

Local Government Association briefing Debate on Government action to find multi-agency solutions to homelessness

House of Lords

12 September 2018



KEY MESSAGES

- Homelessness is a tragedy for all those it affects and is one of the most visible signs of the nation's housing crisis. Councils are providing temporary housing for over 70,000 households, including over 120,000 children. The net cost has tripled in the last three years.ⁱ
- We welcome the Government's rough sleeping strategy, and share the ambition to end rough sleeping by 2027.ⁱⁱ The strategy includes some encouraging proposals, such as the piloting of Somewhere Safe to Stay schemes for those at immediate risk of sleeping rough.
- The rough sleeping strategy is a positive step towards a multi-agency approach to homelessness. However, it lacks substantive measures to ensure that fewer people reach the point of crisis. These include adapting welfare reforms and a large increase in the supply of social housing.
- The Local Housing Allowance (LHA) is paid to low-income families in the private rented sector to help with high housing costs. To prevent homelessness, we are calling for the LHA freeze to be lifted entirely, and for the Government to work with landlords to provide more affordable private housing.
- Local government fully supports the Homelessness Reduction Act, and we want to make a success of the new legislation. We are, however, concerned that the new burdens funding for councils is likely to fall short of the total costs of delivering the duties in the Act.
- Councils want to prevent homelessness from happening in the first place. This means allowing councils to build more social homes for people on low incomes. To achieve this, the Government should lift the housing borrowing cap entirely, and allow councils to retain 100 per cent of the proceeds from Right to Buy sales.

Briefing

For more information, please contact:
Thomas Leighton, Public Affairs and Campaigns Adviser
Thomas.Leighton@local.gov.uk / 0207 664 3094

BACKGROUND INFORMATION

The scale of homelessness

Homelessness is increasing. The last six years have seen a 44 per cent increase in the number of homeless households and a 102 per cent increase in rough sleeping.ⁱⁱⁱ Councils are providing temporary housing for over 70,000 households, including over 120,000 children. The net cost has tripled in the last three years. In this time, on average, councils have been housing an extra secondary school's worth of homeless children every month.^{iv}

Despite growing rates of homelessness, local government is increasingly successful in preventing it. In 2015/16 more than 90 per cent of households at risk of being made homeless who approached councils for support, were prevented from becoming homeless.^v However councils cannot tackle rising homelessness on their own, particularly as people most vulnerable to homelessness often need access to other public services.

The rough sleeping strategy

We welcome the Government's rough sleeping strategy, and share the ambition to end rough sleeping by 2027.^{vi} The strategy includes some encouraging proposals, such as the piloting of Somewhere Safe to Stay schemes for those at immediate risk of sleeping rough. It is also good to see a renewed focus on local homelessness strategies as a way of tailoring the approach to the challenges faced by local areas. Importantly, it emphasises the importance of targeted prevention, enabled by all parts of government coming together.

The rough sleeping strategy is a positive step towards a multi-agency approach to homelessness. However, it lacks substantive measures to ensure that fewer people reach the point of crisis. These include adapting welfare reforms and a large increase in the supply of social housing.

All government departments must make a strategic commitment to ending rough sleeping. In particular, in addition to the Ministry of Housing, Communities, and Local Government (MHCLG), the strategy should be adopted by the Ministry of Justice, Department of Health and Social Care, Home Office, Department for Education, and Department for Work and Pensions (DWP).

A genuinely cross-departmental approach would include employment support being aligned to homelessness prevention goals. It would also mean improving the understanding of the links between health and homelessness, and a commitment to early intervention for children and young people from chaotic home scenarios. For those in contact with the criminal justice system, there must be a greater understanding of their housing circumstances.

Local government's ambition is greater than the rough sleeping strategy. The strategy has a heavily centralised approach, introducing numerous, nationally-controlled and disparate pots of funding. This stops short of giving local authorities the strategic influence needed for them to effectively tackle all forms of homelessness in a coherent, joined-up way.

We will continue to push for an ambitious vision that recognises local government's role in ending rough sleeping, by making local homelessness strategies the vehicle through which funding flows and strategic decisions are made.

The impact of welfare reforms

The Local Housing Allowance (LHA) is paid to low-income families in the private rented sector to help them cope with high housing costs. The rate is currently frozen despite private rented sector rents in England having risen by nearly 11 per cent in the five years to 2017.^{vii}

We are pleased that the Government has responded to our calls to extend the LHA rate cap through increases in the Targeted Affordability Fund (TAF).^{viii} The Government has lifted the cap by 3 per cent from April 2018, and also pledged that the rates themselves will increase in a number of Broad Rental Market Areas.^{ix}

Despite this positive measure, there are still many parts of the country where the number of people entitled to full housing benefit is far greater than the supply of affordable rented accommodation. This is why we are calling on the Government to lift the LHA freeze in the private rented sector entirely. To ensure vulnerable people are protected against rising rents, the LHA rate should be linked to rent levels.

A recent survey by the LGA found that 96 per cent of responding councils are concerned that 'homelessness would increase', if the freeze on the LHA were not lifted up until 2020.^x It is vital that DWP engages with the LGA, councils and landlords about the design of Housing Benefit and the LHA post-2020.

As rents go up, the freeze on the level of housing benefit makes private renting less affordable for many families at risk of homelessness. Nine in 10 councils say private landlords in their area are renting fewer homes to low-income households due to housing benefit changes.^{xi}

As part of a renewed multi-agency approach, there must be much stronger coordination between the housing element of Universal Credit, housing benefit and MHCLG housing policy. This will require DWP to have a greater focus on the effect that the transition to Universal Credit has on people's ability to pay their housing costs. It will also require a recognition from MHCLG that its housing policies will be more impactful if developed in coordination with housing welfare policy.

The Homelessness Reduction Act

The Homelessness Reduction Act introduces new duties for councils' homelessness services, with a stronger focus on prevention. In particular, councils will have a duty to work with all people threatened with homelessness at an earlier point in time. Councils will also be tasked with providing greater support for people not classified as 'priority need'. We welcome this legislation and its strengthened approach to homelessness prevention.

Councils have concerns that the new burdens funding is likely to fall short of the costs in delivering the duties in the Homelessness Reduction Act. The Government's review of the funding provided before the third year of implementation should contain a commitment to address any shortfalls. This will help to ensure the legislation succeeds across all areas of the country.

Building more affordable homes

The Housing Revenue Account (HRA) borrowing cap prevents councils from borrowing to invest in building new homes. The Government has taken a step forward by lifting the cap for some councils in ‘areas of high affordability pressure’, enabling them to bid for up to £1 billion in funding by 2021/22.^{xii} While we welcome this measure, it does not go far enough. The HRA cap should be lifted for all councils and HRA borrowing removed entirely from contributing to the national public debt. Our call has been backed by the House of Commons Treasury Select Committee.^{xiii}

Councils want to encourage home ownership, without a corresponding decline in the number of social rented homes. It is therefore essential that the Government enables councils to keep 100 per cent of receipts from Right to Buy (RTB) sales to invest in new housing. Under current arrangements councils are only able to retain a third of receipts from the sale of homes. The loss of social rented housing which results risks pushing more families into the private rented sector, driving up housing benefit spending, and exacerbating our homelessness crisis.^{xiv}

ⁱ LGA report, [Council Innovation and Learning in Housing our Homeless Households, July 2017](#)

ⁱⁱ MHCLG, The rough sleeping strategy, August 2018

(<https://www.gov.uk/government/publications/the-rough-sleeping-strategy>)

ⁱⁱⁱ Live tables on homelessness, DCLG, 2017 (<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>)

^{iv} LGA report, [Council Innovation and Learning in Housing our Homeless Households, July 2017](#)

^v Live tables on homelessness, DCLG, 2017 (<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>)

^{vi} MHCLG, The rough sleeping strategy, August 2018

(<https://www.gov.uk/government/publications/the-rough-sleeping-strategy>)

^{vii} Office for National Statistics, Index of Private Housing Rental Prices

(<https://www.ons.gov.uk/economy/inflationandpriceindices/datasets/indexofprivatehousingrentalpricesreferencetables>)

^{viii} HM Government, The Rent Officers (Housing Benefit and Universal Credit Functions) (Amendment) Order 2017 (<http://www.legislation.gov.uk/ukxi/2017/1323/contents/made>)

^{ix} HM Treasury, Autumn Budget 2017

(https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/661480/autumn_budget_2017_web.pdf)

^x LGA survey, 2017. The full survey is available upon request. 76 councils responded to the survey.

^{xi} LGA survey, 2017. The full survey is available upon request. 76 councils responded to the survey.

^{xii} HM Treasury, Autumn Budget 2017

^{xiii} House of Commons Treasury Committee, Autumn Budget 2017, January 2018

(<https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/600/600.pdf>)