

# Housing, Communities and Local Government Committee

## The Homelessness Reduction Act: one year on 5 April 2019



# Submission

### 1. About the Local Government Association

- 1.1. The Local Government Association (LGA) is the national voice of local government. We are a politically-led, cross party membership organisation, representing councils from England and Wales.
- 1.2. Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

### 2. Summary

2.1 The LGA supports the principles of the Homelessness Reduction Act 2017 (“the Act”), and has worked closely with Government and councils to ensure that it is workable and successful.

2.2 We welcome the Government’s commitment to a comprehensive review of the Act’s impact, and urge a particular focus on: the Act’s effect on homelessness trends, implementation issues, effects on local authority’s homelessness provision, effects on partnership working – including the Duty to Refer - and the impacts of broader drivers of homelessness.

2.3 Homelessness trends: Homelessness presentations to councils have continued to rise since the Act’s implementation. For the majority of councils responding to the LGA’s 2018 survey on the Act, increased presentations were seen as directly attributable to the Act. However, there are also indications that this increase in presentations is due to broader trends in homelessness.

2.4 Local authority provision: The Act has resulted in some improvements to homelessness provision. In particular, single homeless people have seen the benefits of an increased focus on prevention, and more targeted support. More broadly, many councils have used the Act as an opportunity to refresh their service provision, drawing together new burdens funding and the many other funding programmes which have been made available by Government.

2.5 Implementation issues: However, there have been significant new burdens associated with the Act’s implementation. Local housing authorities have seen increased footfall, and an increased administrative burden associated with each case. In particular, H-CLIC continued to impose a significant administrative burden six months after the Act’s implementation, to the extent that council officers are being diverted from core work. One third of respondents to the LGA’s survey on the Act did not think they had been sufficiently resourced to deliver their new duties.

2.6 Temporary accommodation costs: The Act is also not having the anticipated effect on temporary accommodation costs, and demand for temporary accommodation is increasing as a wider range of people are owed interim housing duties. However, moving people onto settled housing, and sustaining the tenancies of those already in housing, is becoming increasingly difficult as freezes to the local housing allowance rate continue to widen the gap with housing support and rents. This is likely to have a significant and rising cost implication for councils, which will require a review of new burdens funding.

2.7 Wider drivers of homelessness: Importantly, the Act has not improved the availability of the tools which local authorities need to successfully prevent and relieve homelessness, i.e. affordable housing, sustainable funding for services, and the support of a wide range of public sector partners.

2.8 In particular, the local authority finance context is having a significant impact on councils' ability to prevent homelessness, with LGA analysis showing that local homelessness services are facing a £421 million spending gap by 2024/25.

2.9 The Duty to Refer has seen an increase in referrals, but councils' ability to work in partnership is again limited by broader cuts to services. In this context, councils have expressed concerns that the Duty does not incentivise upstream prevention work by a broad range of services, but instead risks a shunt in responsibility.

2.10 As a result, councils are constrained in their ability to help people, even as homelessness demand pressures increase.

2.11 The LGA is therefore calling for the Government to address the significant funding gap facing council services in the upcoming Spending Review, and to put a real focus on sustainable, joined-up funding for local authorities, to enable them to take strategic action to prevent homelessness from occurring in the first place.

2.12 It is also crucial that councils are able to build the affordable homes needed: for this, they should be allowed to keep 100 per cent of the receipts of any homes sold through Right to Buy, and to reinvest in building more homes.

2.13 Finally, we are calling for Government to review Local Housing Allowance rates in the upcoming Spending Review to at least the true 30<sup>th</sup> percentile of market rents, so that Universal Credit secures housing by covering the cost of rents.

### **3. The LGA's support for the Homelessness Reduction Act**

3.1 The LGA is supportive of the principles of the Homelessness Reduction Act ("the Act"); in particular, its shift towards a focus on prevention is key to addressing homelessness.

3.2 The LGA, led by our Chairman Lord Porter, engaged extensively with the Government, and the Bill's sponsors, LGA Vice-Presidents Bob Blackman MP and Lord Best, to shape the legislation and ensure it had the best possible chance of success

3.3 Since the legislation passed, we have continued to work closely with councils and the Government to monitor the impacts of the Act, including offering our own advice on the duty to refer<sup>i</sup>. This work has significantly informed this submission.

3.4 In particular, we recently published the results of a November 2018 survey<sup>ii</sup> of councils to gather information on their experience of the Act since its implementation; we received responses from 151 councils (48 percent response

rate). We have referenced this survey in our response where appropriate, and have attached the full report as supplementary evidence.

#### **4. Homelessness Trends**

4.1 Almost all (83 per cent) of the councils which responded to the LGA's survey have seen an increase in homelessness presentations following the implementation of the Act. Over three quarters of these councils feel that such increases are directly attributable to the introduction of the Act. This is due to two main reasons:

4.1.1. Changes to the definition of statutory homelessness: with the introduction of the prevention and relief duties, many more people have fallen within the statutory framework. Moreover, the introduction of a 56 day period for which people are threatened with homelessness, extended from 28 days, has meant that many of the cases which would previously have been captured by the advice and assistance duty now fall under the prevention duty.

4.1.2. Increased awareness and referrals: Councils have also seen an increase in the absolute number of presentations, particularly from single homeless people. This is attributed to increased awareness of new provisions, including from public agencies which are required to refer people at risk of homelessness to local housing authorities under the Duty to Refer.

4.2 However, a significant minority of councils see increased presentations as a reflection of increased demand pressures, and independent from the introduction of the Act. These pressures are attributed to factors including: welfare reform, an increase in property prices, a reduction in other core public services, increases in the level of complex needs amongst people presenting, increases in "no fault" evictions from the private rented sector, and the roll out of universal credit

4.3 Similarly to trends in presentations, most councils responding to the LGA's survey saw the number of people in both temporary and emergency accommodation increase following the Act's implementation: 61 per cent of respondents have seen increases in the number of people in temporary accommodation, including 21 per cent for whom these increases were significant. Only eight per cent and six per cent of respondents say numbers in temporary and emergency accommodation respectively have decreased.

4.4 Similarly, the length of time spent by people in temporary and emergency accommodation has also increased for the majority of councils: 60 per cent of councils are seeing longer stays in temporary accommodation, and 68 per cent in emergency.

4.5 Councils describe this as being a result of increased demand for both interim and temporary accommodation, particularly at the stage where applicants are owed the relief duty. This is an expected consequence of the increases in caseloads resulting from the Act.

4.6 However, councils are simultaneously experiencing a lack of move-on accommodation, which is preventing people from leaving temporary accommodation even as demand increases.

4.7 This finding runs counter to the assumption in the Government's new burden assessment<sup>iii</sup> that the costs to local authorities of providing temporary accommodation will have been neutralised by year two of the Act's implementation. Indeed, councils responding to our survey are seeing increased proportions of

funding being diverted towards the provision of temporary accommodation, reducing their ability to provide the preventative services which would have eventually driven down costs.

## **5. Issues with the Act's implementation**

5.1 The most significant challenge for councils in the implementation of the Act – both prior to implementation and six months on – is H-CLIC. For 40 per cent of respondents, it presents “significant” issues relating to the lateness of the guidance and subsequent changes to reporting requirements, problems entering data into the system, and the amount of time needed to provide the required information.

5.2 Many councils (52 per cent) also highlighted IT systems as a barrier, alongside a shortage of experienced staff and difficulties caused by the lack of timely guidance and case law in relation to interpreting the act. Issues relating to funding and lack of housing were reiterated by respondents as continuing to present issues.

5.3 For some councils, difficulties were manifesting in staff wellbeing, recruitment and retention: of the 31 per cent of respondents who indicated an increase in sickness absence levels, increased workload and stress were most commonly cited as reasons. Similarly, workload issues and recruitment difficulties were commonly cited as reasons for increases in the staff vacancy rate, for the 38 per cent of councils where this rate had increased.

5.4 Many councils have stated that dealing with the administrative burden of the Act is actively diverting staff time away from preventing people's homelessness.

## **6. Costs of the Act**

6.1 The Act's implementation has come at a time of significant funding constraints on local government: LGA's analysis shows that local homelessness services will be facing a funding shortfall of £110 million by 2019/20, and £421 million by 2024/25.

6.2 New burdens funding for the Act is welcome, but insufficient in this context, particularly as the funding is intended to support councils to deliver new duties, rather than to reduce homelessness.

6.3 Even here, there is a shortfall in new burdens funding, driven by the implementation issues outlined in section five: Almost one third (29 per cent) of the respondents to the LGA's survey did not think they had been sufficiently resourced to deliver their new duties, with an average funding gap of £155,180, or 93 per cent of current HRA funding. In terms of staffing resources, the average shortfall was four full-time equivalent, although for one respondent this was as high as 15 FTE.

6.2 Increased casework was cited as the main cause of unfunded costs. To some extent, this is due to increased presentations: for 24 per cent of respondents, increased footfall was a significant driver.

6.3 However, for almost all (97 per cent) of respondents, changes in costs could be attributed to increased workload per applicant; for 67 per cent, this was a significant factor. Underlying this is increased casework – both for the prevention and relief duties – and, significantly, the administrative burden associated with the Act, as outlined in section five of this response.

6.4 Councils also expressed concerns that they were dependent on New Burdens and other time-limited funding to deliver the requirements of the Act, and could not

guarantee that this funding would be available in the longer-term.

## **7. Councils' homelessness provision**

7.2 Despite funding and implementation issues, councils have used the Act as an opportunity to take positive, proactive steps to review and realign their homelessness provision following the introduction of the Act: our survey found that 72 per cent have developed a new homelessness strategy or reviewed their provision. Many of these reviews are taking place in partnership with partner agencies, in recognition of the fact that tackling homelessness requires the input of a variety of support services. Several others are in the process of reviewing or implementing a rough sleepers' strategy.

7.3 For many councils, this has led to a review and restructure of their services, e.g. integrating services across housing, health and social care and improving joint commissioning. Many others have restructured to introduce triage or first contact teams, and improved the capacity of their frontline services.

7.4 Others have introduced or expanded interventions with a focus on prevention, e.g. landlord incentive schemes, the provision of tenancy training, rent bonds, and increased specialist and temporary accommodation.

7.5 As a result, 60 per cent of councils feel they are better able to prevent homelessness for people who weren't previously covered by statutory provisions – i.e. single homeless people. Respondents attribute this to more targeted support for people in these groups, along with increased prevention support funded through a variety of means, and the ability to intervene earlier. This group of people has also seen the most marked change in terms of councils' ability to relieve homelessness: 52 per cent of councils reported improvements.

7.6 However, for all other groups of applicants, the most common response from councils was that there had been no change in their ability to prevent or relieve homelessness.

7.7 Just under half of councils reporting no changes in their approach stated that this was because they had already been delivering the principles of the Act prior to new legislation, by e.g. providing support for people who weren't in priority need, or realigning services towards prevention.

7.8 For others, however, the lack of change was attributed to a continued inability to access support – particularly affordable housing.

## **8. Housing is a significant barrier to homelessness prevention and relief**

8.1 Councils are ambivalent on whether the Act has affected their ability to house people. In the LGA's survey, 12 per cent stated that it had improved – largely due to more applications having their homelessness prevented before reaching the main duty stage - whereas 11 per cent said it had worsened. For the majority, the Act has not changed the underlying issues relating to housing, which is a significant factor in councils' ability to support people.

8.2 For two-thirds (66 per cent) of respondents, access to housing in the private rented sector is having a great impact on their ability to meet needs. Access to social housing is less of a concern, although it still impacts 43 per cent of respondents to a great extent: councils cite a rise in affordability checks and requests for rent in advance by housing associations. In many cases, right to buy

has also led to a significant decrease in council housing stock. Shortages are particularly acute where tenants are seen as “higher risk”, e.g. if they have multiple needs.

8.3 Relatedly, affordability in the PRS is a great or moderate factor for 86 per cent of respondents. Concerningly, social housing also presents significant affordability issues: 77 per cent of respondents cited this as a great or moderate factors in their ability to meet people’s needs.

8.4 Respondents drew strong links between unaffordability and welfare reform, which in itself was cited by almost all (92 per cent) councils as affecting their ability to meet people’s needs. The local housing allowance and universal credit were singled out by the majority of respondents as creating shortfalls and delays in rent payments, which in turn hardens landlords’ attitudes towards welfare claimants. For some respondents, this was having knock-on effects, including an increase in out of area placements, with subsequent negative impacts on household and community wellbeing.

8.5 Several councils take mitigating action against this, including using funding intended for homelessness prevention to cover gaps between welfare payments and rent; however, these solutions are seen as less sustainable options than the mainstream welfare system.

## **9. Supporting people who are homeless remains difficult**

9.1 As outlined in section seven, councils’ ability to support people – with the exception of single homeless people – has remained largely unchanged since the implementation of the Act.

9.2 In addition to issues with housing, and their inter-relationship with welfare reform, councils cite several other factors as negatively affecting their ability to tackle homelessness.

9.3 The first is the wider context of local authority finance: LGA analysis<sup>iv</sup> shows that councils’ homelessness services are facing a funding gap of £110 million by 2019/20, and £421 million by 2024/25. More broadly, local services will face an £8 billion funding gap by 2024/25. Additional homelessness funding announced recently, whilst welcome, has not closed this gap. As a result, local authorities’ services are increasingly focused on meeting their statutory duties, e.g. providing temporary accommodation, and funding and effort are being diverted from more cost-effective prevention activities.

9.4 Moreover, councils’ experience of existing central government funding for homelessness services is that it can be prescriptive, fragmented and unstable, particularly as both the Act’s new burdens funding, and the flexible homelessness support grant, are due to end. This directly affects their ability to tackle homelessness, by limiting their ability to:

9.3.1 Build supported housing, where sunk costs can be significant and need to be recouped over many years, and where capital funding needs to be accompanied by sustainable funding for support provision

9.3.2 Successfully engage partners which require long-term certainty

9.3.3 Recruit, train and retain a skilled workforce, which also requires medium-to-long-term certainty

9.4.4 Strategically plan provision around what is needed in their local area – instead, local authorities find themselves working increasingly reactively, and moulding provision around the requirements of available funding.

9.4.5 Maintain a focus on core work, as increasing amounts of staff time are being diverted towards making funding applications

9.5 Short-term approaches to funding also undermine the principles of the most successful initiatives, such as Housing First, which require support to be open-ended and flexible to be most effective for people with complex needs.

9.6 The second, key factor identified by councils as limiting their homelessness prevention is an increase in the complexity of people's needs: Respondents to the LGA's survey describe an increase in the proportion of people presenting with complex support needs, including substance misuse and mental health.

9.7 This is corroborated by national data: The April/June 2018 statutory homelessness statistical release<sup>v</sup> – where the number of households with support needs has been measured for the first time – records a 48 per cent prevalence of households with support needs, including e.g. experience of domestic abuse and history of mental health problems.

9.8 Against this context, the engagement of a wide range of public sector partners is extremely important for successfully tackling homelessness. However, wider local service funding cuts have affected these partners too. Councils responding to the LGA's survey cited gaps in support, particularly in areas which were previously funded by Supporting People, as well as specialist accommodation, adult social care, drug and alcohol services, floating support, and mental health services.

9.9 The Duty to Refer is a step in the right direction; however, councils have expressed concerns that it risks an increase in the number of public sector partners which shunt their responsibility to help to prevent homelessness onto the local housing authority. In the LGA's view, more statutory direction for these partners would help to give homelessness prevention the priority it needs.

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<sup>i</sup> <https://www.local.gov.uk/duty-refer-opportunity-cooperate-tackle-homelessness>

<sup>ii</sup> <https://www.local.gov.uk/homelessness-reduction-act-survey-2018-survey-report>

<sup>iii</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/652196/HRA\\_new\\_burdens\\_assessment\\_pro\\_forma.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652196/HRA_new_burdens_assessment_pro_forma.pdf)

<sup>iv</sup> Available on request

<sup>v</sup>

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/764301/Statutory\\_Homelessness\\_Statistical\\_Release\\_April\\_-\\_June\\_2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764301/Statutory_Homelessness_Statistical_Release_April_-_June_2018.pdf)