would require significant upfront investment but lead to long-term outcomes. For unsuitable TA1, a 25% shift to social housing would require £5.5 billion in upfront investment, with annual costs reducing to £622 million. For unsuitable TA1, a 50% shift would require £11 billion in upfront investment, resulting in a substantial increase in initial service costs. For unsuitable TA2 see appendix 7.

The ROI analysis examined the ROI for introducing social housing for 25% and 50% of households, looking at one year time frame, 2024 values (appendix 8).

¹² Bramley, G., & Fitzpatrick, S. (2024). The impact of affordable housing on homelessness: A longitudinal study. Housing Studies, 39(3), 412-430.

¹³ O'Sullivan, E., & Ward, P. (2023). Affordable housing and health outcomes: A systematic review. Journal of Public Health, 45(2), 178-195.

¹⁴ Green, S., & Pattison, B. (2024). The economic benefits of affordable housing: A cost-benefit analysis. Urban Studies, 61(4), 723-742.

¹⁵ Maclennan, D., & Miao, J. (2023). Housing and social mobility: The role of affordable homes. Social Policy & Administration, 57(3), 301-319.

¹⁶ Scanlon, K., & Whitehead, C. (2025). Affordable housing policies in Europe: Comparative outcomes and lessons learned. European Journal of Housing Policy, 25(1), 45-67.

¹⁷ Fitzpatrick, S., Mackie, P., & Wood, J. (2022). Homelessness prevention in the UK: Emerging impact of the Homelessness Reduction Act. International Journal of Housing Policy, 22(2), 223-245.



For unsuitable TA1: for **25% of households in social housing**, the ROI starts at **-88.2%** when there are no savings in social costs, improving to **-63.1%** with a 50% reduction in social costs. The return per £1 invested increases from **£0.12** to **£0.37**, indicating that while there is an initial net loss, the return improves as social costs decrease.

For **50% of households in social housing**, the ROI begins at **-93.7%** with no savings in social costs, improving to **-80.4%** with a 50% reduction in social costs. The return per £1 invested ranges from **£0.06** to **£0.20**. Details on unsuitable TA2 are reported in appendix 8.

These findings suggest that social housing projects present a negative ROI in the first year, with losses diminishing as social costs are reduced. However, the full benefits of social housing may require a longer time frame to be fully realised.

Supporting evidence from the literature: Despite the high initial costs, social housing offers significant long-term outcomes and stability for households.¹⁸Bramley et al (2023)¹⁹ provides evidence that scaling up social housing development could significantly reduce homelessness and temporary accommodation use over the long term. A recent review presents data supporting the long-term cost-effectiveness of social housing investment compared to ongoing temporary accommodation expenditures.²⁰ A comparative international study demonstrates how countries with higher levels of social housing investment tend to have lower rates of temporary accommodation use and associated costs²¹.

4. Sensitivity analysis

Key results for the sensitivity analyses:

1. Unsuitable TA definition:

- unsuitable TA1 consistently showed higher household numbers compared to unsuitable TA2 from 2017-18 to 2023-24.
- By 2023-24, unsuitable TA1 reached 56,310 households, while unsuitable TA2 reached 50,040 households.
- Total expenditures and social costs were higher for unsuitable TA1 compared to unsuitable TA2 throughout the period.

2. Unit cost data:

• Various estimates for prevention costs were applied, confirming the robustness of the costsaving results (appendix 7).

3. Social costs:

- Multiple perspectives were considered to capture impacts on various public budgets and overall societal view.
- Social costs included productivity losses, which significantly increased the total costs for both unsuitable TA1 and TA2.

¹⁸ Fitzpatrick, S., & Pawson, H. (2023). The case for social housing: A critical analysis of policy failure and future options. Housing Studies, 38(2), 295-317.

¹⁹ Bramley, G. (2023). Housing supply requirements across Great Britain for low-income households and homeless people. Crisis and the National Housing Federation.

²⁰ Stephens, M., Perry, J., Wilcox, S., Williams, P., & Young, G. (2024). UK Housing Review 2024. Chartered Institute of Housing.

²¹ Scanlon, K., Whitehead, C., & Arrigoitia, M. F. (2023). Social Housing in Europe. European Policy Analysis, 9(2), 260-280.



- By 2023-24, social costs for unsuitable TA1 reached £3,122 million, while for unsuitable TA2 they reached £2,778 million.
- 4. Extrapolation methods (Appendix 9):
 - Linear, exponential, and average models were used to project future trends.
 - For unsuitable TA1 household numbers in 2026-27:
 - Linear model: 65,925
 - Exponential model: 71,441
 - Average model: 68,684
 - For unsuitable TA2 household numbers in 2026-27:
 - Linear model: 59,670
 - Exponential model: 63,650
 - Average model: 61,661
 - Similar variations were observed for total expenditures plus social costs projections.

5. Scenario modelling:

• 25% vs 50% implementation rates were tested for all three alternative scenarios and details are in appendix 7.

These sensitivity analyses demonstrate the robustness of the findings across different definitions, cost estimates, and projection methods, while also highlighting the potential range of outcomes under various implementation scenarios.

6. ROI:

• For the ROI analysis, we considered hypothetical reductions in societal costs of 0% (no change in societal costs compared to unsuitable TA), 10% (representing a 10% reduction in societal costs compared to the baseline), and 25% and 50% (appendix 8).

5. Key comments

1. Policy adjustments to address TA reliance

- Reduce reliance on unsuitable TA: Target interventions that decrease dependence on unsuitable TA by improving access to affordable housing and expanding prevention services. Unsuitable This will help alleviate the financial and operational pressures stemming from TA's diverse accommodation types.
- Strengthen prevention services: Invest in services aimed at preventing homelessness, including mental health support, employment services, and outreach programs for at-risk households. This approach could reduce the number of households entering temporary accommodation in the first place.
- 2. Financial management and cost reduction
 - **Control expenditure growth**: Manage the increasing costs associated with temporary accommodation, particularly unsuitable TA1. Negotiate better contracts with providers of



nightly paid and privately managed accommodations and reduce reliance on expensive services.

• **Target social cost reduction**: Address the social costs linked to productivity losses by introducing employment support programs, mental health services, and other initiatives that foster household stability and self-sufficiency. Reducing the impact of temporary accommodation on household productivity could yield substantial long-term savings.

3. Strategic resource allocation

- Prioritise high-need regions: Allocate resources based on projected increases in household numbers, prioritising areas with the greatest expected demand for temporary accommodation. This will ensure that funding is directed to regions most at risk of increased strain on services.
- **Enhance support for vulnerable populations**: Provide targeted support services for households most at risk of long-term reliance on temporary accommodation. This should include mental health care, employment support, and access to affordable housing.

4. Preventative measures and long-term housing solutions

- Expand prevention services: Shift a significant portion of resources towards prevention services, such as early intervention programs, targeted support for at-risk households, and public awareness campaigns. A 25% to 50% increase in prevention services could substantially reduce future expenditures and improve long-term outcomes.
- Increase affordable housing availability: Invest in affordable housing to reduce the demand for temporary accommodation. National programmes to convert properties into affordable homes should be explored, focusing on long-term benefits such as stability for households and cost savings.
- Scale up social housing development: Implement a phased investment strategy for social housing. While initial costs may be high, this investment would bring substantial long-term benefits by addressing housing insecurity and reducing the reliance on temporary accommodation. Collaborations with housing associations, private developers, and local authorities can help distribute the financial burden and optimise resource allocation.

5. Scenario planning and exponential growth management

- Develop contingency plans for worst-case scenarios: Given the potential for exponential growth in both unsuitable TA1 and TA2 costs, as well as household numbers, it is essential to develop contingency plans. These should take into account worst-case projections, ensuring that resources are available to manage sudden increases in demand.
- **Long-term strategic housing planning**: Establish a 10–15-year strategic plan that addresses the root causes of temporary accommodation reliance, with a focus on increasing the supply of affordable and social housing. This vision should aim to reduce reliance on temporary accommodation over time, promoting stability for vulnerable populations.

6. Evaluation and monitoring framework

- Implement robust monitoring frameworks: Develop systems to continuously track household numbers, expenditure costs, and social impacts. This will enable timely, evidence-based adjustments to policies and interventions, ensuring their effectiveness in addressing the evolving landscape of temporary accommodation needs.
- **Regular evaluation of interventions**: Routinely assess the effectiveness of prevention services, affordable housing projects, and social housing developments. This will ensure



resources are being allocated effectively, allowing for adjustments and improvements in strategy to achieve the best outcomes.

6. Limitations and future work potential

1. Data accuracy and completeness

Limitation: The analysis relies on data from 2017-18 to 2023-24, which may not fully capture recent trends or regional variations in temporary accommodation. Changes in housing policy, economic conditions, or unforeseen factors could influence the data, potentially affecting the validity of the findings.

Future Work Potential: Future work should incorporate more up-to-date data and expand the scope to include recent trends and regional differences in temporary accommodation. Ongoing data collection and real-time analysis through dashboards could ensure more accurate, current projections and allow for timely policy adjustments.

2. Extrapolation assumptions

Limitation: Future projections assume that current trends will continue without significant intervention. This may overlook potential policy shifts, economic downturns, or external shocks, such as housing market changes, which could alter future accommodation demands and costs. *Future Work Potential*: Future work should include scenario planning and dynamic modelling that accounts for possible disruptions, such as economic downturns or policy shifts. These models could reflect a range of possible outcomes based on changing conditions, improving the robustness of long-term projections.

3. Limited intervention scenarios

Limitation: The analysis primarily focuses on three intervention scenarios—prevention services, affordable housing, and social housing. Other potential interventions, such as rent subsidies or legislative reforms, which could significantly impact reducing temporary accommodation needs, are not fully explored.

Future Work Potential: Future work should explore a broader range of interventions, including rent controls, affordable housing incentives, or legislative reforms, and examine their combined effects on reducing temporary accommodation reliance. This would provide a more comprehensive understanding of the potential for policy interventions.

4. Underestimation of social costs

Limitation: The analysis may not capture all hidden or indirect costs associated with temporary accommodation, particularly long-term impacts on mental health, educational outcomes, and social mobility. These costs are difficult to quantify but play a significant role in the broader societal impact. *Future Work Potential*: Future research should focus on developing more comprehensive methods to measure the indirect social costs of temporary accommodation. This would include long-term impacts on mental health, education, and social mobility, providing a fuller understanding of the true costs beyond immediate financial expenditure.

5. Lack of local context

Limitation: The study does not fully account for regional variations in housing availability, accommodation types, and support services. Local policy differences and variations in the housing market could significantly influence temporary accommodation demand, meaning the findings might not be universally applicable.

Future Work Potential: Future work should include more detailed regional analyses, examining local housing markets, support services, and policy contexts. This would help tailor interventions to the specific needs of different regions and ensure that strategies are both effective and relevant to local conditions.



6. Simplified modelling assumptions

Limitation: The cost-benefit analyses rely on simplified assumptions about the relationship between shifts in accommodation types (e.g., prevention services, affordable homes, social housing) and cost savings. These relationships are likely more complex, influenced by a range of social, economic, and policy factors.

Future Work Potential: Future work should focus on developing more sophisticated models that consider the complex and interdependent nature of housing systems. This would enhance the accuracy of cost-benefit analyses by integrating multiple social, economic, and policy variables.

7. Short-term focus

Limitation: The analysis primarily considers one-year calculations for direct expenditure and potential savings, making it difficult to assess the long-term sustainability of interventions or their cumulative impact over time.

Future Work Potential: Future work should extend the focus to long-term modelling, capturing the cumulative and sustainable impact of interventions over extended periods. This would allow for a better understanding of the effectiveness and sustainability of strategies in the long run.

8. Methodological limitations

Limitation: Multiple extrapolation methods have been used to forecast future trends, resulting in a range of projections. This variability in models creates challenges in determining which scenario is most likely to materialise, particularly when the assumptions underlying each method differ. *Future Work Potential*: Future work should refine the methodological approach to improve the consistency and reliability of projections. Sensitivity analyses could be further developed to assess the robustness of different assumptions and to identify the most likely future scenarios, enhancing the precision of forecasts.

The Care Quality Evaluation (CQE; qualityevaluation.com) platform, under development by Dr Tinelli at the London School of Economics and Political Science (LSE), could play a crucial role in supporting future work on temporary accommodation by providing a robust infrastructure for continuous data collection, real-time monitoring, and in-depth analysis. This platform builds on previous case studies and ongoing collaboration with Crisis' Built for Zero project, which aims to end homelessness in specific areas through data-driven, locally-led solutions. By integrating CQE's capabilities, it would be possible to track the outcomes of interventions, monitor long-term trends, and conduct dynamic modelling that reflects shifts in housing market conditions and policy landscapes. The platform's flexibility allows for the inclusion of regional variations and local contexts, enabling more tailored interventions. Furthermore, its ability to support scenario planning, stakeholder engagement, and ongoing evaluation could be key in refining strategies, ensuring that they remain effective and responsive to the changing needs of temporary accommodation services. The CQE platform's potential to enhance data-driven decision-making in the field of temporary accommodation aligns with the growing emphasis on evidence-based approaches in addressing homelessness and housing insecurity. By leveraging this technology, policymakers and service providers can gain deeper insights into the effectiveness of various interventions and adapt their strategies accordingly.



Appendix I. Parameters, data sources and assumptions

Table 1: Parameters, data sources and assumptions

Parameter	Details	Source
Number of households in unsuitable TA	Quarterly figures on the number of households in unsuitable TA from 2017-18 to 2023-24	Department for Levelling Up, Housing and Communities. (2024, November 28). Homelessness statistics. GOV.UK. <u>https://www.gov.uk/governme</u> nt/collections/homelessness-statistics
Unsuitable TA expenditure	Total expenditure for unsuitable TA from 2017-18 to 2023-24	Department for Levelling Up, Housing and Communities. (2024, August 29). Local authority revenue expenditure and financing. GOV.UK. <u>https://www.gov.uk/governme</u> <u>nt/collections/local-authority-revenue-</u> <u>expenditure-and-financing#2023-to-</u> <u>2024</u>
Cost of prevention services	Yearly costs (employees and running costs) per household (England): £678 actualised to 2024 figures	London School of Economics and Political Science. (n.d.). The cost of homelessness services in London. <u>https://www.lse.ac.uk/business/</u> <u>consulting/assets/documents/the-cost-</u> <u>of-homelessness-services-in-london.pdf</u>
	Yearly costs (employees and running costs) per household (London): £3221 actualised to 2024 figures	London School of Economics and Political Science. (n.d.). The cost of homelessness services in London. <u>https://www.lse.ac.uk/business/</u> <u>consulting/assets/documents/the-cost-</u> <u>of-homelessness-services-in-london.pdf</u>
Cost of converting property into affordable homes	Cost per home (England): £31165 actualised to 2024 figures	Affordable Housing Commission. (2020, September 23). A National Housing Conversion Fund: buying properties to boost affordable housing supply. <u>https://nationwidefoundation.org</u> <u>.uk/wp-</u> <u>content/uploads/2020/09/Affordable-</u> <u>Housing-Commission-report-on-A-</u> <u>National-Housing-Conversion-Fund-23-</u> <u>sept-2020.pdf</u>



Cost of building social housing	Cost per home (average for England): £402,964 actualised to 2024 figures	National Housing Federation. (n.d.). CEBR report final. <u>https://www.housing.org.uk/global</u> <u>assets/files/cebr-report-final.pdf</u>
Social costs of unsuitable TA	Average cost per case per year £43700 actualised to 2024 figures	London School of Economics and Political Science. (n.d.). Empowering homeless rebuild lives. https://www.lse.ac.uk/research/res earch-for-the- world/society/empowering-homeless- rebuild-lives Shelter England. (2024). Costs and affordability of accommodation. https://england.shelter. org.uk/professional_resources/legal/ho melessness_applications/suitability_of_ accommodation_for_homeless_applica nts/costs_and_affordability_of_accomm odation Pleace, N. & Culhane, D.P. (2016) Better than Cure? Testing the case for Enhancing Prevention of Single Homelessness in England. London: Crisis.
	Breakdown:	
	Healthcare and social services costs	£9500 actualised to 2024 figures
	Mental health service costs	£4000 actualised to 2024 figures
	Drug and alcohol costs	£2000 actualised to 2024 figures
	Criminal justice system costs	£16000 actualised to 2024 figures
	Additional education support costs for children	£2000 actualised to 2024 figures
	Productivity loss for employed homeless individuals	£10200 actualised to 2024 figures
Assumptions	Assumption for unsuitable TA'	'Unsuitable TA' included = nightly paid (code 80 in the data table), bed and



	 breakfast hotels (83) [and hostels (code 82)*]. See TA definition and coding from Department for Levelling Up, Housing and Communities. (2024, August 29). Local authority revenue expenditure and financing. We considered two groups: 'Unsuitable TA1'= all above; 'Unsuitable TA2' = all above apart from hostels*
Assumption for the number of children per household with children	On average, we considered that homeless households with children have approximately 2 children per household. As of June 2024 ²² : 78,420 households with children were in temporary accommodation; 159,380 children were homeless and living in temporary
	accommodation. To calculate the average: 159,380 children / 78,420 households ≈ 2.03 children per household.
Assumption for the proportion of homeless family households that are single parents versus couples with children	Single parent households: 50%; Families with children: 50% ²³

 ²² <u>159,000 children homeless - Shelter England - Shelter England</u>
 ²³ Department for Levelling Up, Housing and Communities. (2024, November 28). Homelessness statistics. GOV.UK. https://www.gov.uk/government/collections/homelessness-statistics



Appendix II. Time series comparison for baseline scenario (Unsuitable TA) - Household numbers (2017-18 to 2023-24)



Figure 1: Unsuitable TA1 household numbers (2017-18 to 2023-24)

Figure 2: Unsuitable TA2 household numbers (2017-18 to 2023-24)







Figure 3: Unsuitable TA1 vs TA2: household numbers (2017-18 to 2023-24)

Appendix III. Time series comparison for baseline scenario (Unsuitable TA) - Expenditure costs (2017-18 to 2023-24)

Figure 4: Baseline scenario: Unsuitable TA1 Total expenditures for England and average per household (2017-18 to 2023-24)







Figure 5: Baseline scenario: Unsuitable TA2 Total expenditures for England and average per household (2017-18 to 2023-24)

Appendix IV. Time series comparison for baseline scenario (Unsuitable TA) - Social costs (2017-18 to 2023-24)



Figure 6: Baseline scenario: Unsuitable TA1 Social costs (£ million) per type (2017-18 to 2023-24)





Figure 7: Baseline scenario: UnsuitableTA2 Social costs (£ million) per type (2017-18 to 2023-24)









Figure 9. Baseline scenario: Unsuitable TA2 Total expenditures plus all social costs (£ million) (2017-18 to 2023-24)

Appendix V. Future impact extrapolation - Household projections (2024-25 to 2026-27)





LSE



Figure 11: Baseline scenario: Unsuitable TA2 household numbers (extrapolation to 2026-27 with linear model)

Appendix VI. Future impact extrapolation - Expenditures and social costs (2024-25 to 2026-27)

Figure 12: Baseline scenario: Unsuitable TA1 Total expenditures plus social costs (£ million) (extrapolation to 2026-27 with linear model)







Figure 13: Baseline scenario: Unsuitable TA2 Total expenditures plus social costs (£ million) (extrapolation to 2026-27 with linear model)

Appendix VII. Scenario modelling and cost-benefit analysis

Table 2. Scenario modelling and cost-benefit analysis for Unsuitable TA1

	adding protontion o		
	Baseline scenario	Target scenario	A change to the target scenario implies:
Comparison 1	100% of the households stay in Unsuitable TA1	25% of the households shift to prevention; 75% of the households stay in Unsuitable TA1	
	£732 million expenditure costs for unsuitable TA service delivery per year	£555 million service delivery cost^	£177 million savings (or reallocatable resources) per year accompanied by better outcomes (see summary of evidence in the main text)
	Baseline scenario	Target scenario	A change to the target scenario implies:
Comparison 2	100% of the households stay in Unsuitable TA1	50% of the households shift to prevention; 50% of the households stay in Unsuitable TA1	
	£732 million expenditure costs for unsuitable TA	£391 million service	£342 million saving (or reallocatable resources) per 2023/24 accompanied by better outcomes (see summary of

Scenario 1: Introducing prevention services

^Please note that in each comparative scenario, the total service delivery cost includes both the expenditure on prevention services and the cost of providing unsuitable TA.



Scenario 2: Introducing affordable homes

	Baseline scenario	Target scenario	A change to the target scenario implies:
Comparison 1	100% of the households stay in Unsuitable TA1	25% of the households move to affordable homes; 75% of the households stay in Unsuitable TA1	
	£732 million expenditure costs for unsuitable TA service delivery per year	£988 million expenditure costs for service delivery^.	Additional £256 million are needed to convert property into affordable homes and secure long-term benefit (see summary of evidence in the main text)
	Baseline scenario	Target scenario	A change to the target scenario implies:
Comparison 2	100% of the households stay in Unsuitable TA1	50% of the households move to affordable homes; 50% of the households stay in Unsuitable TA1	
	£732 million expenditure costs for unsuitable TA service delivery per year	£1244 million expenditure costs for service delivery^.	Additional £511 million are needed to convert property into affordable homes and secure long-term benefit (see summary of evidence in the main text)

[^]Please note that in each comparative scenario, the total service delivery cost includes both the expenditure on affordable homes and the cost of providing unsuitable TA.



Scenario 3: Introducing social housing

	Baseline scenario	Target scenario	A change to the target scenario implies:
Comparison 1	100% of the households stay in Unsuitable TA1	25% of the households move to affordable homes; 75% of the households stay in Unsuitable TA1	
	£732 million expenditure costs for unsuitable TA service delivery per year	£622 million expenditure costs for service delivery^.	Additional £ 5490 million are needed to to build social housing and secure long-term benefit (see summary of evidence in the main text)
	Baseline scenario	Target scenario	A change to the target scenario implies:
Comparison 2	Baseline scenario	Target scenario 50% of the households move to affordable homes; 50% of the households stay in Unsuitable TA1	A change to the target scenario implies:

[^]Please note that in each comparative scenario, the total service delivery cost includes both the expenditure on social housing and the cost of providing unsuitable TA.

	Baseline: 100% TA	Comparison 1: 25% prevention (England unit cost, £)* + 75% TA	Comparison 1: 25% prevention (London unit cost, £)** + 75% TA	Comparison 2: 50% prevention (England unit cost, £)* + 50% TA	Comparison 2: 50% prevention (London unit cost, £)** + 75% TA		
Unsuitable TA1	732	555	578	391	482		
Unsuitable TA2	703	533	553	373	455		
	Difference in costs (compared with baseline)^						
Unsuitable TA1	-	-177	-154	-341	-250		
Unsuitable TA2	-	-170	-150	-330	-248		

Scenario 1: Introducing prevention services, £ million first year (2023/24)

* £ 678 per person at 2024 value; **£3221 per person at 2024 value. ^ A negative difference in homeless service delivery costs compared to the baseline indicates a cost saving relative to the baseline scenario. Better outcomes are accompanied by savings in delivery costs. Please note that in each comparative scenario, the total service delivery cost includes both the expenditure on prevention services and the cost of providing unsuitable TA.



	Baseline: 100% TA	Comparison 1: 25% converted home + 75% TA*	Comparison 2: 50% converted home + 50% TA*			
Unsuitable TA1	732	988	1244			
Unsuitable TA2	703 917		1131			
Difference in costs (compared with baseline) [^]						
Unsuitable TA1	-	256	512			
Unsuitable TA2	-	214	428			

Scenario 2: Introducing affordable homes, £ million first year (2023/24)

*Please note that in each comparative scenario, the total service delivery cost includes both the expenditure on affordable homes and the cost of providing unsuitable TA. ^A positive difference in costs compared to the baseline indicates that additional investments are required relative to the baseline scenario.

Scenario 3: Introducing social housing, £ million first year (2023/24)

	Baseline: 100% TA	Comparison 1: 25% social housing + 75% TA*	Comparison 2: 50% social housing+ 50% TA*
Unsuitable TA1	732	6222	11712
Unsuitable TA2	703 5569		10434
	Difference in costs (co	mpared with baseline)^	
Unsuitable TA1	-	5490	10980
Unsuitable TA2	-	4866	9731

*Please note that in each comparative scenario, the total service delivery cost includes both the expenditure on social housing and the cost of providing unsuitable TA. ^A positive difference in costs compared to the baseline indicates that additional investments are required relative to the baseline scenario.

Appendix VIII. Return on investment (ROI)

Table 4. Scenario 1: Introducing prevention services, ROI first year (2023/24)

Comparison1: 25% prevention and 75% unsuitable TA vs. 100% unsuitable TA

	0% gains in social costs	10% gains in social costs	25% gains in social costs	50% gains in social costs
		Unsuitable TA1		
Net benefit (£ million)	£177	£489	£957	£1,738
Costs (£million)	£555	£555	£555	£555
ROI%	31.87	88.09	172.42	312.96
Net gain for every £ invested	£0.32	£0.88	£1.72	£3.13
Return for every £ invested*	£1.32	£1.88	£2.72	£4.13
		Unsuitable TA2	2	
Net benefit (£ million)	£170	£448	£865	£1,560
Costs (£million)	£533	£533	£533	£533
ROI%	31.98	84.10	162.29	292.60
Net gain for every £ invested	£0.32	£0.84	£1.62	£2.93
Return for every £ invested*	£1.32	£1.84	£2.62	£3.93



	0% gains in social costs	10% gains in social costs	25% gains in social costs	50% gains in social costs
		Unsuitable TA1		
Net benefit (£ million)	£342	£654	£1,122	£1,903
Costs (£million)	£391	£391	£391	£391
ROI%	87.52	167.46	287.38	487.23
Net gain for every £ invested	£0.88	£1.67	£2.87	£4.87
Return for every £ invested*	£1.88	£2.67	£3.87	£5.87
		Unsuitable TA2		
Net benefit (£ million)	£330	£608	£1,025	£1,719
Costs (£million)	£373	£373	£373	£373
ROI%	88.39	162.79	274.40	460.40
Net gain for every £ invested	£0.88	£1.63	£2.74	£4.60
Return for every £ invested*	£1.88	£2.63	£3.74	£5.60

Comparison 2: 50% prevention and 50% unsuitable TA vs. 100% unsuitable TA



 Table 5. Scenario 2: Introducing affordable homes, ROI first year (2023/24)

	0% gains in social costs	10% gains in social costs	25% gains in social costs	50% gains in social costs
		Unsuitable TA1		
Net benefit/loss (£ million)	-£256	£57	£525	£1,305
Costs (£million)	£988	£988	£988	£988
ROI%	-25.88	5.72	53.12	132.12
Net gain/loss for every £ invested	-£0.26	£0.06	£0.53	£1.32
Return for every £ invested*	£0.74	£1.06	£1.53	£2.32
		Unsuitable TA2	2	
Net benefit/loss (£ million)	-£214	£64	£481	£1,175
Costs (£million)	£917	£917	£917	£917
ROI%	-23.33	6.96	52.38	128.08
Net gain/loss for every £ invested	-£0.23	£0.07	£0.52	£1.28
Return for every £ invested*	£0.77	£1.07	£1.52	£2.28

Comparison1:	25% affordable hom	nes and 75% unsuita	ble TA vs. 100	% unsuitable TA
•••••••••••••••				/• 41104114810 171



	0% gains in social costs	10% gains in social costs	25% gains in social costs	50% gains in social costs
		Unsuitable TA1		
Net benefit (£ million)	-£511	-£199	£269	£1,050
Costs (£million)	£1,244	£1,244	£1,244	£1,244
ROI%	-41.11	-16.01	21.65	84.41
Net gain for every £ invested	-£0.41	-£0.16	£0.22	£0.84
Return for every £ invested*	£0.59	£0.84	£1.22	£1.84
		Unsuitable TA2		
Net benefit (£ million)	-£428	-£150	£267	£961
Costs (£million)	£1,131	£1,131	£1,131	£1,131
ROI%	-37.83	-13.27	23.56	84.94
Net gain for every £ invested	-£0.38	-£0.13	£0.24	£0.85
Return for every £ invested*	£0.62	£0.87	£1.24	£1.85

Comparison 2: 50% affordable homes and 50% unsuitable TA vs. 100% unsuitable TA



Table 6. Scenario 2: Introducing social housing, ROI first year (2023/24)

	0% gains in social costs	10% gains in social costs	25% gains in social costs	50% gains in social costs
		Unsuitable TA1		
Net loss (£ million)	-£5,490	-£5,177	-£4,709	-£3,929
Costs (£million)	£6,222	£6,222	£6,222	£6,222
ROI%	-88.23	-83.21	-75.69	-63.14
Net loss for every £ invested	-£0.88	-£0.83	-£0.76	-£0.63
Return for every £ invested*	£0.12	£0.17	£0.24	£0.37
		Unsuitable TA2		
Net loss (£ million)	-£4,865	-£4,587	-£4,171	-£3,476
Costs (£million)	£5,569	£5,569	£5,569	£5,569
ROI%	-87.37	-82.38	-74.90	-62.42
Net loss for every £ invested	-£0.87	-£0.82	-£0.75	-£0.62
Return for every £ invested*	£0.13	£0.18	£0.25	£0.38

Comparison1.	25% coold housing	a and 750/ u	ncuitable TA v	a 100% unquitable TA
companson i.	25% Social nousing	j anu 75% u	insuitable IA v	S. 100% unsuitable TA



	0% gains in social costs	10% gains in social costs	25% gains in social costs	50% gains in social costs
		Unsuitable TA1		
Net benefit (£ million)	-£10,979	-£10,667	-£10,199	-£9,418
Costs (£million)	£11,712	£11,712	£11,712	£11,712
ROI%	-93.75	-91.08	-87.08	-80.42
Net loss for every £ invested	-£0.94	-£0.91	-£0.87	-£0.80
Return for every £ invested*	£0.06	£0.09	£0.13	£0.20
		Unsuitable TA2	1	
Net benefit (£ million)	-£9,730	-£9,453	-£9,036	-£8,341
Costs (£million)	£10,434	£10,434	£10,434	£10,434
ROI%	-93.26	-90.60	-86.60	-79.94
Net loss for every £ invested	-£0.93	-£0.91	-£0.87	-£0.80
Return for every £ invested*	£0.07	£0.09	£0.13	£0.20

Comparison 2: 50% social housing and 50% unsuitable TA vs. 100% unsuitable TA

Appendix IX. Sensitivity analysis (Extrapolation methods)

Year	Method	Family households	Single households	Total Households
2024-25	Linear	29,669	28,240	57,909
2024-25	Exponential	33,247	27,687	60,934
2024-25	Average	31,458	27,964	59,422
2025-26	Linear	31,424	30,493	61,917
2025-26	Exponential	35,519	30,456	65,975
2025-26	Average	33,472	30,475	63,947
2026-27	Linear	33,179	32,746	65,925
2026-27	Exponential	37,940	33,501	71,441
2026-27	Average	35,560	33,124	68,684

Table 7. Baseline scenario: TA1 household numbers (extrapolation to 2026-27 comparing different models)



Table 8. Baseline scenario: Unsuitable TA2 household numbers (extrapolation to 2026-27 comparing different models)

Year	Method	Family households	Single households	Total Households
2024-25	Linear	26,814	25,090	51,904
2024-25	Exponential	29,777	24,431	54,208
2024-25	Average	28,296	24,761	53,057
2025-26	Linear	28,557	27,230	55,787
2025-26	Exponential	31,859	26,874	58,733
2025-26	Average	30,208	27,052	57,260
2026-27	Linear	30,300	29,370	59,670
2026-27	Exponential	34,089	29,561	63,650
2026-27	Average	32,195	29,466	61,661



Table 9. Baseline scenario: Unsuitable TA1 Total expenditures plus social costs (£ million) (extrapolation to 2026-27 comparing different models)

Year	Method	Tot expenditures	Total social costs	TOTAL expenditures + social costs
		(£ million)	(£ million)	(£ million)
2024-25	Linear	885	3431	4316
2024-25	Exponential	1041	3649	4690
2024-25	Average	963	3540	4503
2025-26	Linear	1038	3740	4778
2025-26	Exponential	1460	4262	5722
2025-26	Average	1249	4001	5250
2026-27	Linear	1191	4049	5240
2026-27	Exponential	2048	4977	7025
2026-27	Average	1620	4513	6133



Table 10. Baseline scenario: Unsuitable TA2 Total expenditures plus social costs (£ million) (extrapolation to 2026-27 comparing different models)

Year	Method	Tot expenditures	Total social costs	TOTAL expenditures + social costs
		(£ million)	(£ million)	(£ million)
2024-25	Linear	859	3066	3925
2024-25	Exponential	1015	3257	4272
2024-25	Average	937	3162	4099
2025-26	Linear	1015	3354	4369
2025-26	Exponential	1433	3810	5243
2025-26	Average	1224	3582	4806
2026-27	Linear	1171	3642	4813
2026-27	Exponential	2023	4456	6479
2026-27	Average	1597	4049	5646