



Managing Homelessness Responsibilities

A Case Study of six London Authorities

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The project

Late last year LSE London was asked by the North London Housing Partnership to examine the procurement and prevention business models used by the six member boroughs (namely Barnet, Camden, Enfield, Haringey, Islington and Westminster); how they might learn from each other's experience; the factors affecting increases in the numbers requiring assistance; and the difficulties in finding accommodation; and then to draw conclusions on what could be done differently to support a new, more radical homeless support framework. It was also hoped that the analysis and the lessons learned would be of value more widely across London. This paper draws out some of the more general lessons learned.

The methodology concentrated on interviews with Housing Directors, Heads of Service of Temporary Accommodation and other senior members of staff from the six boroughs as well as other key stakeholders. Relevant statistical data and other published material were also analysed.

Comparing the six North London Boroughs

The core message from the comparisons is that each borough works differently - they have different business models, different opportunities, different demographics, and different priorities. The six boroughs run from the centre of London to the outer London border so the fact that they faced different challenges was not surprising but what was rather less predictable was how much their responses to their different environments themselves differed from one another. On the available evidence we would expect that finding to be replicated across all London boroughs.

All interviewees stressed prevention as their main objective and importantly have been doing so for many years, long before the Homelessness Reduction Act in 2017. However, their strategies for meeting these objectives differed widely. All felt that they had made significant progress in developing their prevention strategies to meet their specific needs. However, there was widespread concern that macro-economic conditions, the cost of living crisis and the way the general housing market is operating may reverse much of the progress that the six boroughs have made over the last few years.

Organisational structure. Each borough has a different structure and business model. At one extreme one borough outsources their whole homelessness operation. Another owns an independent organisation with full operational responsibility. Four boroughs operate through Council Departments with varying numbers of teams covering different roles. Importantly, a number were making changes to their models to address issues arising from the current subsidy system and the worsening market for temporary accommodation.

Numbers and types of households. Taking the six boroughs together, the proportions in TA are very similar to London as a whole. At the LA level based on the proportion of the local population in TA the numbers however vary enormously, ranging from 50% above the London average to 70% below. This in part reflects the make-up of the partnership – covering from central London to the margins of the Outer South East.

There are also enormous differences between boroughs in the types of households accommodated in temporary accommodation. In five out of the six boroughs households with children made up the majority but in one borough the proportion of single adults was over 70%. Understanding demographic attributes and the reasons why the people coming forward are so different is a necessary prerequisite for determining the most suitable approach to reducing these numbers.

Types of accommodation. The use made of different types of TA accommodation also varies enormously between boroughs. On average, nightly paid accommodation dominates, accommodating more than 4 in 10 households in TA; followed by private leases. Four of the boroughs had higher proportions than the London average in these two types of accommodation but two had significantly lower levels. Again, this is as much about history than anything to do with the current crisis. But it is a matter of concern that policies introduced over the last few years intending to reduce the proportions of nightly paid accommodation appear to have had little success.

In or out of borough? Accommodating households within borough is almost always the preferred solution. Yet in all six boroughs significant proportions are accommodated out of borough ranging from three boroughs at around 30% to one at well over 50%. We learned that, unsurprisingly, where people were accommodated out of borough depended on rents as well as distance and the proportions of privately rented accommodation in the receiving boroughs.

Very few households are accommodated out of London and when they are this is usually by choice. One borough allocates by travel time rather than boundaries – which makes sense if travel opportunities are related to distance, especially for households with children at local schools. Using out of London accommodation might similarly reduce disruption.

Private sector leasing. The six boroughs have very different policies, ranging from finding leasing too constraining to providing the majority of TA mainly through three to five year leases. The highest proportion of private leases accounted for 2 out of 3 of the borough's TA. Three others saw it as valuable, while two were deliberately running the number of existing leases down. All are finding private sector leases difficult to renew.

The role of the PRS: ASTs and TA. ASTs are now being used by the majority of the six boroughs to discharge their prevention duties. Only two do not rely on this approach.

LAs procure directly or through other more specialist organisations or platforms. Some have depended heavily on Capital Letters, set up to operate across London; others are not members. Whatever, all are now increasingly procuring directly. All note that procurement, whoever is taking the responsibility is becoming more and more difficult.

In all six boroughs privately owned accommodation makes up the majority of provision. The restriction of housing benefit to 2011 levels is leading to different approaches - one important

trend is in the increasing role of LA owned housing companies/ housing associations/ platforms to accommodate those in TA.

Ending the prevention duty. The numbers of households for whom the prevention duty ended in each quarter vary greatly between the authorities, as does the proportion ended by securing accommodation for six plus months and the proportion able to remain in their existing accommodation. All boroughs make incentive payments to existing landlords both to let to tenants in TA and to extend existing AST tenancies where the landlord is willing to maintain the tenancy. What is not clear is how much these incentive payments are. While the Department argues they are by far the cheapest approach, there is no published evidence which allows us to understand either the cost per unit or how long the tenancies are sustained.

Acquisition policy and numbers. All six boroughs have acquisition programmes but each organises it in a different way and numbers acquired also vary considerably. This has mainly been a result of grants, notably from the GLA for Right to Buy Backs, and the low interest rate environment but also positive policy decisions. However, most programmes are now likely to be forced to pause as economic conditions change.

Use of regeneration properties. All six boroughs use properties scheduled for regeneration to accommodate households in TA. Opportunities vary considerably. Three have hardly any regeneration units available at the moment, others are expecting fewer numbers as regeneration programmes are paused.

Moving on and the allocation of social housing. Some 45% of those accommodated in TA by the six boroughs had been there for five years or more – considerably above the London average of 30%. Numbers vary between the six boroughs from zero to over 60%.

In half the boroughs, households in TA get no special treatment with respect to allocations to social housing - except for those who entered TA before the Localism Act who have a right to social housing. In the other three boroughs, households leaving TA take up significant proportions of social lettings. There is increasing emphasis on direct allocation rather than choice based lettings and within those using the choice based system some are giving additional points to incentivise those who are prepared to move out of TA into the privately rented sector.

Ukrainian and Afghan Refugees and Asylum Seekers. Numbers again vary enormously – partly because of where hotels have been located by the Home Office. An unknown proportion may come forward as homeless as initial arrangements end or status is determined.

Net Costs of Homelessness Provision. The net cost (expenditure on homelessness less the grant received) - varies greatly between boroughs. Reasons include total numbers coming forward, numbers and types of households in TA, rent levels in the private rented sector and where those accommodated are located. The government had intended to change the allocation formula for the HRG potentially leading to grant reductions in four of the six NLHP boroughs – but this has now been put off for 2 years, when the allocations will be reviewed.

Some messages from the interviews

The interviews reflected the very different approaches taken by the six boroughs, arising from both different political pressures and different economic and housing environments.

The government's emphasis on prevention is reflected in all the boroughs' very varied strategies. Overall, prevention appears to be a successful policy in terms of stopping households entering TA. However, it is not clear that boroughs can adequately track whether households whose prevention duty is met though ASTs then re-emerge as homeless at a later date. Nor is there any published evidence on the costs of successful incentives.

There was very considerable enthusiasm across boroughs for expanding acquisition programmes which could be used for TA purposes. There was equally huge concern that changes in both prices and interest rates were likely to curtail these initiatives. Similar issues relate to the amount of TA accommodation related to regeneration programmes.

The continued importance of nightly paid accommodation, while it provides flexibility, is a matter of concern. Private leasing has provided greater security for some boroughs. Both appear to be under threat in the current housing environment.

The idea that homeless households should, where possible, be located in their own borough is embedded in political thinking about homelessness solutions. But where TA and ASTs accommodation is located is significantly a matter of affordability and market pressures.

There are tensions between helping those in TA and those on the social housing waiting list which are addressed in different ways. But if social housing is not on offer, this leaves few long-term solutions unless the household's conditions change or the TA provided is inadequate enough that people choose to move out.

The most fundamental issue currently is around each borough's residual responsibilities, by which the General Fund must pay for any shortfall in homelessness funding. This is an increasingly important issue as rents rise further above the local LHAs.

The Current Position

So far, there have not been large increases in the numbers of households coming forward in need of accommodation but rather the supply of privately owned accommodation has declined resulting in greater competition – both between those accommodating homeless households, including the Home Office (which tends to outbid local authorities) and much more widely across the privately rented sector.

IBAA agreements are often being ignored and there is pressure to increase payments for nightly paid accommodation across the board. Whether the 10% suggested will significantly increase supply is not clear.

The shift in expectations between July and mid-November – ie between our two sets of interviews - is extraordinary. It is mainly a result of changes in macro-economic conditions rather than anything specific to homelessness and TA. But there were also particular concerns for instance about the impact of interest rate rises on their capacity to acquire additional units and increasingly about the availability and affordability of private rented housing more generally. These concerns are not yet reflected in available data.

The other major area of concern is how much the private rented sector has tightened, increasing rents to unaffordable levels and limiting the supply of ASTs. It is reasonable to expect that the supply of ASTs for prevention purposes and of privately provided TA is likely to be particularly squeezed because they are mainly in the lower part of the market. Interviewees are right to be extremely concerned even if the major problems turn out to be relatively short lived. Their statutory duties are immediate.

Conclusions and recommendations

The most fundamental issue with respect to homelessness is whether and how statutory duties are to be met. Inherently most of the emphasis is on day-to-day practicalities but there are examples of serious internal re-thinking and restructuring.

The Homeless Reduction Act was perceived as an attempt to make the system more comprehensive. This has helped change the mix of households coming forward and increased the range of ways those threatened by homelessness can be helped. However, the use of ASTs at the prevention stage makes the system more vulnerable to the sorts of pressures that we are currently seeing.

Any increases in the costs of TA that are not covered by the HRG must be paid for from the General Fund and subject to the requirement that the budget is in balance at the end of each year. To achieve this councils may have to make savings in non-statutory activities or to meet statutory requirements in cheaper ways.

The government has enabled boroughs to raise council tax which could help cover increases in the net expenditure on homelessness. However, there are many other services in need of additional funds and the government has expectations that most of the new money will go to adult social care. Inevitably there will be trade-offs that will need to be made about funding spent on non-statutory requirements. This is likely to impact on investment and staffing decisions as well as on homelessness provision.

Local politics involves issues about what types of prevention and TA is acceptable, where TA is located and what sort of move-on accommodation should be provided. Some of these views may have to change as the system becomes more restrictive.

National politics particularly affects the private rented sector including its role in providing for those accepted as homeless. There is also concern that despite significant differences in both numbers and particularly the length of time spent in TA, government increasingly appears to believe that London should not be treated differently and even that the British approach to homelessness is too generous.

What strategies might boroughs adopt?

Business models

There is very little sign of convergence – each borough has its own political and policy history with different (but often not clearly identified) priorities. Each borough uses different ways of meeting their statutory obligations and each faces a different housing and economic environment. These fundamental differences are in-built and unlikely to change across London.

Individual initiatives that were identified as worth pursuing include the use of LA owned housing companies and agents/platforms better to link into private sector opportunities as well as housing associations which can build or acquire properties. Another set of initiatives relate to types of move-on accommodation. There are further initiatives to free up appropriate accommodation by encouraging movement within the social rented sector. However, there are relatively few explicit policies (except priority points) that directly aim to reduce the numbers staying in TA for long periods.

Competition and co-operation

LAs tend to compete with one another even if that increases overall costs. Inter borough agreements exist to try to reduce this practice which otherwise drives up rents to the benefit of landlords. Even if these agreements are not fully successful, the approach is still worthwhile as is a shared understanding of what landlords are looking for. Sharing data and experience would help. Simple empirical analysis of the environment in which policies are being implemented and sharing these results could help to improve decision making. The same applies to cost benefit analysis. For example, there is no publicly available data on the extent of repeat homelessness.

Specific initiatives discussed include working with landlords; expanding where boroughs are prepared to house those in TA; using available vacant land more creatively – eg for modular housing; more inter-borough cooperation with respect to refugees and asylum seekers.

What should Government do?

The most immediate concerns must be the limits placed on the LHA which is a matter for DWP but also Discretionary Housing Payments. Both need immediate review.

Repealing Section 21 is an important way in which the flow of evictions leading to homelessness could be reduced. Lessons should be learned from how social landlords addressed the problems of eviction during covid by more tenant-oriented procedures. Government should also address concerns that landlords will be less prepared to let to homeless households when leases become periodic.

Cutting the time that households are in TA is just as important as the numbers accepted. An analysis of policies used by the boroughs to speed move on would help develop more coherent policies. Central government should regard this as just as important as prevention.

The Department should look at options for supporting acquisition programmes given the current macro-economic conditions. They should also review the potential for providing TA on 'meantime' land.

An internal review of H-CLIC should be carried out covering (i) the accuracy of the data and (ii) what other data and analyses could be provided on a regular basis. There is a paucity of research on what policies work, what do not and why.

Another immediate requirement is to improve the data available on refugees and asylum seekers. There is a dearth of even minimal information.

Finally, there are important areas where LAs should be influencing central government by providing evidence-based material on the need for change with respect particularly to the LHA, the replacement for S21, and the impact of the HPG allocations.