

Debate on rough sleeping

House of Commons, Westminster Hall
7 February 2019



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 82,000 households, including over 123,000 children.ⁱ
- Our latest analysis demonstrates that homelessness support (including temporary accommodation) faces a funding gap of £110 million in 2019/20, and £421 million in 2024/25.ⁱⁱ
- Rough sleeping is the most visible sign of the rise in homelessness. We welcome the Government's rough sleeping strategy, and share the ambition to end rough sleeping by 2027.ⁱⁱⁱ The strategy includes some encouraging proposals, but lacks substantive measures to ensure that fewer people reach the point of crisis.
- 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 allow councils to retain 100 per cent of the proceeds from Right to Buy sales.
- 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, the LHA freeze should be lifted, and the Government should work with landlords to provide more genuinely affordable housing.
- Councils face an overall funding gap of £3.1 billion in 2019/20, which we estimate will rise to £8 billion by 2024/25. It is vital that the Government uses the 2019 Spending Review to deliver truly sustainable funding for local government.

Briefing

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

FURTHER INFORMATION

The scale of rough sleeping

According to the latest official statistics, rough sleeping in England has increased by 165 per cent since the autumn of 2010. Whilst the current number of 4,677 (in autumn 2018) is down two per cent in a year, the overall long-term trend is of a vast increase in rough sleeping across the country, with London the worst-affected area. Almost half of local authorities have reported an increase in people sleeping rough in their area.^{iv}

Councils are determined to prevent homelessness and rough sleeping from happening and to support families which are affected. This is becoming increasingly difficult with homelessness services facing a funding gap of more than £100 million in 2019/20.^v

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 places an emphasis on all parts of government working together to focus on prevention.

The 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. 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 scale of homelessness

Our latest analysis demonstrates that homelessness support (including temporary accommodation) faces a funding gap of £110 million in 2019/20, and £421 million in 2024/25.

There are currently 82,310 homeless households in need of temporary

accommodation and other forms of support from local authorities. This number includes over 123,000 children, which represents the highest number of children without a permanent home since 2007.^{vii} The rising number of people across the country needing support to secure temporary accommodation, or to remain in their homes, is putting a strain on council homelessness budgets which are already facing substantial financial pressures.

The leading cause of statutory homelessness is now the termination of assured shorthold tenancies in the private rented sector. Short-term and uncertain tenancies are resulting in more people turning to local authorities for support. This accounted for 27 per cent of the total number of statutory homelessness in 2017/18.^{viii}

The private rented sector has more than doubled in size since 2002, with more young people, families and lone parent families renting privately than before. The decline in available social housing is likely to have added to the number of homeless households. This is because more secure, affordable housing would have left some households better able to deal with welfare reforms, and prevented them from becoming homeless in the first place. Social landlords can play a key role in providing tenants with support to improve financial inclusion, and by helping households that are struggling with problem debt.^{ix}

Housing costs and welfare

Reforms to housing welfare in recent years have made private rented housing both unaffordable and unattainable for many people. The failure to deliver enough social homes, which are truly affordable for people in all communities, has exacerbated the negative consequences of these welfare changes.

There has been a 65 per cent increase in the number of children in temporary accommodation since the first quarter of 2010. This is likely to be at least partly as a result of housing benefit reforms, including the freeze to the Local Housing Allowance (LHA) rate. The 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.

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). 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.

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. Recent reforms to welfare benefits have not driven down rents. Instead there appears to have been a growth in rental arrears and homelessness.^x 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.

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

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

It is positive that the Government has listened to the LGA and removed the Housing Revenue Account borrowing cap. The Government has estimated this will lead up to 10,000 new homes a year, and is a significant contribution to the estimated 100,000 social homes a year needed. Councils will need to build the capacity in their housing teams, and we will be working to ensure the sector is well equipped to build houses at scale.

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.^{xii}

ⁱ [MHCLG, temporary accommodation statistics, April to June 2018](#)

ⁱⁱ <https://www.local.gov.uk/about/news/lga-responds-rough-sleeping-figures>

ⁱⁱⁱ MHCLG, The rough sleeping strategy, August 2018

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

^{iv} https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/775089/Rough_Sleeping_Statistics_2018.pdf

^v <https://www.local.gov.uk/about/news/lga-responds-rough-sleeping-figures>

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

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

^{vii} [MHCLG, temporary accommodation statistics, April to June 2018](#)

^{viii} <http://researchbriefings.files.parliament.uk/documents/SN06856/SN06856.pdf>

^{ix} <https://www.nao.org.uk/report/tackling-problem-debt/>

^x <https://research.rla.org.uk/press-release/universal-credit-rent-arrears-rocket-says-new-research/>

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