

**Homelessness Inquiry – London Councils’ response**

London Councils is committed to fighting for more resources for the capital and getting the best possible deal for London’s 33 local authorities.  We lobby key stakeholders, develop policy and do all we can to help our boroughs improve the services they deliver.  We also run a range of services ourselves, all designed to make life better for Londoners.

London Councils welcomes the opportunity to submit evidence to the DCLG Homelessness Inquiry. We see this as an opportunity to highlight the important issues that London is facing as boroughs try to meet their statutory duties towards the most vulnerable people in our society. We have focussed our response on the key issues, rather than commenting on all aspects of the Inquiry.

**The London context**

Government data indicates that homelessness in London is increasing. The rate of homeless acceptances has increased by 80% in the four years since to 2013/14[[1]](#footnote-1), while in the North of England there has been a decline of 14%, highlighting stark regional differences. In September 2015 the number of households living in temporary accommodation (TA) exceeded 50,000 for the first time since 2008[[2]](#footnote-2). This figure represents a 10% increase from the same period in 2014 (45,810). London accepts 74% of all households living in TA, placing a disproportionate pressure in comparison to other parts of the country. In March 2015, 2,950 households were living in bed and breakfast accommodation, accounting for 56% of the national figure. This is an increase of 31% from 2,240 in March the previous year. This is despite borough efforts to source more suitable types of TA. Increasing demand from homeless households for accommodation is a cause of concern as boroughs grapple with a number of external factors which are beyond their control.

London as a capital city is an expensive place to live. Rents in the capital have increased much faster than other parts of the country. Between quarter 2, 2011 and quarter 1 2015, the lowest quartile rents have risen by 39% in inner London and 32% in outer London. House prices continue to rise much faster than wages impacting on the economic prosperity of London, as high rents and house prices are acting as a deterrent for staff wishing to live and work in the capital[[3]](#footnote-3).

London Councils welcomes the announcement in December 2015, to make £5 million of funding available to boroughs to relieve homelessness pressures was welcomed. The funding allocated to 22 boroughs (out of 25) recognised that London needs extra support. However, the funding of up to £200,000 per borough is significant, but not enough to make a real impact on homelessness that is needed.

London Councils’ supports welfare reforms that make work pay – provided they take London’s unique circumstances into account. However, the unintended consequences of a number of welfare savings measures have had a severe impact in London. The combined effect of a number of welfare reform policies introduced in 2012 has changed the ability of people to access properties in the private rented sector. The housing benefit cap and the social size criteria have had a significant impact, as households are restricted by the amount of housing benefit support they are able to receive. The gap between the rate for TA set at 90% January 2011, and rising private rents means that benefits have failed to keep up with market rents in many parts of the capital. This gap has made it difficult for boroughs to attract landlords and procure properties at affordable prices.

Since 2011, the number of housing benefits claimants in inner London has declined, with a similar picture occurring in outer London since 2013. The overall benefit cap for working age out of work claimants has seen an average reduction of £62 per week,[[4]](#footnote-4) of those affected, during August 2014, almost half were in the London area. This proportion includes 18 boroughs out of 20 areas worse affected. This is evidence of the scale of the impact in the capital. The proposals to reduce the benefit cap from £26,000 to £23,000 will further affect households’ dependant on benefit support to pay their rent.

We are concerned about proposals to freeze all working age benefits for the duration of the parliament, resulting in a four year freeze on LHA rates at April 2015. Our research[[5]](#footnote-5) indicates that the impact of the freeze could be to spread the extreme levels of unaffordability currently seen in central and high-value parts of inner London - where LHA rates will typically secure only the cheapest 5-10% of properties - to almost all parts of London by 2019-20.

**Differing causes of homelessness for households, couples and single people**

The main cause of a loss of a secured home is due to the ending of an assured shorthold tenancy. Government data[[6]](#footnote-6) indicates that this applied to 42% or 1,970 households in September 2015. This is a 15% increase from 1,970 households (39%) in the same period the previous year. This is indicative of the unaffordability of London and the huge gap between market rents and the local housing allowance. The outcome has made it more difficult for boroughs to access properties in the private rented sector as high rents are now way beyond the local LHA thresholds.

It is anticipated that universal credit has the potential to create a disincentive for landlords considering letting their properties to boroughs for use as TA. Landlords fear that tenants claiming this benefit will fall into arrears affecting their profit margins. This will potentially reduce supply as boroughs try to compete for fewer properties.

The devolvement of the TA management fee from April 2017/18 amounting to £225 million nationally, plus £10 million each year until 2020 will see the funding paid through a block grant mechanism. We will continue to argue that a majority of this funding should be allocated to London. Due to higher TA caseloads, longer length of stay and affordability issues more prevalent in London than elsewhere. We would also require a commitment by government of the arrangements beyond 2019/2020, in order for boroughs to continue to sustain existing leasing agreements they have entered into and procure new units on long term leases, at better value for money.

The recent announcement around the allocation of funding for Discretionary Housing Payments[[7]](#footnote-7) in 2016-17 will see the overall funding increase to £150 million nationally. However, shortcomings and inconsistencies in the distribution methodology mean that despite facing the most severe homelessness and housing pressures, London boroughs on average will receive much smaller increases that local authorities in almost all other regions, having already borne the brunt of the cuts to DHP funding in 2014-15 and 2015-16. London needs a substantial increase in new homes if it is to meet the housing needs of the next generation.

A recent survey conducted by Ipsos Mori on behalf of London Councils, indicates that housing is now the number one issue of concern for Londoners[[8]](#footnote-8). This concern is particularly important with the predicted increase in London’s population expected to reach 10 million by 2030[[9]](#footnote-9) creating an unprecedented urgency to upscale the supply of new affordable homes. Last year, London produced more than 25,000 homes but this is not enough given that the supply gap between what we need and what we have built will grow by 500,000 by 2030[[10]](#footnote-10). It is also necessary to take into account the population increase as a result of London’s economic success. It is important to provide adequate housing to ensure that London can attract a skilled workforce in the future. This is essential if the capital is to continue to thrive as a world class city.

London Councils is concerned about the cumulative impact of the Housing and Planning Bill and the Welfare Reform and Work Bill. Aspects of these proposals could have a detrimental impact on homelessness and the ability of boroughs to provide affordable housing.

There is concern about the impact of the government’s policy to permit housing association tenants the right to buy to be funded through an assessment of high value vacant council homes forecast to be sold. Research undertaken by Savills predicts there could be the loss of up to 4,500 council homes in London. This could result in longer housing waiting lists and a greater reliance on TA as a result of the time lag between sale and the replacement of new homes.

In order to maximise the supply of affordable accommodation, the homes sold under the Right to Buy policy should be replaced by properties of the right tenure in London. Boroughs should be able to continue to nominate households from their temporary accommodation to these properties.

The sell off of vacant council properties that will be used to fund the Right to Buy, is likely to have an impact in London. If London is to commit to delivering replacement homes, it is essential that these funds are used flexibly, based on borough local determination. London Councils is arguing for exemptions to be applied to supported and specialist housing schemes, so they are not included in the payment calculations.

The Starter Homes policy seeks to encourage first time buyers under 40 to enter into home ownership. Whilst we do not oppose increasing home ownership or measures to increase housing supply, there is a need to take into account the need to offer a wider range of housing products in order respond to local need. It is likely that Starter Homes products have the potential to undermine borough efforts to supply more affordable homes.

London boroughs have expressed concern about the cost of providing temporary accommodation to homeless households. Total expenditure on homelessness by London boroughs has increased from £559 million in 2010/11 to £607 million in 2013/14[[11]](#footnote-11). Private sector accommodation managed by boroughs or via a housing association has for many years, provided a source of good quality accommodation compared to bed and breakfast. Government figures suggest that in 2002 over 20% of TA was in local authority or HA stock, this is now around 11% indicating boroughs’ reliance on the private rented sector to provide housing. This is now changing as boroughs indicate that the shortage of supply due to property handbacks, conversions to nightly paid accommodation and the withdrawal of properties by landlords has increased costs.

The LB Wandsworth has an active programme of acquisition and conversion of existing property to provide affordable temporary self-contained accommodation. Following a property sale by two housing associations, there was a land swap with the Council of two buildings. A housing association used the land to provide a state of the art extra care scheme and the council used the land to provide 48 units across a range of bed sizes to meet the demand for in-borough TA.

The recent announcement to exclude supported housing from the 1% rent cut for one year in 2016/17 is a positive move by government. This is in response to concerns expressed by London Councils and other stakeholders about the likely impact. We will continue to call for a continuation of the exemption as it is feared that many specialist providers, who provide move on accommodation for vulnerable and homeless households may face closure causing an unintended impact on TA provision.

**Measures taken by local authorities to deal with the homeless**

London Councils believes that an essential part of reducing and alleviating homelessness is through effective prevention work. The Homelessness Prevention Grant, through the provisional local government finance settlement totalling £315m by 2019 to 2020 and shows a real commitment to support boroughs in their activities to reduce homelessness. During 2014/2015, 220,800 households were assisted with homelessness prevention and relief activities with 93% being offered a prevention intervention. Boroughs were able to support households by assisting people with measures to remain in their own home, by resolving housing benefit problems, giving debt advice and helping those with rent arrears.

London boroughs approaches to support households have driven innovation. In LB Camden, a focus on prevention has reduced the number of households living in temporary accommodation from 2000 households in 2004 to around 425 households today. This has been the result of the councils housing allocations scheme that prevents homelessness; developing a singles pathway and the use of the Localism Act power to end the main homelessness duty by making the private rented sector more attractive.

The LB Southwark has implemented targeted approaches to homelessness prevention by providing services focussed on the customer. This has involved developing new service models, undertaking multi-agency work and the Council is working with Shelter to improve their homelessness service and improve performance.

London Councils considers supporting London’s homeless population as an important aspect of our grants programme. During 2015-16, we commissioned £5.54 million of funding to fund voluntary groups such as Shelter, Thames Reach and the New Horizon Youth Centre. These organisations deliver borough wide projects to tackle, early intervention and prevention, youth homelessness and rough sleeping. We believe that continuing to support voluntary partners is essential as it provides vital advice and support services to homeless people at a local level.

The London Homelessness Awards[[12]](#footnote-12) supported by the London Housing Foundation, the London boroughs and by London Councils champions organisations that demonstrate innovative and creative solutions for tackling homelessness in the capital. Last year’s winners were the Asylum Support Appeals Project (ASAP), who provide free legal advice to asylum seekers in an effort to protect their legal rights to food and shelter. The organisation employs four legal advisors and works with over forty solicitors and barristers who give their time for free to represent asylum seekers at the Tribunal.

**The re-establishment of the cross government Ministerial Working Group on Preventing and Tackling Homelessness**

London Councils supports the re-establishment of the cross government Ministerial Working Group on Preventing & Tackling homelessness. Any measure that provides assurance that joined up decision making across departmental government departments is being achieved is welcomed as tis works in the best interests of homeless people.

**How levels of homelessness are monitored and reported**

We support ways to improve how the government monitors and reports on homelessness as long as this does not place an additional burden on local authorities housing departments.

**The effectiveness of current legislative framework in England with a review of the different approaches taken in Scotland and Wales**

The current legislative statutory framework, including guidance, has been made more difficult since the introduction of welfare reform. The severe lack of affordable housing to provide permanent move on solutions or for use as TA has undermined the choices boroughs are able to offer within their local area. London boroughs placed 17,120 households out of district in September 2015, representing 92% of the national total. This has increased by 19% or 14,430 households in the previous year. This indicates the scale of the pressure London is facing as local properties become harder to secure.

The Localism Act 2011 gives powers to local authorities to end their full housing duties under Section 193 of the Housing Act 1996, with a Private Rented Sector Offer. The impact of welfare reform has placed boroughs under pressure to place families outside of area in order to meet the financial constraints imposed on families. This is highlighted when boroughs need to balance the expectations of homeless applicants and at the same time recognise that issues around the affordability of accommodation is now influencing decision-making.

The recent Nzolameso v Westminster judgment at the Supreme Court, following the refusal of the Nzolemeso family to accept an offer of accommodation in Milton Keynes represents an important decision for boroughs. This case has led to an increase in the level of detail boroughs are required to give homeless applicants. For example, ensuring that school places are available before accommodation can be offered. Recent decisions by the Supreme Court are challenging aspects of current homelessness legislation.

The prevention approach adopted in Wales since April 2015 places the prevention duty on a statutory footing and allows anyone at risk to homelessness to be assisted in order to prevent and relieve homelessness. The applicant is required to take responsibility for their homelessness situation by applying agreed interventions between the council and the individual who is required to take steps to resolve their homelessness problem. We welcome the opportunity to work government to consider options, including legislation to prevent more people from becoming homeless.

It is suggested that the government explores the applicability and effectiveness of the Welsh approach to homelessness. However, this should not seek to dilute boroughs homelessness duty towards homeless applicants. There are clear benefits to the Welsh model approach, which are worth further exploration, but it must be applied in the London context and should be fully funded, as in the case in Wales. We would be keen to work with government to explore the pros and cons of such an approach in London.

1. The Homelessness Monitor: England 2015, February 2015, Crisis [↑](#footnote-ref-1)
2. DCLG Homelessness Live tables, September – December 2015 [↑](#footnote-ref-2)
3. London First research, 2014 [↑](#footnote-ref-3)
4. Homelessness Monitor: England 2015, , Crisis, February 2015 [↑](#footnote-ref-4)
5. Tracking Welfare Reform – The Impact of Freezing LHA rates in London, London Councils report, March 2015 [↑](#footnote-ref-5)
6. DCLG Homelessness statistics – Live table 774 (London) [↑](#footnote-ref-6)
7. Housing Benefit Circular HB S1/2016, 4 February 2016 [↑](#footnote-ref-7)
8. IPSOS Mori research [↑](#footnote-ref-8)
9. IPPR, Capital, Failure: Understanding the Roots of London’s Housing Crisis [↑](#footnote-ref-9)
10. <http://www.ippr.org/files/publications/pdf/capital-failure-dec2015.pdf?noredirect=1> [↑](#footnote-ref-10)
11. Revenue Outturn figures 2013/14 [↑](#footnote-ref-11)
12. <http://www.andyludlowawards.org.uk/> [↑](#footnote-ref-12)