

The homelessness monitor: England 2015

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February 2015



The homelessness monitor 2011-2016

The homelessness monitor is a five year study that will provide an independent analysis of the impact on homelessness of recent economic and policy developments in England. The key areas of interest are the homelessness consequences of the post-2007 economic recession and the housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare, housing and other social policy reforms, including cutbacks in public expenditure, being pursued by the Coalition Government elected in 2010.

This year 4 report monitors the impact on homelessness of the economic downturn and effects of welfare and housing reform and analyses key trends from the baseline account of homelessness established in 2011 up until 2015, or as close as 2015 as data availability allows. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments likely to have the most significant impacts on homelessness. We will continue to monitor the impact on homelessness of the economic downturn and effects of welfare and housing reform over the year in order to provide a substantive evidence base and will report on them in 2016.

While this report focuses on England, parallel Homelessness Monitors are being published for other parts of the UK.

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About Crisis UK

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

About the authors

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Disclaimer: All views and any errors contained in this report are the responsibility of the authors. The views expressed should not be assumed to be those of Crisis, the Joseph Rowntree Foundation or of any of the key informants who assisted with this work.

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Acronyms

AR	Affordable Rent
AST	Assured Shorthold Tenancy
B&B	Bed and Breakfast
BHPS	British Household Panel Survey
CEE	Central and Eastern European
CHAIN	Multi-agency database recording information about rough sleepers and the wider street population in London
CIH	Chartered Institute of Housing
CORE	COntinuous REcording of Lettings and Sales in Social Housing in England
CPI	Consumer Price Index
CTB	Council Tax Benefit
CTS	Council Tax support
DCLG	Department for Communities and Local Government
DHP	Discretionary Housing Payments
DLA	Disability Living Allowance
DV	Domestic Violence
DWP	Department for Work and Pensions
EEA	European Economic Area
EHS	English Housing Survey
ESA	Employment and Support Allowance
FTT	Fixed Term Tenancy
GDP	Gross Domestic Product
GLA	Greater London Authority
HB	Housing Benefit
HCA	Homes and Communities Agency
HTB	Help to Buy
JRF	Joseph Rowntree Foundation
JSA	Jobseekers Allowance
LA	Local Authority
LFS	Labour Force Survey
LHA	Local Housing Allowance
LWA	Local Welfare Assistance
MEH	Multiple Exclusion Homelessness
MWG	Ministerial Working Group on Homelessness
NDDs	Non-dependant deductions
NSNO	No Second Night Out
NPSS	National Practitioner Support Service
OBR	Office for Budget Responsibility
ONS	Office for National Statistics
PRS	Private Rented Sector
PSE	Poverty and Social Exclusion Survey
SAR	Shared Accommodation Rate
SMD	Severe and Multiple Disadvantage
SNAP	Survey of Needs and Provision
SP	Supporting People
SPCR	Supporting People Client Record
TA	Temporary Accommodation
UC	Universal Credit
UK	United Kingdom
UN	United Nations

Foreword

The Homelessness Monitor England is an annual state-of-the-nation report looking at the impact of economic and policy developments on homelessness.

For several years now, Crisis and others have been raising serious concerns about the impact of welfare reforms, especially at a time when councils are struggling with diminishing resources and growing demand for services.

Yet the homelessness statistics have presented us with a challenge. Despite steady reports of worsening conditions on the ground, the past two years have seen a levelling-off of headline homelessness figures.

Drawing on a survey of councils combined with new statistical analysis and in-depth interviews, this report reveals how official homelessness figures are masking the true scale of the problem. In fact, nearly two thirds of councils think they no longer reflect trends in their area. And the reason? Councils in England have been changing the way they deal with homelessness and have become increasingly reliant on more 'informal' responses that are recorded separately - such as financial assistance and debt advice, assistance to stay in a tenancy or family mediation.

The bottom line is that we can no longer rely on these figures to show national trends.

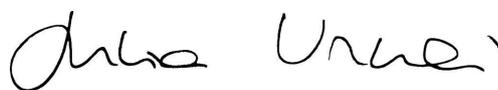
Instead, this report sets out a new analysis showing how the number of people facing – or at serious risk of – homelessness has risen steeply, a trend that has gone largely unnoticed by Government or the media because it isn't reflected in the headline statistics. Clearly, the Government need to collect better information from councils so we can track what's genuinely happening on the ground.

The report also provides a clear picture of why homelessness has risen so sharply. Our findings show that welfare cuts and changes have left growing numbers of people struggling to keep a roof over their heads, with more than half of councils fearing worse is yet to come. Council officials provide stark accounts of people facing hardship because of sanctions; being unable to find a home on housing benefit; or being forced out of their local area. Many also raise serious concerns about the future impact of the bedroom tax and cuts to Local Welfare Assistance.

Combined with a housing crisis that successive governments have failed to tackle, welfare cuts and sanctions are taking a dreadful toll on people's lives. Worst affected are London and the South, where housing pressures and overcrowding are most severe. This report is clear that political choices have a huge impact on homelessness. As we approach the general election, we want to see all main parties taking homelessness seriously as an issue. The problem is even worse than we feared and we need a firm commitment to tackle it.



Jon Sparkes
Chief Executive, Crisis



Julia Unwin
Chief Executive, Joseph Rowntree Foundation

Executive Summary

Key points

The Homelessness Monitor series is a five-year study that provides an independent analysis of the homelessness impacts of recent economic and policy developments in England and elsewhere in the UK.¹ This fourth annual report updates our account of how homelessness stands in England in 2015, or as close to 2015 as data availability allows. The research was commissioned in response to concerns about the impact of the recession and the Coalition Government's welfare and housing reform agenda on homelessness in the UK.

Key points to emerge from the 2015 update report for England are as follows:

- Officially estimated rough sleeper numbers have continued to grow, with the 2013 national total up 37% on its 2010 level. In the last two years, however, the annual rate of increase has been more modest at around 5%, though continued growth in the more 'entrenched' rough sleeping cohorts in London is a matter of particular concern. New restrictions on the Housing Benefit entitlements of European Economic Area migrants from April 2014 may further contribute to rough sleeping amongst Central and Eastern European nationals.
- At 52,000, annual statutory 'homelessness acceptances' were 12,000 higher across England in 2013/14 than in 2009/10, though they did fall back 2% in the most recent year.
- However, these headline homelessness acceptance statistics are of declining utility in tracking national trends, as increasingly they reflect changes in local authority management of homelessness that is tending to encourage applicants to choose informal 'housing options' assistance instead of making a statutory homelessness application.
- Including such informal 'homelessness prevention' and 'homelessness relief' activity, as well as statutory homelessness acceptances, there were some 280,000 'local authority homelessness case actions' in 2013/14, 9% up on the previous year (and 36% higher than in 2009/10). Prevention activity alone constituted some 228,000 cases in 2013/14 - 12% higher than the previous year and 38% up on 2009/10.
- The statutory homelessness statistics remain instructive in highlighting regional divergence, with London's homelessness acceptances up by 80% in the four years to 2013/14, contrasting with a 14% reduction in the North.
- Almost three quarters of the increase in homelessness acceptances over the past four years was attributable to the sharply rising numbers made homeless from the private rented sector. In London this pattern was even more manifest, with the annual number of London acceptances resulting from private tenancy terminations rising from 925 to 5,960 in the four years to 2013/14.
- Temporary accommodation placements rose 6% during 2013/14, and are up 24% since their low point in 2010/11. 'Out of district' placements have increased by 26% over the past year, and now account for 24% of the national total (up from only 11% in 2010/11). Such placements mainly involve London boroughs.
- The scale of hidden homelessness is evident in the 2013 estimate of 2.23 million

¹ Parallel Homelessness Monitors are being published for Scotland, Wales and Northern Ireland. All of the UK Homelessness Monitor reports are available from <http://www.crisis.org.uk/policy-and-research.php>

households containing concealed single persons in England, in addition to 265,000 concealed couples and lone parents. On the most recent (2012) figures 685,000 households (3.1%) were overcrowded in England, maintaining the higher levels seen over several years. Both concealed and overcrowded households can often be stuck in that position for considerable periods of time.

- The ongoing regional divergence in homelessness patterns, and particularly the acute crisis in London, strongly suggests that housing system factors are playing a critical underlying role. The continuing shortfall in levels of new house building relative to levels of household formation, in a context where there are already substantial numbers of concealed and sharing households, and severe levels of overcrowding in London, is a prime structural contributor to homelessness.
- The UK economy has now recovered to pre-credit crunch levels, but policy factors – particularly ongoing welfare benefit cuts – have a more direct bearing on levels of homelessness than the economic context in and of itself.
- Two aspects of the Local Housing Allowance reforms have caused particular concern with respect to homelessness. The first is the impact of the Local Housing Allowance caps in reducing access to the private rented sector for low income households in the high value areas impacted by the caps, particularly central London. The second is the impact of the Shared Accommodation Rate, as now applied to single people aged up to 35, in reducing their access to the private rented sector.
- The other most problematic aspects of the recent welfare reforms include: sanctions under Jobseekers Allowance/Employment and Support Allowance; the overall benefit caps; the ‘Spare Room Subsidy limit’ (widely known as the ‘Bedroom Tax’²); the Council Tax benefit reforms; and localisation of the Social Fund. Of these, it is the tightened sanctions regime and the ‘Bedroom Tax’ that have recently generated most anxiety.
- Questioned in August 2014, only one in ten local authority homelessness managers believed that the homelessness impacts of welfare reform had largely ‘run their course’; most anticipated that such impacts would accelerate over the next two years. London respondents were most likely to forecast diminishing impacts of welfare reform, in part because such impacts had already been so dramatic in, for example, displacing benefit-reliant families from the private rented sector in the capital.
- Discretionary Housing Payments have become crucial in enabling many households affected by benefit reforms to sustain their accommodation, leading to fears of significant homelessness implications, and even more significant geographical displacement effects, if/when Discretionary Housing Payments are scaled back.
- The Localism agenda is undermining the national ‘housing settlement’ which has hitherto played an important role in ameliorating the impact of income poverty on disadvantaged households. The move towards less secure tenancies and closer to market rents is weakening the safety net function of the social rented sector, particularly in London, while the local restriction of waiting lists risks

2 Officially this measure is known as the ‘Spare Room Subsidy limit’, but outside of government it is almost universally referred to as the ‘Bedroom Tax’. While neither term is entirely satisfactory we have here bowed to the majority usage.

excluding some marginalised groups from mainstream social housing.

- While the Government has supported a range of homelessness-specific initiatives, which many local authorities feel have contributed to an improvement in single homelessness services in their areas, these targeted and time-limited programmes cannot compensate for the substantial cuts in mainstream Supporting People funding that have taken place over the past five years.

Defining homelessness

A wide definition of homelessness is adopted in this Homelessness Monitor series to enable a comprehensive analysis taking account of: people sleeping rough; single homeless people living in hostels, shelters and temporary supported accommodation; statutorily homeless households; and those aspects of ‘hidden homelessness’ amenable to statistical analysis using large-scale surveys, namely ‘concealed’,³ ‘sharing’⁴ and ‘overcrowded’⁵ households. Three main methods have been employed in each phase of the study to date: reviews of relevant literature, legal and policy documents; annual interviews with a sample of key informants from the statutory and voluntary sectors across England (22 such interviews were conducted in 2014); and detailed analysis of published and unpublished statistics, drawn from both administrative and survey-based sources. For the first time this year we have also conducted a bespoke online survey of England’s 326 local authorities (in August/

September 2014), which achieved an overall response rate of 43% (52% in London).

Trends in homelessness

Overall distribution of homelessness

Last year’s Monitor reported that our social distribution analysis, based on the UK Poverty and Social Exclusion Survey 2012, confirmed that past experience of homelessness is heavily concentrated amongst young, poor, renters, who are lone parents or single, particularly those who are black and living in urban areas of the country. Nine per cent of adults in England have experienced homelessness at some point in their lives, the highest rate amongst the UK countries, with 8% of under-25s reporting that this has happened to them in the last five years. These data imply that around 185,000 adults experience homelessness each year in England, and that the incidence has been increasing over time.⁶

Rough sleeping

This year’s Monitor reports that officially estimated rough sleeper numbers have continued to grow, with the 2013 national total up 37% on its 2010 level,⁷ rising from 1,768 to 2,414 over this period. In the last two years, however, the annual rate of increase has been modest at around 5%. As these estimates are best regarded primarily as a basis for trends analysis rather than an attempt at a ‘true’ absolute number,⁸ we explored possible alternative ways of estimating the extent of rough sleeping across the country. Drawing on a combination of administrative and survey datasets, we have developed exploratory

3 ‘Concealed households’ are family units or single adults living within other households, who may be regarded as potential separate households that may wish to form given appropriate opportunity.

4 ‘Sharing households’ are those households who live together in the same dwelling but who do not share either a living room or regular meals together. This is the standard Government and ONS definition of sharing households which is applied in the Census and in household surveys. In practice, the distinction between ‘sharing’ households and ‘concealed’ households is a very fluid one.

5 ‘Overcrowding’ is defined here according to the most widely used official standard - the ‘bedroom standard’. Essentially, this allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members.

6 This estimate is derived by multiplying the proportion who report having been homeless over the past 5 years (PSE) x adult population (Census) / 5. This assumes even temporal spacing of homelessness, and only one episode per person.

7 DCLG (2014) Rough sleeping statistics: autumn 2013 and autumn 2010. <https://www.gov.uk/government/collections/homelessness-statistics#rough-sleeping>

8 Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*; London: Crisis.

estimates of between about 4,000 and 8,000 people sleeping rough in England on a typical night in 2010/11, at a time when official estimates were of less than 2,000.⁹ This range is indicative of the degree of uncertainty attached to any such exercise.

In London specifically, the more comprehensive rough sleeper monitoring data available from the St Mungo's Broadway CHAIN system¹⁰ tells a fairly similar story on trend trajectory. While a growth dynamic has continued, with 2013/14 numbers of people seen sleeping rough up 64% since 2010/11 (from around 4,000 to 6,500), the rate of increase fell, with an annual rise of only 1% in 2013/14 compared with 13% the previous year. However, a continued steady growth in the more 'entrenched' rough sleeping cohorts in London is a matter of particular concern, with more than 2,000 people classed under the CHAIN system¹¹ in 2013/14 as longer-term or 'returner' cases – people also logged as rough sleepers in 2012/13 or in a previous year¹² – up 3% on 2012/13. Commenting on this trend, some key informants suggested that one possible contributory factor was cutbacks in Supporting People 'preventative' services that made it more difficult for vulnerable groups to sustain their accommodation.

It seems likely that the upward trend seen in recent years has been moderated partly by government initiatives such as the No Second Night Out programme,¹³ initiated in London in

2011/12 and more recently rolled-out across England. However, strong concerns were expressed by a number of our key informants this year that new restrictions on the Housing Benefit entitlements of European Economic Area migrants, implemented from April 2014, may further contribute to rough sleeping amongst Central and Eastern European nationals.¹⁴

Statutory homelessness

The three years to 2012/13 saw an expansion of 27% in the recorded statutory homelessness caseload in England, as reflected by the total number of formal local authority assessment decisions, with these growing from 89,000 in 2009/10 to 113,000 in 2012/13. Similarly, households 'accepted as homeless' (formally assessed as unintentionally homeless and in priority need) rose by 34%, from 40,000 to 52,000. In 2013/14, however, both the overall volume of statutory assessments and the number of homeless acceptances fell back slightly. While remaining 26% higher than in 2009/10, total decisions were down by 1% in 2013/14 and acceptances were down by 2%.¹⁵

In interpreting such trends, however, it is crucial to factor in changes in administrative practice. In our 2014 local authority survey 81% of respondents reported that an emphasis on pro-actively preventing homelessness had 'further increased since 2010'. For two thirds of authorities, and an even higher proportion of those in the

9 See Appendix 4 for details.

10 Because this method enumerates people who have slept rough and been in touch with relevant services during a given period (financial year) the resulting figures cannot be directly compared with the 'point in time' snapshot numbers produced under the DCLG national monitoring methodology as described above.

11 See <http://www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html>

12 'Longer-term' cases are those involving rough sleepers enumerated in 2013/14 already logged as such in 2012/13; Flow: rough sleepers enumerated in 2013/14 but never previously seen sleeping rough; Returner: 2013/14 rough sleepers previously logged as rough sleepers before 2012/13, but not in 2012/13.

13 DCLG (2011) Vision to end rough sleeping: No Second Night Out nationwide. London: DCLG. Though as noted in previous Monitors, it is also probable that the large jump in rough sleeping figures recorded around the time of the introduction of No Second Night Out was in part attributable to associated improvements in outreach and monitoring at that time.

14 House of Commons Library (2014) People from abroad: what benefits can they claim? <http://www.parliament.uk/briefing-papers/sn06847.pdf>; Social Security Advisory Committee (2014) The Housing Benefit (Habitual Residence) Amendment Regulations 2014 (S.I. 2014 No. 539); Report by the Social Security Advisory Committee under Section 174(1) of the Social Security Administration Act 1992 and statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act. <https://www.gov.uk/government/publications/the-housing-benefit-habitual-residence-amendment-regulations-2014-si-2014-no-539-ssac-report>; Homeless Link (2014) Social Security Advisory Committee Formal Consultation and a Call for Evidence: The Housing Benefit (Habitual Residence) Amendment Regulations 2014. London: Homeless Link.

15 DCLG – June 2014 statutory homelessness statistics

North, this had been associated with further moves away from handling homelessness applications primarily via formal assessments governed by the statutory framework. Accordingly, nearly two thirds of authorities (63%) agreed with the statement that 'Because of a continuing shift towards a more prevention-focused service, post-2010 homelessness trends in our area cannot be accurately gauged by tracking our statutory homelessness assessment statistics'.

Also highly relevant here is that, by summer 2014, more than half (55%) of all local authorities responding to our online survey had adopted new powers to discharge statutory rehousing duty via mandatory offer of private tenancies (another 16% of local authorities expected to follow suit by 2016). While these powers are not as yet deployed in practice to any great extent, our qualitative analysis indicates that they are playing a significant role in further incentivising applicants to opt for 'informal' assistance instead of making a statutory homelessness application.

All of this suggests that, as a reliable indicator of the changing scale of homelessness in recent years, the statutory homelessness statistics now have limited value. Certainly, on the basis of the local authority survey results it can be confidently stated that the apparent 31% rise in homelessness over the past four years understates the true increase in 'homelessness expressed demand' over that period, and that the apparent reduction in 2013/14 cannot be interpreted as indicating any underlying downward trend in such demand.

In fact, activity under statutory homelessness provisions has accounted for only a small proportion of all local authority homelessness work for a number of years, with statutory acceptances comprising around one fifth

of all logged cases, while 'homelessness prevention' instances account for more than three-quarters of the total, and 'homelessness relief' somewhat less than 10%.¹⁶ Adding together 'non-statutory' homelessness prevention and relief activity, as well as statutory rehousing activity, there were some 280,000 'local authority homelessness case actions' in 2013/14 – 9% up on the previous year.

As regards 'homelessness prevention', the balance of activity has been shifting towards helping service users to retain existing accommodation rather than to obtain new housing. In 2013/14 actions under the former heading increased in number by 18% whereas actions of the latter type grew by only 8%. Assisting people in accessing private tenancies remains the largest single form of prevention activity; however, the volume of such cases has declined recently, probably reflecting both the state of the housing market and the Local Housing Allowance reforms which – by restricting entitlements – will have made it more difficult to secure private tenancies for certain categories of applicant, particularly in London. The most striking homelessness prevention 'growth activity' has involved debt advice and financial assistance which, in 2013/14, accounted for some 50,000 prevention instances – up from only 16,000 in 2009/10. This would seem highly consistent with the anticipated impacts of welfare reform on those in precarious housing circumstances (see below).

While the gross numbers undoubtedly understate the increase in 'homelessness expressed demand' over recent years, the statutory homelessness statistics may nonetheless provide some meaningful indication of regional trends, and such patterns continue to be highly contrasting. In relation to the 'base year' of 2009/10

the figure for the North of England had actually fallen 14% by 2013/14. In London, by contrast, it was up by 80%. With the South and the Midlands occupying positions between these two extremes, this pattern suggests housing system factors have been continuing to play an important underlying role, alongside the disproportionate impacts of certain welfare reform measures in London in particular.¹⁷

It also remains relevant to note that almost three quarters of the increase in statutory homelessness acceptances over the past four years has resulted from the sharply rising numbers made homeless by the ending of Assured Shorthold Tenancies in the private rented sector – up by over 9,000 (200%) over the period.¹⁸ As a proportion of all statutory homelessness acceptances, such cases have consequentially risen from 11% to 26% since 2009/10, and were sitting at 30% of all cases by the first quarter of 2014/15.¹⁹ In London, the upward trend in private tenancy terminations has been even starker, with such instances accounting for 38% of all London homelessness acceptances by the first quarter of 2014/15. The annual number of London acceptances resulting from private rental terminations rose from 925 to 5,960 in the four years to 2013/14. Exactly what underlies this pattern is difficult to state with certainty, as landlords are not required to give reasons for terminating these fixed-term tenancies. However, from the perspective of both our key informants and survey respondents there seemed little doubt that the primary factor was the increasingly restrictive Local Housing Allowance rules and their coincidence with sharply rising market rents.

Since bottoming out in 2010/11, homeless placements in temporary accommodation have been on the increase, with the overall national total rising by 6% in 2013/14; up by 24% since its low point three years earlier. The bulk of such placements are in self-contained housing, with B&B hotels accounting for well under 10% of the national total as at 30 September 2014 (4,600 out of 59,710). However, signs of stress are evident in the increasing proportion of temporary accommodation placements beyond local authority boundaries, up by 26% in the year to 30 September 2014, and accounting for 14,220 placements (24% of the national total, up from only 11% in 2010/11). Such placements mainly involve London boroughs, and replicate the much larger ‘displacement’ effects associated with welfare reform discussed below.

Hidden homelessness

The importance of regional patterns and housing market factors is reinforced by our potential hidden homelessness analysis, which demonstrates that concealed households,²⁰ sharing households²¹ and overcrowding²² remain heavily concentrated in London and the South. We estimate that there were 2.23 million households containing concealed single persons in England in late 2013, in addition to 265,000 concealed couples and lone parents, equivalent overall to around 12% of all households in England. These numbers represent broad stability alongside the estimates presented in the 2013 Monitor. Concealed households increased after 2007, reflecting declining household formation, particularly in the south. Detailed analysis of longitudinal surveys²³

17 Source: DCLG – June 2014 statutory homelessness statistics (includes analysis of unpublished data)

18 Source: DCLG – June 2014 statutory homelessness statistics

19 DCLG Live Table 774. See <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

20 ‘Concealed households’ are family units or single adults living within other households, who may be regarded as potential separate households that may wish to form given appropriate opportunity.

21 ‘Sharing households’ are those households who live together in the same dwelling but who do not share either a living room or regular meals together. This is the standard Government and ONS definition of sharing households which is applied in the Census and in household surveys. In practice, the distinction between ‘sharing’ households and ‘concealed’ households is a very fluid one.

22 ‘Overcrowding’ is defined here according to the most widely used official standard – the ‘bedroom standard’. Essentially, this allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members.

23 Sources: British Household Panel Survey 199-2008; Understanding Society 2009-11; Survey of English Housing 2009.

shows that being a concealed household can be quite a persistent state. For example over the whole period 1992-2008, 57% of concealed families in one year were in the same position the previous year, while this applied to 50% of concealed singles. In 2011, these proportions had risen to 88% and 100%.

On the most recent figures, 685,000 households (3.1%) were overcrowded in England. Overcrowding is less common in owner occupation (1.6%) and much more common in social renting (7.2%) and private renting (4.7%). Overcrowding can also be quite a persistent experience for the households affected. In 2011, based on the Understanding Society Survey, 95% of crowded households had been crowded the previous year.

Economic and policy impacts on homelessness

The continuing shortfall in levels of new house building relative to levels of household formation is a prime structural contributor to homelessness and other forms of acute housing need. The latest household projections for England suggest that household numbers will grow at an average rate of 220,000 a year over the decade to 2021. Even allowing for the contribution from dwellings created through conversions and changes of use, the rate of new house building would need to almost double from the low 2012/13 level (of almost 125,000) to just keep pace with the rate of new household formation, let alone to reduce housing market pressures.²⁴

The exceptionally low 2012/13 levels of house building reflected the severity of the recent economic and housing market downturn –

including the associated ‘mortgage famine’. While there was a fairly strong upturn in new housing starts in the first half of 2014, the recovery required to match household formation needs to be stronger still, and to exceed the rate of new house building achieved at any time over the decade prior to the credit crunch. This will be challenging in a context of subdued and uncertain economic recovery, a relatively new and untested planning regime in England, and a reduced budget to support the provision of new social or ‘affordable’ homes.²⁵ Indeed without further measures the most likely scenario is for further housing market tightening, and greater market pressures for households with low to moderate incomes.

Throughout the Monitor series we have argued that welfare benefit cuts, as well as constraints on housing access and supply, critically influence overall levels of homelessness. In this year’s Monitor the ‘regional’ story reported in previous editions has sharpened into one of growing ‘London exceptionalism’ and, as the 2014 local authority survey also makes clear, this London ‘story’ is fundamentally about the *combined* effect of an extraordinarily tight housing market and the disproportionate impact of certain welfare reforms, particularly benefit caps. As intended, national caps on Local Housing Allowance have reduced the number of claimants able to secure private rented accommodation in inner London; with declines of some 30-35% since March 2011 in Kensington and Chelsea and in Westminster.²⁶ The overall benefit cap for working age out-of-work households also impacts most severely in London and other higher rent areas, mainly on larger families, with an average estimated benefit reduction of £62 per week.²⁷ While the official impact

²⁴ Commentary Chapter 2 in Wilcox, S. & Perry, J. (2014) *UK Housing Review 2014*. Coventry: CIH.

²⁵ Commentary Chapter 4 in Wilcox, S. & Perry, J. (2013) *UK Housing Review 2014*. Coventry: CIH.

²⁶ DWP Housing Benefit Caseload Statistics <https://www.gov.uk/government/statistics/number-of-housing-benefit-claimants-and-average-weekly-spare-room-subsidy-amount-withdrawal>. Additional data extracted from DWP Stat-Xplore. Note that figures for Westminster should be treated with caution due to large numbers of cases with unattributed tenure.

²⁷ DWP (2012) *Benefit Cap (Housing Benefit) Regulations 2012: Impact Assessment for the Benefit Cap*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220178/benefit-cap-wr2011-ia.pdf

assessment estimated that the overall benefit cap would see 52,000 households in England having their benefit cut, the actual number of affected households has been only about half as great. Of those impacted at some time up to August 2014, almost half were in London, and of the twenty authorities with the most impacted households, 18 were London boroughs.²⁸

These caps have been making it very difficult for London boroughs to meet their statutory duties to priority need households, far less provide meaningful assistance to non-priority groups. Growing out of London placements of homeless households are one well-publicised consequence. While London local authority survey respondents were most likely to forecast diminishing impacts of welfare reform over the next two years, this was largely because the effects to date had already been so dramatic, including the mass “cleansing” of benefit dependent families from the private rented sector in parts of central London. The demographic, social, economic and other consequences – for both the ‘exporting’ and the ‘receiving’ local authorities – of this geographical displacement of vulnerable families and other households as a result of welfare reform have yet to be fully grasped.

The Shared Accommodation Rate continues to create problems in accommodating younger single people in private rented housing across most of the country. And for single and youth homelessness service providers throughout England, and indeed across the UK, the ratcheting up of the sanctions regime under Jobseekers Allowance and Employment and Support

Allowance, and thereafter Universal Credit, is *the* major ongoing concern.²⁹ The localisation of the Social Fund, and growing resort to food banks and other forms of purely charitable assistance, indicates a severe weakening in the support available to households in the sort of crisis situations that can lead to homelessness, with the inadequacy of the ‘in kind’ support typically provided by Local Welfare Allowance particularly strongly criticised by domestic abuse service providers interviewed for this year’s Monitor.

As regards the ‘Bedroom Tax’ (or ‘Spare Room Subsidy’) several reports have now provided evidence of policy impacts during the regime’s first six months, and some of the issues arising.³⁰ These confirmed that most impacted tenants did not accept they were ‘over accommodated’. This is not surprising given that the ‘bedroom standard’ on which the size criteria are based is out of touch with contemporary social values and practice. The regional dimension to the policy impacts is reflected in the geographical distribution of affected households, with particularly high numbers hit in the north west of England. After five months of operation, only two fifths of the tenants affected by the ‘Bedroom Tax’ were making rent payments in full, two fifths were making good some part of the size criteria deductions, and one fifth were making no payment to cover the shortfall.³¹ Almost three fifths of the impacted tenants were either reducing spending on household essentials, or running up debts, while one in four had borrowed money, mainly from family or friends, to help manage the shortfall. While other factors (and welfare reforms) are also involved, it is relevant here to note that total

²⁸ Data extracted using DWP Stat-Explore.

²⁹ Homeless Link (2013) *A High Cost to Pay: The Impact of Benefit Sanctions on Homeless People*. <http://www.homeless.org.uk/sites/default/files/site-attachments/A%20High%20Cost%20to%20Pay%20Sept%202013.pdf>; Watts, B., Fitzpatrick, S., Bramley, G. & Watkins, D. (2014) Welfare conditionality and sanctions in the UK. York: JRF.

³⁰ Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2014) *Evaluation of Removal of the Spare Room Subsidy: Interim Report*. London: DWP; Wilcox, S. (2014) *Housing Benefit Size Criteria: Impacts for Social Sector Tenants and Options for Reform*. York: JRF; Ipsos MORI (2014) *Impact of welfare reforms on housing associations: Early effects and responses by landlords and tenants*. <https://www.ipsos-mori.com/Assets/Docs/Publications/sri-ipsos-mori-nhf-report-impact-of-welfare-reforms-on-housing-associations-2014.pdf>.

³¹ Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2014) *Evaluation of Removal of the Spare Room Subsidy: Interim Report*. London: DWP.

social landlord possession claims in England and Wales were 18% higher in 2013/14 compared to the year preceding 'Bedroom Tax' introduction.

Local authority online survey respondents perceived that the full effects of the 'Bedroom Tax' were yet to be felt. Impacts to date had been widely mitigated via Discretionary Housing Payments, but there are doubts over the long-term sustainability of this approach. These payments have been crucial in enabling many benefit-cut-affected households to sustain their accommodation, leading to fears of significant homelessness implications, and even greater geographical displacement effects, if/when they are scaled back.

The same welfare reform factors that are 'pushing' benefit-reliant households out of rental accommodation, especially in London, make it ever harder for local authorities to rehouse them, with not only private landlords but also some social landlords reportedly increasingly risk averse in accommodation homeless and potentially homeless households. In last year's Monitor we reported concerns that the move towards fixed-term 'flexible' tenancies in social housing ushered in by the Localism Act 2011 will gradually weaken the sector's safety net function,³² and there are pressing concerns about the interaction between the 'Affordable Rent' regime, which allows social landlords to charge up to 80% of market rents, and benefit restrictions which may operate to price low-income households out of relevant social housing in high cost areas, particularly inner London.³³ It became apparent in 2014 that many local authorities

have begun making robust use of Localism Act powers to significantly restrict access to their housing lists. Only thanks to a recent legal challenge has it been established that statutorily homeless households and other groups with statutory 'reasonable preference' cannot lawfully be excluded from such lists.³⁴ New Joseph Rowntree Foundation-supported research indicates that some larger housing associations, particularly in London and the South, may be moving their focus away from housing those in greatest need towards a more diversified tenant base, implying that the private rental sector rather than social housing may increasingly be viewed as '*the tenure of last resort*' for those in the most severe poverty.³⁵ But the restrictions on access to the private rented sector imposed by welfare benefit cuts, especially as these affect London and the other pressurised markets, raise significant doubts over such a stance.

Most local authorities outside of London that responded to our online survey reported that there had been improvements in the service offered to single homeless people and other non-priority homeless households in their area since 2010. Key aspects of these reported improvements included: expanded availability of private rented sector access schemes; better partnership with other services; enhanced staff quality and training; an increase in specialist staff and/or services aimed at rough sleepers and other single homeless groups (e.g. the No Second Night Out initiative)³⁶; and the availability of Discretionary Housing Payments. Moreover, with the switch towards a more preventative/housing options-inspired approach, and a move away from a focus on strict 'rationing

³² Fitzpatrick, S. & Pawson, H. (2013) 'Ending security of tenure for social renters: transitioning to 'ambulance service' social housing?', *Housing Studies*, 29(5): 597-615.

³³ BBC News (2013) 'Councils seeks judicial review of mayor's rent plan', *BBC News*, 8th September: <http://www.bbc.co.uk/news/uk-england-london-24002244>

³⁴ *R (Jakimaviciute) v LB Hammersmith and Fulham* [2013] EWHC 4372 (Admin) [2014] EWCA Civ 1438

³⁵ Clarke, A., Morris, S. & Williams, P. (2014) *Landlords' Strategies to Address Poverty and Disadvantage*. York: JRF.

³⁶ DCLG (2011) *Vision to end rough sleeping: No Second Night Out nationwide*. London: DCLG.; Broadway, University of York & Crunch Consulting (2011) *No Second Night Out: An evaluation of the first six months of the project*. <http://www.nosecondnightout.org.uk/wp-content/uploads/2012/01/NSNO-6-month-review-Final.pdf>. Though the scepticism with which No Second Night Out was viewed by some key informants in the North of England was also noted in last year's Monitor.

criteria', some local authorities argue they are now able to offer a broader, more inclusive service. However, this positive picture is somewhat at odds with the recent reduction in 'official' homelessness relief activities (see above), aimed largely at this group, and qualitative reports of the poor service that single homeless people often encounter.³⁷ Likewise, claims of improvements sit uneasily with the substantial cuts in mainstream Supporting People revenue funding implemented over the past five years,³⁸ for which relatively small-scale, time-limited and tightly-targeted specialist homelessness initiatives cannot be expected to compensate. At the same time, both local authorities and homelessness services³⁹ report growing demands from homeless people with complex needs, and greater difficulty in meeting these needs.

While 'localisation' has been a key thread running through this entire Monitor series, it has become particularly apparent this year that regional differences are increasingly overlaid with highly localised patterns of divergence across much of England. This manifests in at least two important senses with important consequences for homeless people and those at risk of homelessness.

First, there is the ongoing localisation of key policy and practice frameworks, not only in the housing and homelessness arena, but also in welfare benefits,⁴⁰ as evidenced by the growing reliance on locally-prescribed, discretionary schemes such as Discretionary Housing Payments, Local Welfare Assistance and Council Tax Benefit to supplement the weakening national welfare system. While there were some isolated positive comments made by key informants about localised

aspects of welfare, for example Local Welfare Assistance being better tailored to local needs in some areas, the overwhelming weight of evidence from the Monitor series points to this increased emphasis on local control, diversity and discretion being inimical to tackling homelessness, bringing as it does, inevitable inconsistency and unevenness in both coverage and delivery. While such geographical variability driven by local political priorities and expediency may be acceptable, even desirable, in some areas of public policy, it is more difficult to defend when applied to meeting the fundamental needs of vulnerable groups.

A second, linked, point relates to the increased emphasis on local connection, and reconnection, in homelessness services and social housing in recent years, in part as a means of rationing provision in the most pressured areas. As other forthcoming Crisis-funded research has revealed,⁴¹ while reconnection schemes can provide a valuable function in requiring local authorities to meet their obligations to relevant people and households, there are worrying signs that such measures can also be used to filter some groups out of provision altogether.

Conclusion

In 2013 the UK economy finally regained pre-recession output levels, but as we have argued in previous Monitors, policy factors have a more direct bearing on the incidence of homelessness than the economy in and of itself. With only one in ten respondents to the 2014 local authority survey believing that the homelessness impacts of welfare reform had largely 'run their course', there is widespread trepidation about the national roll-out of Universal Credit (especially

³⁷ See also Dobie, S., Sanders, B. & Teixeira, L. (2014) *Turned Away: The Treatment of Single Homeless People by Local Authority Homelessness Services in England*. London: Crisis.

³⁸ Perry, J. (2014) 'Local government cuts: housing services have been hit hardest', *Guardian*, 17th September: <http://www.theguardian.com/housing-network/2014/sep/17/housing-spending-cuts-local-government-welfare?>

³⁹ Homeless Link (2014) *Support for Single Homeless People in England. Annual Review 2014*. London: Homeless Link.

⁴⁰ See the recently announced Social Security Advisory Committee inquiry into 'Localisation and social security' <https://www.gov.uk/government/organisations/social-security-advisory-committee>

⁴¹ Johnsen, S. & Jones, A. (forthcoming 2015) *Evaluating the Effectiveness of Reconnections Schemes for Rough Sleepers*. London: Crisis.

monthly payments and the move away from rent direct to landlords). At the same time, housing market pressures seem unlikely to ease, particularly in London and the South. A range of specialist homelessness funding programmes intended to ameliorate the impact of these negative structural trends on particularly vulnerable groups ended in 2014, and could not in any case compensate for the massive cuts implemented in mainstream 'Supporting People' revenue funding in recent years.

The evidence provided by the Homelessness Monitor over the coming year will provide a powerful platform for assessing the impact of economic and policy change on some of the most vulnerable people in England. By the time the Monitor next reports, we will be able to reflect on developments over the entire span of the current UK Coalition Government and identify early signs of things to come under the next administration. As well as tracking the headline trends in both visible and hidden forms of homelessness through until the end of 2015, we will provide an overview of the profile of those affected, and the changing geography of homelessness in England, and how this has evolved over the past five years.

In looking to track the changing 'global' incidence of homelessness in future, there is a compelling argument for focusing much more strongly on the whole suite of officially gathered statistics on 'statutory' and 'non statutory' local authority activities, rather than perpetuating the historic emphasis on the 'statutory acceptance' figures, and this will be the approach taken in next year's Monitor.

1. Introduction

1.1 Introduction

This study provides an independent analysis of the homelessness impacts of recent economic and policy developments in England. It considers both the consequences of the post-2007 economic and housing market recession, and the subsequent recovery, and also the impact of policy changes being implemented under the post-2010 Conservative-Liberal Democrat Coalition Government. The study was commissioned in response to concerns that the recession may have driven up homelessness in England, and also that some of the Coalition's welfare and housing reform agenda could negatively impact on those vulnerable to homelessness.

Within this five-year longitudinal study, this fourth year 'update' report provides an account of how homelessness stands in England in 2015 (or as close to 2015 as data availability will allow), and analyses key trends in the period running up to 2015. This year's report focuses in particular on what has changed since 2013. Readers who would like a fuller account of the recent history of homelessness in England should consult with the previous Homelessness Monitors for England, which are available on Crisis's website.⁴² Parallel Homelessness Monitors are being published for other parts of the UK.

1.2 Definition of homelessness

A wide definition of homelessness is adopted in this study, and we consider the impacts of relevant policy and economic changes on all of the following homeless groups:

- People sleeping rough.
- Single homeless people living in hostels, shelters and temporary supported accommodation.

- Statutorily homeless households – that is, households who seek housing assistance from local authorities on grounds of being currently or imminently without accommodation.
- 'Hidden homeless' households – that is, people who may be considered homeless but whose situation is not 'visible' either on the streets or in official statistics. Classic examples would include households living in severely overcrowded conditions, squatters, people 'sofa-surfing' around friends' or relatives' houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations. By its very nature, it is difficult to assess the scale and trends in hidden homelessness, but some particular elements of hidden homelessness are amenable to statistical analysis and it is these elements that are focused upon in this study. This includes 'overcrowded' households, and also 'concealed' households and 'sharing' households.

1.3 Research methods

Four main methods have been employed in this longitudinal study:

- First, relevant literature, legal and policy documents are reviewed each year.
- Second, we undertake annual interviews with a sample of key informants from the statutory and voluntary sectors across England. The current sample of 22 key informants includes representatives of local authorities, homelessness service providers, and housing advice and domestic violence (DV) services.

- Third, we undertake detailed statistical analysis on a) relevant economic and social trends in England; and b) the scale, nature and trends in homelessness amongst the four sub-groups noted above.
- Fourth, for the first time this year we have conducted a bespoke online survey of England's 326 local authorities (in August/September 2014). The aim of this survey was to delve beneath the official statistics to enhance understanding of how housing market trends, welfare reforms and other key policy developments have impacted on homelessness trends and responses at a local level. An e-mail invitation to participate in the survey was sent to local authority homelessness contacts via the National Practitioner Support Service (NPSS), and 43% of all local authorities in England responded (52% in London). See Appendix 3 for details.

1.4 Causation and homelessness

All of the Homelessness Monitors are underpinned by a conceptual framework on the causation of homelessness that has been used to inform our interpretation of the likely impacts of economic and policy change.

Theoretical, historical and international perspectives indicate that the causation of homelessness is complex, with no single 'trigger' that is either 'necessary' or 'sufficient' for it to occur. Individual, interpersonal and structural factors all play a role – and interact with each other – and the balance of causes differs over time, across countries, and between demographic groups.

With respect to the main structural factors, international comparative research, and the experience of previous UK recessions, suggests that housing market trends and policies have the most direct impact on levels of homelessness, with the influence of labour market change more likely to be lagged and diffuse, and strongly mediated by welfare arrangements and other contextual factors.

The individual vulnerabilities, support needs and 'risk taking' behaviours implicated in some people's homelessness are themselves often, though not always, rooted in the pressures associated with poverty and other forms of structural disadvantage. At the same time, the 'anchor' social relationships which can act as a primary 'buffer' to homelessness, can be put under considerable strain by stressful financial circumstances. Thus, deteriorating economic conditions in England could also be expected to generate more 'individual' and 'interpersonal' vulnerabilities to homelessness over time.

That said, the key informants consulted for each year's Monitor have consistently maintained that policy factors – and in particular welfare and housing reform – have a far more profound impact on homelessness trends than the economic context in and of itself.

1.5 Structure of report

Chapter 2 reviews the current economic context and the implications of housing market developments for homelessness. Chapter 3 shifts focus to the Government's welfare and housing reform agenda and its likely homelessness impacts. Chapter 4 provides a fully updated analysis of the available statistical data on the current scale of and recent trends in homelessness in England, focusing on the four subgroups noted above. All of these chapters are informed by the insights derived from our in-depth interviews with key informants, and from the statistical and qualitative information gleaned from this year's online survey of local authorities. In Chapter 5 we summarise the main findings of this 2015 update report and set out a framework for monitoring the impact on homelessness of policy and economic change until 2016 (the end of this current Monitor series).

2. Economic factors that may impact on homelessness in England

2.1 Introduction

This chapter reviews recent economic developments in England, and analyses their potential impact on homelessness. In Chapter 4 we assess whether the anticipated economic impacts identified in this chapter, and the potential policy impacts highlighted in the next chapter, are borne out in national and regional homelessness trends.

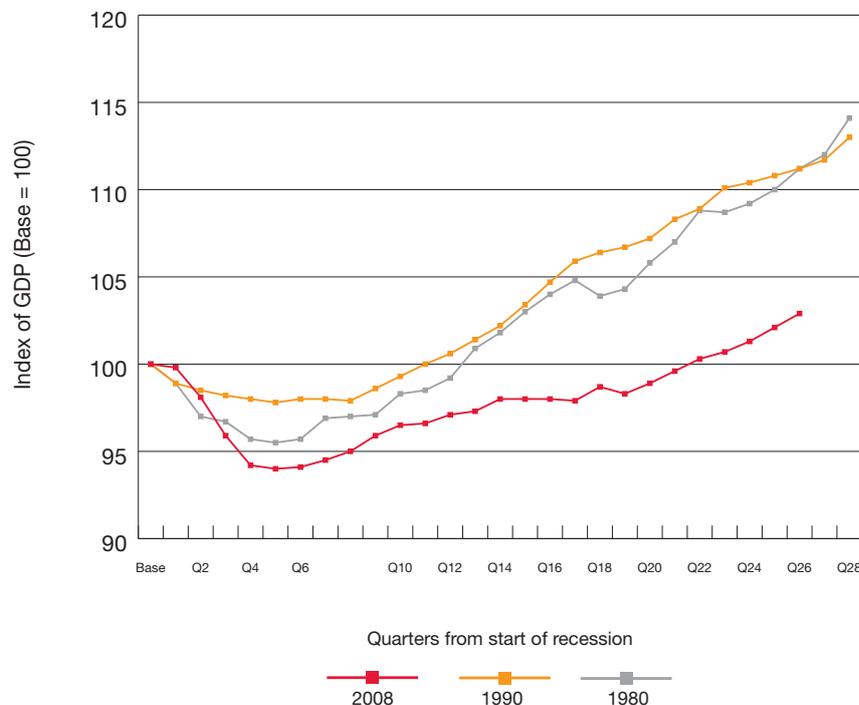
2.2 The economic and housing market context

Revised data now shows that the UK economy returned to pre-recession levels of GDP in mid 2013, but only after the longest

economic downturn for over a century. But while GDP as a whole has recovered, after taking account of the population growth over the period GDP per capita remains below 2007 levels. There remain considerable uncertainties, especially about the fragility of some European economies, but most forecasters now anticipate modest levels of economic recovery in the next few years.

The latest forecast by the Office for Budget Responsibility (OBR) is for growth of 2.7% in 2014, easing back to 2.3% in 2015, and then rising again to 2.6% in 2016 and 2017.⁴³ Alongside that growth, unemployment is forecast to gradually fall to below 6% by 2017, by which time the claimant count is also expected to fall back below 1 million.

Figure 2.1 Overall UK economy now recovered beyond pre-credit crunch levels



Source: Computed from ONS Quarterly GDP data (ABMI)

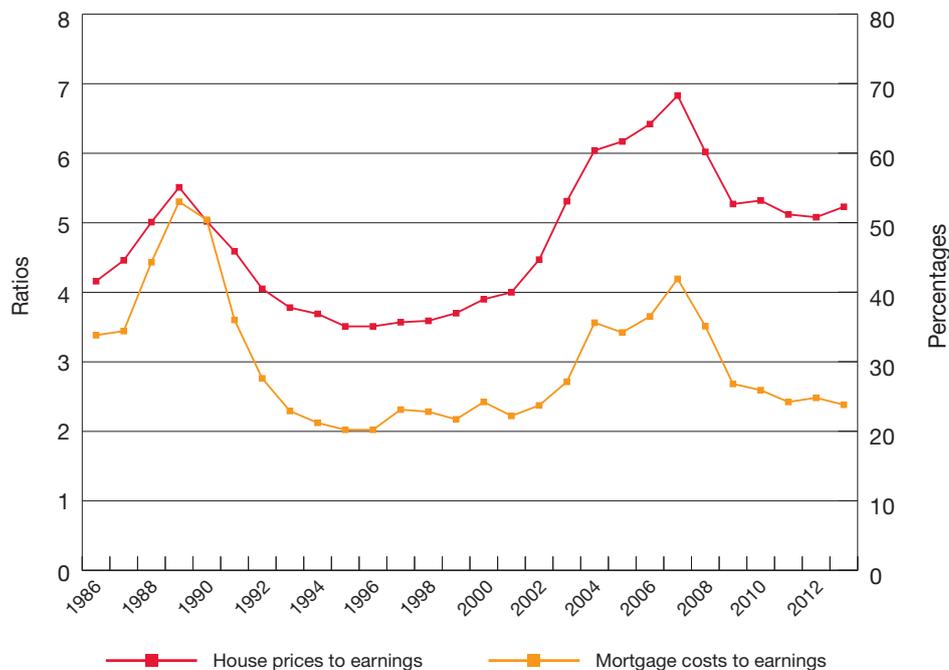
While this is encouraging, earnings have lagged behind in the economic recovery, and in real terms were 5% lower at the end of the first quarter of 2014 than they were in 2008 when the recession began.⁴⁴

The UK Government did introduce some measures in the 2014 Budget designed to support economic and housing market recovery, such as extending the Help to Buy equity loan scheme.⁴⁵ However, these measures were relatively modest, and set against continuing downwards pressures on most areas of public expenditure, with public sector net borrowing set to fall to below 3% by 2016. This context provides the Government with far more of an open political choice on future budgetary decisions – further budget cuts cannot be seen simply as an inescapable consequence of the outstanding levels of UK Government debt.

There has been something of a housing market recovery in 2013 and into 2014, to the extent there has been much media speculation about the possibility of an unsustainable boom, and concerns about the possible inflationary impacts of the Governments’ Help to Buy schemes. However, outside of London, UK house prices in mid 2014 remained well below 2007 levels,⁴⁶ despite the post 2007 fall in interest rates, and modest levels of (cash) earnings growth over the last six years. Mortgage costs as a percentage of average earnings were in 2013 at the same low levels that prevailed through the late 1990s, and early 2000s, down by over 40% against 2007 levels (see Figure 2.2).

It should be noted that the individual full time earnings data, and the Halifax mix adjusted house price data used for Figure 2.2, have been selected because their characteristics

Figure 2.2 Housing market affordability in the UK



All full time earnings and Halifax mix adjusted all buyer house prices

44 p4 in Wilcox, S., Perry, J. & Williams, P. (2014) *UK Housing Review 2014 Briefing Paper*. Coventry: CIH.
 45 HM Treasury (2014) *Budget 2014*. London: HM Treasury.
 46 Lloyds Banking Group (2013) *Halifax House Price Index August 2013*, and related data series. www.Lloydsbankinggroup.com.

permit a sound long-term view of relative changes in housing market affordability over time. Other house price series suggesting that prices at the end of 2013 were higher than at the end of 2007 are misleading in that they are not fully mix adjusted and do not offer a true 'like for like' comparison.

However, the data also tends to overstate the affordability issues for would be first time buyers at any point in time. Firstly, a high proportion of first time buyers are couples with two incomes rather than one. Secondly, first time buyers are more likely to buy at the lower end of the market, while existing owners are more likely to buy at the higher end of the market. Indeed, the 2013 Halifax house price figures for first time buyers are almost a quarter below the figure for all buyers. Against that, the data in Figure 2.2 also assumes an average 20% deposit throughout the period, based on the long-term average for first time buyers.

Outturn data has also shown that the fears expressed about the impact of the Government's Help to Buy measures announced in the 2013 Budget have also been greatly exaggerated. In the first quarter of 2014 just 4% of all mortgage advances involved a deposit of less than 10% – leaving the supply of mortgage finance for households with only a limited deposit far more constrained than at any time over the last three decades.

Other recent measures have acted to constrain the mortgage market – since February 2014 no additional funds have been made available through the Bank of England Funding for Lending Scheme to support the flow of mortgage finance, and since April 2014 the Financial Conduct Authority

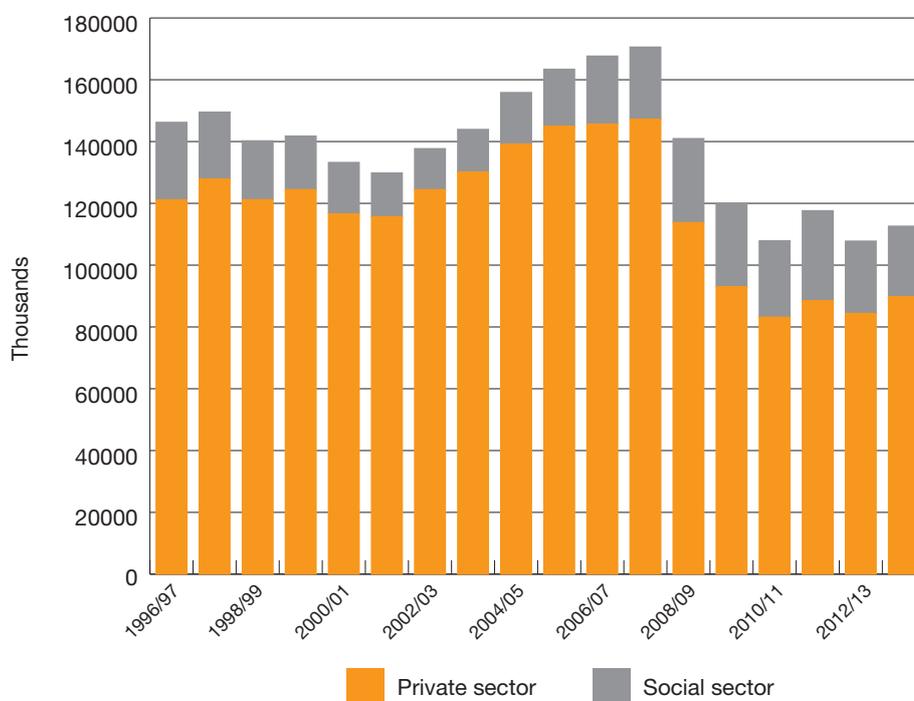
has introduced tighter regulatory rules on mortgage lending following the post credit crunch Mortgage Market Review.⁴⁷

A more fundamental, but related, concern is about the shortfall in the levels of new house building relative to levels of household formation, in a context where there are already substantial numbers of 'concealed' and 'sharing' households, and severe levels of overcrowding in London in particular (see Chapter 4 below). The severity of overcrowding and the shortfall of supply is clearly a factor in the much sharper rise in London house prices compared to the rest of the UK.

The latest household projections for England suggest that household numbers will grow at an average rate of 220,000 a year over the decade to 2021. Even allowing for the contribution from dwellings created through conversions and changes of use, the rate of new house building would need to almost double from the low 2012/13 level (of almost 125,000) to just keep pace with the rate of new household formation, let alone to reduce housing market pressures.⁴⁸

If the exceptionally low 2012/13 levels of house building reflected the severity of the recent economic and housing market downturn, and there has been a fairly strong upturn in new housing starts in the first half of 2014, the recovery required to match household formation needs to be stronger still, and to exceed the rate of new house building achieved at any time over the decade prior to the credit crunch (see Figure 2.3)

⁴⁷ p9 in Wilcox, S., Perry, J. & Williams, P. (2014) *UK Housing Review 2014 Briefing Paper*. Coventry: CIH.
⁴⁸ Commentary Chapter 2 in Wilcox, S. & Perry, J. (2014) *UK Housing Review 2014*. Coventry: CIH.

Figure 2.3 House building needs to rise sharply to match projected household growth

Source : DCLG Housing Statistics Live Table 213

This will be challenging in a context of subdued and uncertain economic recovery, a relatively new and untested planning regime in England, and a reduced budget to support the provision of new social or ‘affordable’ homes.⁴⁹ Indeed, without further measures, the most likely scenario will be of further housing market tightening, and greater market pressures for households with low to moderate incomes.

Those same pressures, however, are likely to sustain the continued growth of the private rented sector (PRS) (see Figure 2.4); that is now larger than the social rented sector in England. While the Help to Buy measures should assist some households to switch from private renting to home ownership, as indicated above low deposit mortgages will still be far less readily available than over previous decades. Private investors also have a significant market advantage in

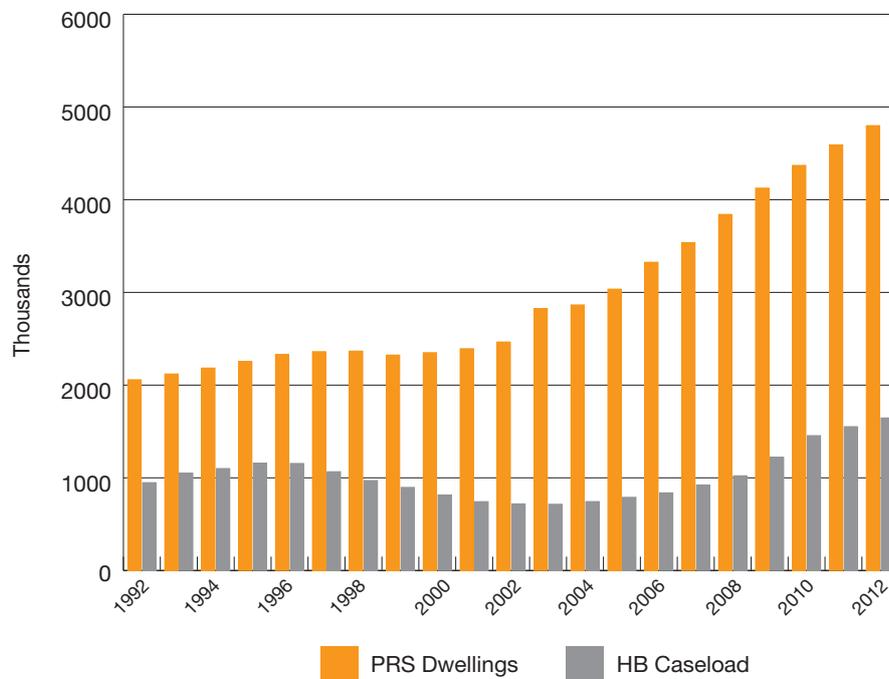
being able purchase dwellings with Buy to Let mortgages, that typically only require interest payments to be covered, while in the regulated market for home owner mortgages, more expensive mortgages with some form of provision for capital repayment are now almost universally required.

It should also be noted that most of the growth in the PRS is from the purchase of existing dwellings that were previously owner occupied. Very little of the sector growth is based on the purchase of new build dwellings – less than 10% according to a DCLG survey.⁵⁰

Within that wider picture the potential role of the growing PRS in providing for lower income households remains in question as the welfare reforms affecting private tenants take effect. Those reforms are discussed in Chapter 3 below.

⁴⁹ Commentary Chapter 4 in Wilcox, S. & Perry, J. (2013) *UK Housing Review 2014*. Coventry: CIH.

⁵⁰ DCLG (2011) *Private Landlords Survey 2010*. London: DCLG.

Figure 2.4 Rapid growth of private rented sector

Data for Great Britain (estimated HB figure for 2008). UKHR for stock data; DWP website for HB data.

2.3 The homelessness implications of the economic and housing market context

Housing market conditions tend to have a more direct impact on homelessness than labour market conditions⁵¹ and the last major housing market recession (1990) actually *reduced* statutory homelessness because it eased access to home ownership, which in turn freed up additional social and private lets (see Figure 2.5).

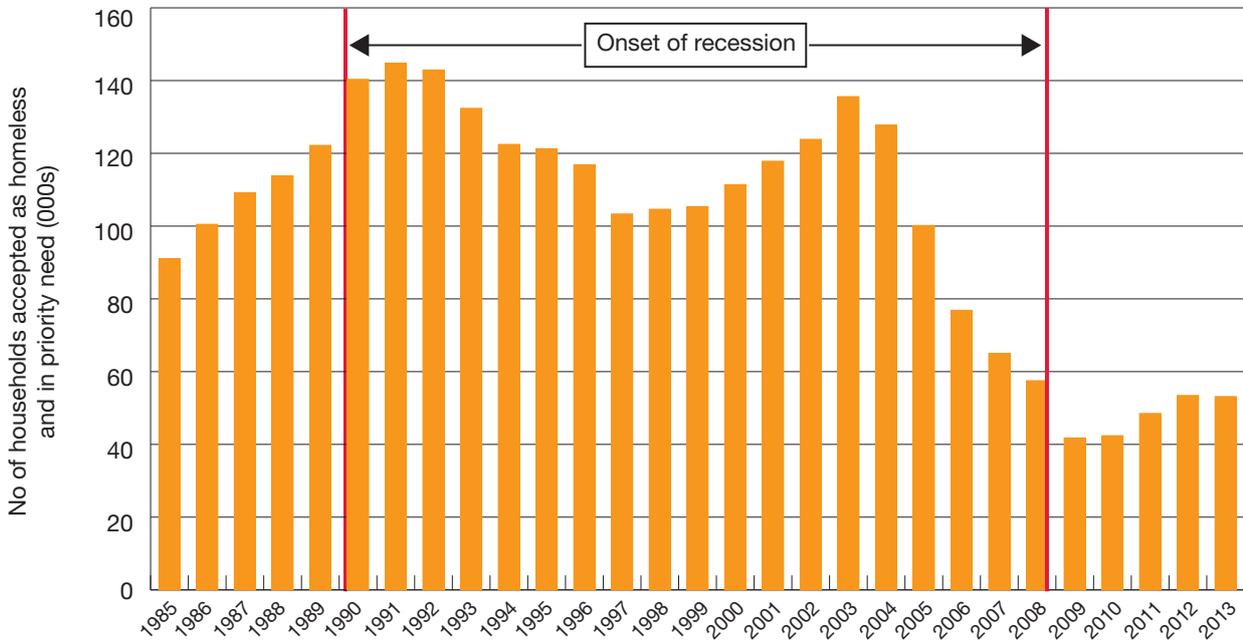
However, as noted in previous Monitors, we anticipated no such benign impact of the housing market downturn in the recent recession, given the now much lower level of lettings available in the social rented sector

(due to the long-term impact of the right to buy and continued low levels of new supply) and the continuing constraints on mortgage availability (notwithstanding Help to Buy) that are placing increasing pressure on the rental sectors. The minor recovery in housing association lettings seen in 2010/11 and 2011/12 partly resulted from the new supply brought onstream through the economic stimulus boost injected by Government in 2008-10 (see Figure 2.6). However, as can be seen, the positive effect, while lagged, has been modest and partly offset by a further decline in levels of local authority lettings. While output of new 'affordable' housing remained steady in 2013/14, there was only a marginal increase in the numbers of lettings made to new tenants compared to 2012/13.⁵²

⁵¹ Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. & Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

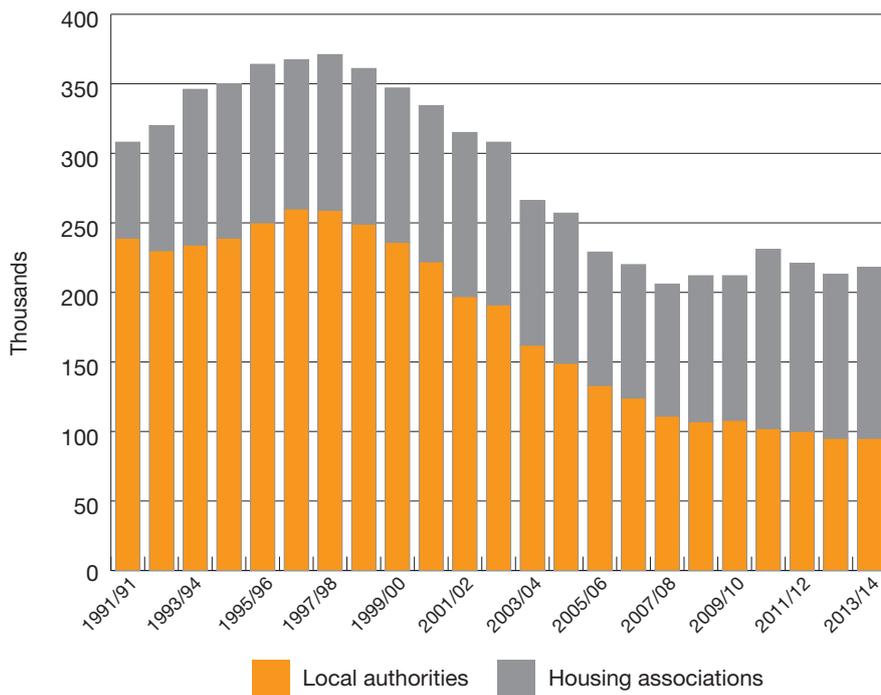
⁵² DCLG, Social Housing Lettings: April 2013 to March 2014. London, DCLG.

Figure 2.5 Homelessness acceptances and economic cycles, 1985-2013



Source: DCLG Homelessness Statistics

Figure 2.6 Social sector lettings to new tenants much lower than in the 1990s



Source: UK Housing Review 2015, Table 101

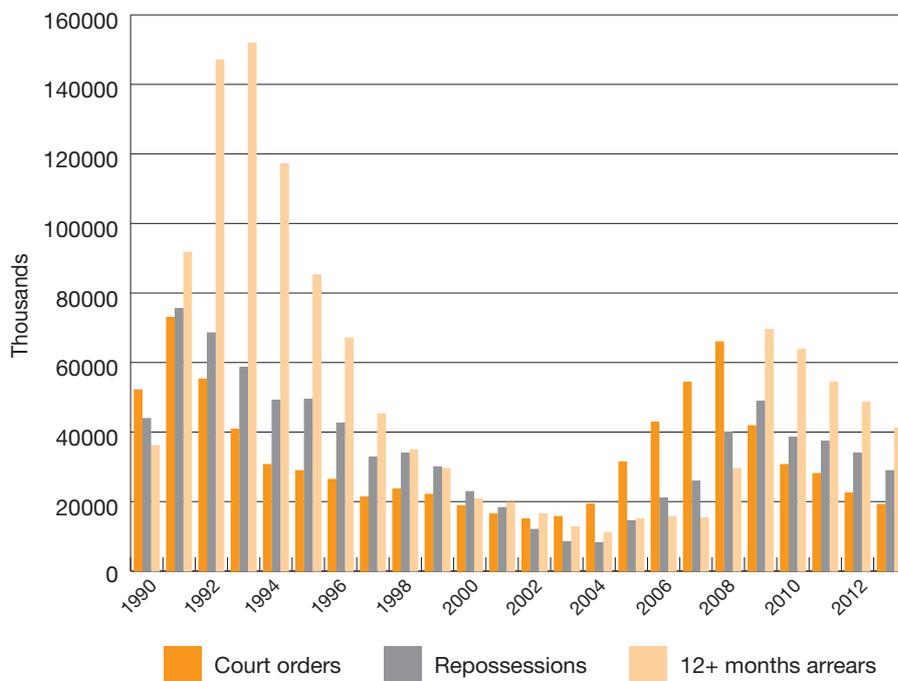
These housing supply and access factors are critical because frustrated ‘entry’ into independent housing by newly forming or fragmenting households has historically been a much more important trigger of (statutory) homelessness than evictions due to rent or mortgage arrears.⁵³ This remains the case, with mortgage repossessions continuing to account for only a very small proportion of all statutory homelessness cases (just 2%, see Chapter 4).

This is in part because the combined impact of low interest rates and lender forbearance has thus far held down both levels of the mortgage arrears, and the numbers of arrears cases resulting in repossession, since the 2007 downturn (see Figure 2.7). There is a continuing risk, however, that the mortgage repossessions could increase if and when

higher interest rates begin to bear down on marginal homeowners, given the continuing limitations of the home owner safety net, and the prospect that at some stage the temporary provisions for early access to the Support for Mortgage Interest scheme will be allowed to lapse.

This was certainly an anxiety expressed by some of our key informants, who felt that lenders were now shifting towards a more ‘aggressive’ stance on repossession as market conditions improved, particularly in London, and there was less room for manoeuvre around forbearance. In the words of a senior advice manager “we’re heading towards a precipice” in the owner occupied sector, with the potential consequences of a rise in interest rates the primary concern. This was allied with anxieties about the sharply

Figure 2.7 Arrears and repossessions fall back after remaining well below previous peak levels



Court orders (orders made) for England. Arrears and repossessions for United Kingdom.

53 Pleace, N., Fitzpatrick, S., Johnsen, S., Quilgars, D. & Sanderson, D. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

rising house prices in London, which were said to be incentivising lenders to move more quickly to possession action: *“It’s like a different country – when we do training in London we have to re-write the manual”* (Senior representative, advice service, 2014).

However, our qualitative evidence to date⁵⁴ would indicate that most repossessed households manage to find at least an interim solution via family or friends, or by securing a private tenancy. This suggests that if an upsurge in mortgage possessions does occur, it is unlikely to have a significant impact on statutory homelessness levels (see also Chapter 4), far less rates of street homelessness. In this regard, it is worth bearing in mind that, even at the peak of the last possessions crisis in the early 1990s, mortgage arrears never accounted for more than 12% of homelessness acceptances in England. Our advice sector key informants concurred with this view, commenting that the outcomes from possessions cases tended to be that people will end up in the PRS rather than homeless, and seldom approached local authorities for help (LA key informants over the past few years of the Monitor have consistently noted the low numbers of such households on their caseload). Homelessness is still an issue seen to be focussed on the *“bottom percentiles”* (Senior representative, advice service, 2014).

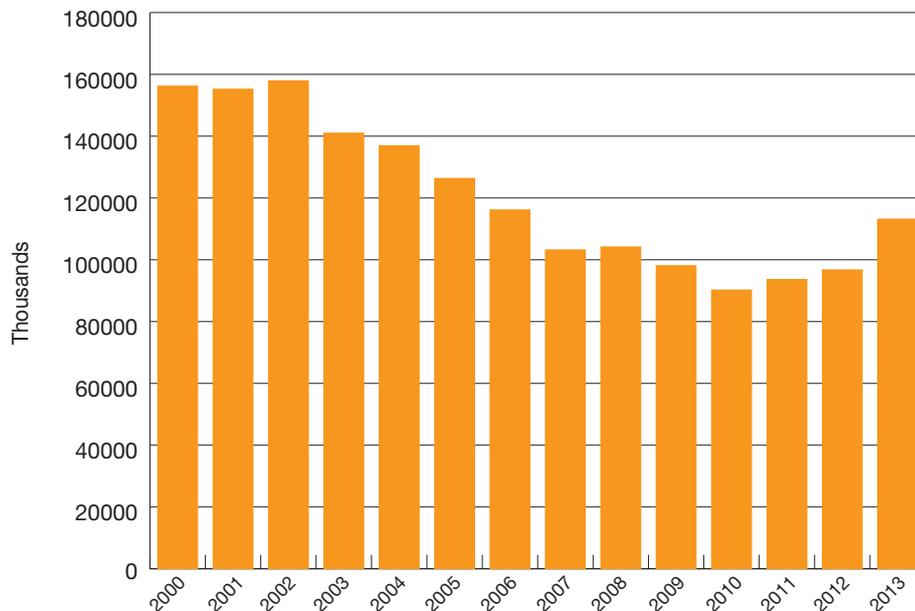
Unlike mortgage arrears, rent arrears levels and associated evictions do not appear closely tied to general economic or housing market conditions, with both falling in the recent recession.⁵⁵ While there is clear evidence that the ‘Bedroom Tax’⁵⁶ and other welfare reforms have resulted in rent arrears for many of the impacted households (see Chapter 3), in overall terms there is no overall increase in levels of rent arrears, not least due to the level of preventative and welfare measures adopted by social landlords in anticipation of those measures.⁵⁷ There has, however, been a marked upturn in levels of social landlord possession actions in England and Wales in 2013 (see Figure 2.8), and this higher level of possession actions has continued through the first three quarters of 2014.

⁵⁴ See the previous Monitors: Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2011) *The Homelessness Monitor: Tracking the Impacts of Policy and Economic Change in England 2011-2013*. London: Crisis; Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis.

⁵⁵ Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2011) *The Homelessness Monitor: Tracking the Impacts of Policy and Economic Change in England 2011-2013*. London: Crisis; Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis.

⁵⁶ Officially this measure is known as the ‘Spare Room Subsidy limit’, but outside of government it is almost universally referred to as the ‘Bedroom Tax’. While neither term is entirely satisfactory we have here bowed to the majority usage.

⁵⁷ HCA (2014) *Quarterly Survey of Private Registered Providers, 2013/14 Quarter 4*. London: HCA.

Figure 2.8 Social landlord possessions begin to rise

Court orders (orders made) for social landlords in England and Wales.

The respondents to our online survey of local authorities took the view that the full homelessness impacts of the 'Bedroom Tax' have yet to be felt, and were (in August 2014) being 'masked' by a combination of Discretionary Housing Payments (DHPs) and social landlord forbearance:

"The reforms and particularly 'Bedroom Tax' haven't really fed through yet as our social landlords are trying to minimise the number of evictions taking place but this will feed through eventually as many of their tenants are building substantial arrears and no hope of a move." (LA respondent, the Midlands)

"Shortage of smaller properties in the area has meant those under occupying are struggling to pay for additional room/s this is beginning to lead to evictions." (LA respondent, the North)

The PRS is evidently now extremely important as both a solution to homelessness (by absorbing some of those who might otherwise become homeless), but also as a primary cause of homelessness (ending of fixed-term tenancies is now the single largest reason for loss of last settled accommodation amongst statutorily homeless households, see Chapter 4). The capacity of the PRS to house those who are homeless and/or on low incomes is heavily dependent on welfare policies, and in particular Housing Benefit (HB) arrangements. This coincidence of increasingly restrictive HB rules and sharply rising private sector rents in London and other buoyant markets was viewed by our key informants and online local authority (LA) respondents as the overwhelming reason for the dramatically rising importance of ejection from the PRS as a cause of homelessness (see Chapters 4). The relevant welfare reforms are discussed in the next chapter.

2.4 Key points

- The UK economy has now recovered to pre-credit crunch levels. However while unemployment is falling average real earnings has also fallen over the last few years. Policy factors – particularly ongoing welfare benefit cuts – have a more direct bearing on levels of homelessness than the economic context in and of itself.
- The last major housing market recession helped to reduce homelessness because it improved affordability in the owner occupied sector, which in turn freed up additional social and private lets. However, there is no such benign impact of this recent housing market recession as levels of lettings available in the social rented sector are now much lower, and continuing constraints on mortgage availability (notwithstanding Help To Buy) put pressure on both of the rental sectors.
- Mortgage and rent arrears continue to account for only a very small proportion of statutory homelessness cases. Even if mortgage repossessions start to rise as a result of anticipated higher interest rates, qualitative evidence suggests that most repossessed households will manage to find at least an interim solution via family or friends, or by securing a private tenancy. While, despite the impact of the ‘Bedroom Tax’ and other welfare reform measures, there has been no overall rise in levels of social landlord rent arrears, there has also been a marked upturn in social landlord possession actions. There are concerns that these trends could in time translate into higher levels of homelessness, as the sustainability of current mitigation efforts is tested.
- While there has been some housing market recovery, this has been greatly exaggerated in media coverage. Only in London are house prices now above 2007 levels. However, in the medium term housing market pressures are set to grow as new house building rates are way below projected levels of household formation.
- The PRS is now the largest rental sector in England and is increasingly important as both a solution to homelessness (by absorbing some of those who might otherwise become homeless) and also as a cause of homelessness (with loss of private tenancies now the single largest reason for statutory homeless acceptances). The ability of the PRS to house those who are homeless and/or on low incomes is heavily dependent on HB and is therefore fundamentally constrained and structured by the Government’s welfare reforms.

3. Coalition Government policies potentially impacting on homelessness in England

3.1 Introduction

Chapter 2 considered the homelessness implications of the post-2007 economic downturn and subsequent recovery, this chapter now turns to review policy developments under the Coalition Government that might be expected to affect homeless people and those vulnerable to homelessness, particularly in the fields of housing, homelessness, and welfare reform. In Chapter 4 we assess whether the potential policy impacts highlighted in this chapter, are evident in trends in national datasets.

3.2 Housing policies, homelessness policies and the 'localism' agenda

We have argued in previous Monitors that the Localism Act (2011), together with the Coalition Government's broader welfare reform agenda, serve to undermine core aspects of the national 'housing settlement' in the UK, which has historically played an important role in moderating the impact of the UK's relatively high poverty levels.⁵⁸ It has been argued that housing can be considered, to at least some extent, 'the saving grace' in the British welfare state, as the UK does better by low income households on a range of housing indicators than it does on most poverty league tables.⁵⁹ It has been hypothesised that three key housing policy instruments explain these relatively good housing outcomes for poorer households in the UK: Housing Benefit, which pays up to 100% of eligible rent for low-income

households; a relatively large social housing sector, allocated largely according to need; and the statutory homelessness safety net.⁶⁰ Notably, all three aspects of this UK 'housing settlement' are now subject to potentially far-reaching change in England under the Coalition Government's reform programme. The significant reforms to Housing Benefit and other aspects of welfare are discussed in the next section. Here we consider the potential impacts of changes to social housing and statutory homelessness policies, as well as developments on policies pertaining to single homeless people and rough sleepers.

Social housing

As Becky Tunstall and colleagues have commented:

"Social housing [in the UK] is highly targeted on people with low incomes and has been shown to be the most 'pro-poor' and redistributive major aspect of the entire welfare state."
(p.2)⁶¹

However, we have argued that the move towards fixed-term 'flexible' tenancies in social housing ushered in by the 2011 Act, and the introduction of 'Affordable Rent' (AR) of up to 80% of market levels, will in time weaken the sector's safety net function, and may also impact negatively on community stability and work incentives.⁶² There are significant concerns about the interaction between the AR regime and benefit

⁵⁸ See Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: England 2013*. London: Crisis/JRF.

⁵⁹ Bradshaw, J., Chzhen, Y. & Stephens, M. (2008) 'Housing: the saving grace in the British welfare state', in S. Fitzpatrick & M. Stephens (Eds.) *The Future of Social Housing*. London: Shelter.

⁶⁰ Fitzpatrick, S. & Stephens, M (eds.) (2008) *The Future of Social Housing*. London: Shelter.

⁶¹ Tunstall, R., Bevan, M., Bradshaw, J., Croucher, K. Duffy, S., Hunter, C. Jones, A., Rugg, J., Wallace, A. & Wilcox, S. (2013) *The Links Between Housing and Poverty*. York: JRF.

⁶² Fitzpatrick, S. & Pawson, H. (2013) 'Ending security of tenure for social renters: transitioning to 'ambulance service' social housing?', *Housing Studies*, 29(5): 597-615. For an alternative view see Priest-Stephens, F. (2014) 'Fixed-term tenancies under the spotlight', *Inside Housing*, 13th June: <http://www.insidehousing.co.uk/fixed-term-tenancies-under-the-spotlight/7004171.article>.

restrictions pricing low-income households out of ‘affordable’ social housing in high cost areas, particularly in inner London,⁶³ but access to AR properties for low income groups was also identified as an issue elsewhere:

“We had a strategic housing market assessment that showed 80% of market rents is not affordable based on local incomes so we’ve been trying to negotiate ...Affordable Rent for 70% or less. But in the most recent bid round the HCA have said 80% or nothing. So that goes against the ‘up to 80%’ phrase they’ve used... We were given to understand that if you could evidence [the case for a lower %] they would accept that but they’re not accepting it...And for minimal grant levels.” (LA key informant, rural area, the South, 2014)

While there appears to be a divide along party political lines on fixed-term tenancies (FTTs), with many Labour-led councils rejecting their use,⁶⁴ in the view of some of our interviewees in 2013 the requirement for housing associations to ‘have regard’ to LA policies on FTTs was “toothless”, bearing in mind also that many associations work across LA boundaries. A recent online survey of housing associations found that half of the 48 organisations which responded either had already introduced FTTs or were considering doing so,⁶⁵ while CORE data suggests that around one in ten new housing association tenancies was issued on a fixed-term basis in 2012/13.⁶⁶

The Localism Act 2011 has also enabled local authorities in England to impose restrictions on who qualifies for access to social housing in their area, and many councils appear to be making robust use of these new powers to significantly restrict access to their waiting lists.⁶⁷ Reasons for disqualification from housing waiting lists were reported to include insufficient local connection (with residence requirements of two to five years imposed), lack of engagement in work-related activities, a history of anti-social behaviour, and rent or Council Tax arrears.

While the retention of the ‘reasonable preference’ criteria should mean that a predominant needs focus is maintained in allocations, there is clearly the potential for local authorities to exclude households who, if they were permitted to join the waiting list, would be entitled to such a preference.⁶⁸ International reviews certainly sound a cautionary note about the potential implications for exclusion of the poorest and most vulnerable households from mainstream social housing if strong national frameworks governing eligibility as well as allocations are not retained.⁶⁹ Indeed, in our current round of qualitative interviews we had reports of statutorily homeless households being excluded from social housing waiting lists on the grounds of insufficient local connection – a stance which one would have thought was legally challengeable given their entitlement to a reasonable preference in allocations. In fact a recent Court of Appeal case – *R (Jakimaviciute) v Hammersmith & Fulham* – has overturned a previous High

63 BBC News (2013) ‘Councils seeks judicial review of mayor’s rent plan’, *BBC News*, 8th September: <http://www.bbc.co.uk/news/uk-england-london-24002244>

64 Inside Housing (2013) ‘Labour councils bin fixed-term tenancies’, *Inside Housing*, 11th January: <http://www.insidehousing.co.uk/tenancies/labour-councils-bin-fixed-term-tenancies/6525276.article>; Brown, C. (2013) ‘Minister urges councils to set fixed-term tenancies’, *Inside Housing*, 11 January: <http://www.insidehousing.co.uk//6525296.article>

65 Rallings, M.-K. (2014) *Approaches to tenancy management in the social housing sector: Exploring new models and changes in the tenant-landlord relationship*. London: HACT.

66 DCLG (2013) *Social Housing Lettings: April 2012 to March 2013, England*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/252344/REVISED_20131023_CORE_statistical_release_2012-13.pdf

67 Spurr, H. (2014) ‘Councils bar 113,000 from waiting lists’, *Inside Housing*, 25th April: <http://www.insidehousing.co.uk/councils-bar-113000-from-waiting-lists/7003370.article>

68 Peaker, G. (2014) ‘A return of sanity: Allocation and reasonable preference’, *Nearly Legal* blog, 6th November: <http://nearlylegal.co.uk/blog/2014/11/return-sanity-allocation-reasonable-preference/>

69 Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG; Fitzpatrick, S. & Pawson, H. (2011) *Security of Tenure in Social Housing: An International Review*. Edinburgh: Heriot-Watt University.

Court ruling that exclusion of statutory homeless households from housing lists was lawful. The High Court found that the requirement to give ‘reasonable preference’ in an allocation scheme only took effect once the person was on the housing list, so if homeless households were excluded from the list, reasonable preference did not come into play. The Court of Appeal, however, held that the requirement to give reasonable preference was a requirement for the entire allocation ‘scheme’, including qualification criteria, and thus exclusion of statutory homeless households was not permissible.⁷⁰ Such exclusions should therefore cease, but this legal battle serves to illustrate the risks inherent in weakening national eligibility criteria.

The increasingly tight conditions placed on access to LA tenancies was raised as a particular issue by services working with survivors of DV:

“... in some areas you have to have lived there for 5 years before you’re eligible for a LA property, in some areas it’s 2 years, in some 3... We’ve tried to argue with them that women experiencing DV [Domestic Violence] shouldn’t have had to have lived in that borough for that amount of time, and with varying success.... in one of our boroughs... you [also] have to be available for work, or volunteering or be in education, and so for women in refuges or who’ve experienced DV, the amount of work they’re having to do to keep themselves safe, to keep their children safe and to deal with the trauma, doesn’t leave them that much time to be volunteering.” (Senior manager, DV service provider, London, 2014)

As in last year’s Monitor, concerns were also expressed by key informants that the growing ‘business’ orientation of some housing associations, coupled with reductions in benefit entitlements, were curtailing low income households’ access to social tenancies:

“General nervousness by housing associations and change of their acceptance criteria of nominations – far stricter about not accepting anyone with any previous debt, some only accepting working tenants, refusing to negotiate with us at the Council about whether this is reasonable and openly risk averse about the problems they could face from tenants affected by welfare reform.” (LA respondent, the South, 2014)

An important context for these comments is significant lowering capital grants to subsidise new supply since 2010, forcing housing associations who wish to continue developing to make up the difference by charging ‘affordable’ rather than social rents, not just in new build properties, but also in a substantial proportion of their relets. Current controversy over proposals for ‘Freeing Housing Associations’⁷¹ – wherein housing associations could opt to buy out their historical grant in return for complete freedom over allocations and rent setting – encapsulates what is said to be a growing divide between two key groups of housing associations.⁷² On the one hand some associations, mainly smaller ones in lower demand areas, were said to be (re-)asserting their ‘traditional’ role as social landlords, housing those in greatest need. On the other hand, some larger associations, particularly in the pressurised markets in the south of England, are apparently seeking to diversify the range of people they house, moving

⁷⁰ *R (Jakimaviciute) v LB Hammersmith and Fulham* [2013] EWHC 4372 (Admin) [2014] EWCA Civ 1438

⁷¹ Policy Exchange (2014) *Freeing Housing Associations: Better Financing, More Homes*. London: Policy Exchange.

⁷² Clarke, A., Morris, S. & Williams, P. (2014) *Landlords’ Strategies to Address Poverty and Disadvantage*. York: JRF.

away from a focus on those in the most severe poverty. As the authors of a recent JRF ‘Round-up’ highlight, the logic of this second position is to “leave the private rented sector as the ‘tenure of last resort’ for those in most need, rather than the social rented sector.”⁷³ But given the restrictions on access to the PRS imposed by welfare benefit cuts (see below), this stance does not appear realistic, at least not in London and the other pressurised markets.⁷⁴

Statutory homelessness

Another important change introduced by the Localism Act 2011 was ‘compulsory’ discharge of the statutory homelessness duty into fixed-term private tenancies without requiring applicant consent. While such accommodation must be deemed ‘suitable’ in order to discharge the main duty,⁷⁵ including with respect to location, question marks have been raised about the standards of quality and appropriateness that are applied, especially given the pressure on LAs to secure properties that are affordable under the new Local Housing Allowance (LHA) rules (see below).⁷⁶

As reported in last year’s Monitor, these powers do not appear to have been widely deployed by LAs as yet, but were felt by councils to have value primarily as a ‘lever’ to incentivise potential statutory homeless applicants to instead opt for the informal housing options route. This year’s online survey of local authorities strongly supports the notion that these new powers have substantially reinforced the now well established primacy of the ‘housing options’ over formal statutory processes in resolving relevant households’ housing crises (see Tables A2 and A4 in Appendix 3). While most

local authorities responding to the online survey (particularly outside of London) were at pains to stress that they still advised all relevant households of their legal right to make a homelessness application, it is clear that the housing options/prevention route was strongly encouraged across England:

“The pros & cons of each are explained – more choice is usually available if the customer pursues informal housing options assistance.” (LA respondent, the South)

“Households are informed that the same outcome can be achieved in pursuing a preventative approach and that they are more likely to retain a greater element of control and choice over the eventual accommodation they can be found.” (LA respondent, the North)

“Citizens can choose either but are encouraged to consider preventative options.” (LA respondent, the Midlands)

A majority of authorities (55%) responding to our survey had already chosen to adopt the ‘private rental rehousing’ powers allowed for under the Localism Act, with another 16% expected to follow suit by 2016 (Table A5 in Appendix 3). Notably, take-up has been strongest in London (88%) and least extensive in the largely smaller and more rural authorities in the South (32%). On the other hand, however, only a handful of local authorities already discharging duty via private tenancies (including five of the relevant 13 London boroughs) expected this to become the ‘primary’ means of discharging statutory rehousing duty within

⁷³ p2 in Clarke, A., Morris, S. & Williams, P. (2014) *Landlords’ Strategies to Address Poverty and Disadvantage*. York: JRF.

⁷⁴ Birch, J. (2014) ‘Map Reading’, *Jules Birch blog*, 21st November: <https://julesbirch.wordpress.com/2014/11/21/map-reading/>

⁷⁵ Homelessness (Suitability of Accommodation) (England) Order 2012 (SI. 2601). [http://www.legislation.gov.uk/ukxi/2012/2601/article/3/made;DCLG \(2012\) Supplementary Guidance on the homelessness changes in the Localism Act 2011 and on the Homelessness \(Suitability of Accommodation\) Order 2012](http://www.legislation.gov.uk/ukxi/2012/2601/article/3/made;DCLG%20(2012)%20Supplementary%20Guidance%20on%20the%20homelessness%20changes%20in%20the%20Localism%20Act%202011%20and%20on%20the%20Homelessness%20(Suitability%20of%20Accommodation)%20Order%202012). London: DCLG.

⁷⁶ Garvie, D. (2012) ‘Location, location: how localism is shunting homeless families out’, *Guardian*, 7th February: <http://www.guardian.co.uk/housing-network/2012/feb/07/location-localism-homeless-families-shelter>; Hilditch, S. (2012) ‘Homelessness safety net: going, going, gone?’, *Red Brick*, 27th June: <http://redbrickblog.wordpress.com/2012/06/27/homelessness-safety-net-going-going-gone/>

the next two years (see Table A7), amounting to about 9% of the national sample in all. Across England as a whole, only around 5% of statutory homeless cases currently see duty discharged via the offer of a private sector tenancy.⁷⁷

This may explain why only a third of relevant respondents (32%) considered that the prospect of a formal ‘acceptance’ resulting in a private tenancy significantly enhanced the incentive for an applicant to opt for informal housing options assistance over formal statutory assessment (Table A6). Nonetheless our analysis of respondents’ qualitative remarks supports the interpretation that relevant local authorities often present their ability to discharge full rehousing duty via a private tenancy as a persuasive reason for the applicant not to opt for the statutory assessment route:

“We discuss the options available and in this case focus on obtaining accommodation in the private sector. We discharge our main homelessness duty in the private sector where possible and in most cases therefore there is no advantage to pursuing a homelessness application since it will not result in the offer of social housing.” (LA respondent, London, 2014)

“With the new legislation allowing discharge of duty into private sector there is in reality little difference to the applicant between a homeless application and housing options route.” (LA respondent, the South, 2014)

This analysis is also supported by the more in-depth discussions undertaken in case study authorities that had adopted the new powers:

“We always tell people now [at an early stage of the process] that we may discharge duty into private rented. And, yes, it probably does impact on some...[especially] in some of the more contrived situations where family and friends are evicting people. We’re very keen to promote the fact that we could discharge duty into private rented and it might be better if you just went out there and looked for it rather than going through homelessness...it could put you into temporary accommodation for several years...” (LA key informant, rural area, the South, 2014)

“What we say to them is ‘what’s the point of going through all this? – why go into bed and breakfast because in the end you’re going to get what we could help you with now’. ‘The reality of being in bed and breakfast isn’t good, so do you really want to go through that just to get the same?’ And [as a result] loads of people don’t bother [to press their claim to a statutory assessment].” (LA key informant, London, 2014)

Perhaps surprisingly, then, given the apparently major shift in the ‘incentive architecture’ that it has brought about, in two-thirds (67%) of relevant local authorities the decision to adopt powers to discharge duty via private tenancies was reportedly reached without having stirred significant debate or controversy in the Council or locality (Table A8). In eight authorities, half of these in London, the proposals appeared to have triggered more concerns, perhaps linked to the more determined use of such powers in the capital, as noted above, and the implications for increased out-of-London placements, given the unaffordability of much of the PRS in the capital under current LHA limits (see below). As acknowledged by one of our central London LA interviewees, their

77 DCLG (2014) *Statutory Homelessness: April to June Quarter 2014 England*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/358184/201406_Statutory_Homelessness.pdf

private rental procurement had by necessity moved increasingly beyond the borough boundaries in recent years:

“We’re now having to scour the further reaches of Barnet and Enfield, and Barking and Dagenham”. (LA key informant, London, 2014)

While there has been much attention given to the rapid growth in out-of-area temporary accommodation placements involving London boroughs⁷⁸ (see Chapter 4), the comments of this representative at one ‘receiving’ authority make plain that their ‘displacement’ concerns are broader based:

“If they’re placing into temporary accommodation legally they should be informing us... But if they’re placing as a discharge of duty or as a homeless prevention, then they’re not legally obliged to have to tell us.” (LA key informant, the Midlands, 2014)

Recognition that affordability issues can leave London boroughs with little choice but to make out-of-area placements was coupled, amongst our key informants, with concern about the consequences for vulnerable groups, such as those fleeing DV:

“The other thing that boroughs are doing, although a lot of them are trying not to, but a number are sending women out of borough, so women are being offered places like Margate, or places up North and finding that really difficult because where they know is London, where they’ve got community, family, friends, whatever and to move

up north or to a seaside resort is really problematic for them...” (Senior manager, DV service provider, London, 2014)

Supporting People, single homelessness and rough sleeping

While Central Government funding for homelessness prevention activities has been to some extent protected from ‘austerity cuts’,⁷⁹ there can be little doubt that local authority homelessness services have been subject to extreme pressure in recent years.⁸⁰ In such circumstances there might well be a risk of non-priority homelessness being further disadvantaged in terms of staff time and resources. Indeed, *Inside Housing* reported that local authority support budgets for single homeless people had been cut by 26% in the three years to 2013/14; almost certainly linked with the ongoing decline in Supporting People funding.⁸¹ It has recently been reported that ‘housing welfare support’ has been cut by nearly half in real terms over the past five years (46%), as “...housing professionals warned would happen when the government ended the ring-fence that protected Supporting People funds”.⁸²

However, half of local authority respondents to our online survey asserted that in their council, the quality and extent of assistance for non-priority applicants had actually improved since 2010, and in another third it was said that the level of service had been maintained (see Table A9 in Appendix 3). Only one local authority in six (17%) considered that there had been a service deterioration. Notably, however, London councils were much less likely to claim service improvements than authorities elsewhere.⁸³

⁷⁸ See also Spurr, H. (2014) ‘Transparency urged over out-of-London homeless placements’, *Inside Housing*, 10th January: <http://www.insidehousing.co.uk/transparency-urged-over-out-of-london-homeless-placements/7001590.article>

⁷⁹ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: England 2013*. London: Crisis/JRF.

⁸⁰ Homeless Link (2014) *Support for Single Homeless People in England. Annual Review 2014*. London: Homeless Link.

⁸¹ Spurr, H. (2014) ‘Revealed: the extent of single homeless cuts’, *Inside Housing*, 4th July: <http://www.insidehousing.co.uk/care/revealed-the-extent-of-single-homeless-cuts/7004501.article>

⁸² Perry, J. (2014) ‘Local government cuts: housing services have been hit hardest’, *Guardian*, 17th September: <http://www.theguardian.com/housing-network/2014/sep/17/housing-spending-cuts-local-government-welfare?>

⁸³ See also Dobie, S., Sanders, B. & Teixeira, L. (2014) *Turned Away: The Treatment of Single Homeless People by Local Authority Homelessness Services in England*. London: Crisis.

Key aspects of the improved service claimed by many local authorities included: expanded availability of private rented sector access schemes; better partnership with other services; enhanced staff quality and training; an increase in specialist staff and/or services aimed at single homeless people and/or complex needs groups (e.g. the No Second Night Out (NSNO) initiative)⁸⁴; and the availability of DHPs (see below). Moreover, the switch towards a more preventative/housing options-inspired approach, and a move away from a focus on strict 'rationing criteria', has meant that some local authorities feel that they are now able to offer a broader, more inclusive service:

"There is no distinction in the options provided to those likely to be offered a main homelessness duty and those unlikely to be." (LA respondent, the South, 2014)

"'Can help' approach with all customers as opposed to 'can't help at all' as non-priority!" (LA respondent, the North, 2014)

The minority of LAs that reported inability to offer the same quality/extent of service as in 2010 generally referred to increased difficulties in securing private rental accommodation as a result of welfare reform (see section 3.3), and to budget cuts, particularly Supporting People cuts.

It has to be said, however, that this generally positive picture on assistance to non-priority groups is somewhat undermined by the reported reduction in 'official' homelessness relief activities, largely aimed at this group, as reported in Chapter 4. It must also be borne in mind that the question that was posed

was a relative one – the survey did not ask LAs whether they provided a 'good' or even 'adequate' service to non-priority groups, but rather whether it was better than what pertained previously, and in some cases the baseline in 2010 may have been very low indeed.

A less positive image of LA assistance to non-priority groups was also presented in some of our key informant interviews. For example, one senior manager in an advice service commented that even the most vulnerable street homeless people are frequently turned away by LAs: "... often deemed not in priority need when they clearly are...", and that this situation was worsening as a result of "...LAs [being] under major pressure so having to be more robust [in interpreting their duties]". A recent 'mystery shopping' exercise undertaken by Crisis in 16 local authorities found evidence of "inadequate or insufficient help" being offered to single homeless people in many of these areas.⁸⁵ Notably, in six out of the seven London boroughs sampled, the 'shoppers' were often turned away without the opportunity to speak to a housing advisor, even though their characters were all presented as being in a crisis situation.

Moreover, Homeless Link's 2014 edition of their annual survey of single homelessness services in England⁸⁶ found that 38% of accommodation projects had seen their funding fall over the past 12 months, while only 8% saw an increase in funding. Though still heavily reliant on housing-related support (formerly Supporting People funding), only 58% of single homelessness projects reported that this was their primary funding source, down from 76% last year. Services affected by funding decreases

⁸⁴ DCLG (2011) *Vision to end rough sleeping: No Second Night Out nationwide*. London: DCLG; Broadway, University of York & Crunch Consulting (2011) *No Second Night Out: An evaluation of the first six months of the project*. <http://www.nosecondnightout.org.uk/wp-content/uploads/2012/01/NSNO-6-month-review-Final.pdf>. Though the scepticism with which NSNO was viewed by some key informants in the North of England, was also noted in last year's Monitor.

⁸⁵ Dobie, S., Sanders, B. & Teixeira, L. (2014) *Turned Away: The Treatment of Single Homeless People by Local Authority Homelessness Services in England*. London: Crisis.

⁸⁶ Homeless Link (2014) *Support for Single Homeless People in England. Annual Review 2014*. London: Homeless Link.

have generally responded by reducing the provision of services such as key-working and meaningful activities, and almost half have reduced their frontline staffing. However, most did not report any change in the number of people that they supported, including those with complex needs, raising concerns about the level and quality of service that they are able to provide. Nonetheless more accommodation projects reported having to decline referrals of people with complex needs or challenging behaviour: a striking finding set alongside the increased level of presentations from this group, particularly outside of London, reported in our online survey of LAs.

Homeless Link's 2014 results also suggest that more single homelessness projects are requiring referrals to have a local connection, a trend that has been strengthening over the past few years:⁸⁷

"...there's always been an element of it [local connection] around... it's a kind of arguably rational response in a time when there's even less resources. I think probably before maybe it just hadn't been... such a necessity... with... levels of demand. But I do think things like, you know No Second Night Out or other initiatives where the idea of local connection is really critical ... I think it's almost brought the issue up again on top of peoples' radars because you know... there's been a lot of reconnection between different local authorities... it.. almost... kind of made it a bit more of an issue." (Voluntary sector key informant, London, 2014)

Most of the single and youth homelessness service providers interviewed this year

reported at least some degree of additional cuts in their Supporting People and other LA funding, in some cases amounting to very significant reductions. In the case of Domestic Violence (DV) services there were particular concerns about switches in funding away from refuges and specialist services towards more generic provision.⁸⁸ As was reported last year, it was felt that tenancy sustainment and other low intensity support services were at greatest risk in this difficult financial climate, with potentially long-term rather than more immediate implications in terms of increased levels of homelessness including rough sleeping. That said, there was also a sense that there would now be something of a hiatus in commissioning and funding patterns prior to the 2015 General Election, but thereafter significant further cuts were widely expected.

At the same time there was also widespread acknowledgement of the range of targeted programmes supported by Government and aimed at single homeless people, and especially those sleeping rough. This includes the Homelessness Prevention Grant distributed to LAs, which has been protected in the face of severe funding cuts affecting DCLG,⁸⁹ and the £40 million of capital spending that has been earmarked for hostels.⁹⁰ The Government has further made available £18.5 million to support work by sub-regional partnerships to tackle single homelessness, and the Homelessness Transition Fund, funded by DCLG and administered by Homeless Link, has provided grants to voluntary sector organisations to help roll out the NSNO principles and other innovations (including a number of 'Housing First' projects, now being evaluated by the University of York). The Crisis-run PRS Access Development Programme

⁸⁷ See also Johnsen, S. & Jones, A. (forthcoming 2015) *Evaluating the Effectiveness of Reconnections Schemes for Rough Sleepers*. London: Crisis.

⁸⁸ See last year's Monitor. Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: England 2013*. London: Crisis/JRF.

⁸⁹ DCLG (2012) 'Safety net against homelessness continues to 2015', *DCLG Announcement*, 2nd September: <https://www.gov.uk/government/news/safety-net-against-homelessness-continues-to-2015>

⁹⁰ Prisk, M. (2013) 'Housing Speech', 27th June: <https://www.gov.uk/government/speeches/housing-speech-by-mark-prisk>

was likewise financed by DCLG.⁹¹ The Government has also supported innovations in addressing entrenched rough sleeping, notably the London Homelessness Social Impact Bond launched in November 2012. Relevant here too are the newly launched Fair Chance Fund, a payment by results scheme aimed at young homeless people;⁹² the Homeless Hospital Discharge Fund;⁹³ the Platform for Life funding, to provide shared accommodation for young people at risk of homelessness;⁹⁴ and The Big Lottery Fund 'Fulfilling Lives' Programme.⁹⁵

However, these initiatives are generally small scale, tightly targeted and time limited – the Homelessness Transition Fund, PRS Access Programme and Hospital Discharge Fund all terminated this year. As such, they cannot compensate for substantial cuts in the mainstream Supporting People revenue funding relied upon by most single homelessness services. In the words of one voluntary sector key informant:

“...there’s been several relatively high profile investment programmes over the last 12 months... So you know, big splash, popular initiatives, but they’re all short-term....I think what the impact for services is they... get diverted by these shiny things, and meantime as has ever been the case, the core revenue of providing the services is being massively overlooked and that’s where the desperate need is...Yes, it’s great to have these shiny capital things, but at the end of the day there’s no revenue often attached to them.”

And, from the perspective of a London case study local authority:

“There’s actually quite a lot of money available to deal with non-priority homelessness. The Fair Chance (social investment) funding from CLG and from the GLA [Greater London Authority]. But it doesn’t do anything to increase provision. What we actually want is more property.” (LA key informant, London, 2014).

It seems unlikely that these homelessness-specific efforts will be able to overwhelm the damaging effects of larger economic and policy forces, including the acute shortages of affordable housing reported in Chapter 2, and the welfare reform agenda now discussed.

3.3 Welfare policies

The raft of government welfare reform measures likely to impact on homelessness have now all been operating for some time, albeit they are still set to be reinforced by further cutbacks in the coming years. Initial impacts from those policies are now clearly apparent, albeit in most cases it remains too early to comprehensively assess their impact. A detailed description of this reform programme is provided in previous Monitors,⁹⁶ and in the discussion below we focus on the most recent developments.

It has been estimated that in overall terms the programme of welfare reforms will this year take some £19 billion a year out of the pockets of low income households (and

⁹¹ Crisis (2013) *The Crisis PRS Access Development Programme 2010-2014*. <http://www.crisis.org.uk/pages/crisis-private-renting-funding.html>

⁹² DCLG (2014) *Fair Chance Fund: Full bid specification documentation*. <https://www.gov.uk/government/publications/fair-chance-fund-full-bid-specification-and-application>

⁹³ See <https://www.gov.uk/government/publications/homeless-hospital-discharge-fund-2013-to-2014>

⁹⁴ DCLG (2014) 'Government expanding support to beat homelessness', *DCLG Press Release*, 10th June: <https://www.gov.uk/government/news/government-expanding-support-to-beat-homelessness>

⁹⁵ See http://www.biglotteryfund.org.uk/prog_complex_needs

⁹⁶ Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2011) *The Homelessness Monitor: Tracking the Impacts of Policy and Economic Change in England 2011-2013*. London: Crisis; Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis.

the economy).⁹⁷ Within that, the individual welfare reforms vary significantly in their spatial impact, but taken together there is also a clear pattern in terms of those regions and localities where the overall impacts of the government welfare reforms and cutbacks will be greatest.⁹⁸

While on average losses equate to an average of £470 a year for every working age adult across Great Britain, in fifty areas the losses average £600 or more for each adult, and in three areas the losses average £800 or more (Blackpool £910, Westminster £820 and Knowsley £800).

More generally, a recent study has shown that the overall package of Coalition Government tax and welfare reforms were fiscally broadly neutral, with the savings from the welfare cuts effectively used to pay for tax reductions. It also showed that all those in the lowest half of the income distribution were net losers from those tax and benefit changes, while all those in the top half of the income distribution (except the top 5%) made net gains. The biggest losers were those in the lowest three income deciles, where the impact of the benefit cuts far outweighed the gains from tax and state pension provisions.⁹⁹

It is in this wider context that we focus on the most recent developments that have a direct relevance for homelessness and the housing market for low income households.

Local Housing Allowance

Changes to the Local Housing Allowance (LHA) regime for private tenants led the way in the welfare reform agenda, and have been applicable to all new claimants since April 2011, and to all existing claimants for a period of between almost two to three years, dependent on their circumstances. The key

initial changes were to set LHA rates based on thirtieth percentile market levels, rather than market medians, and to set maximum caps that further reduced LHA rates in inner London. Since April 2013 those LHA rates have been uprated by the lower of either inflation (CPI) or changes in market rents. These reforms are of particular significance in the context of homelessness policies that are placing more emphasis on households securing accommodation in the private rented sector (PRS).

Administrative data on LHA claims is now available for the period to August 2014. Nationally, this shows that the number of LHA claimants continued to rise after March 2011, but at a much slower rate than in the five years prior to the LHA reforms. However, more recently numbers have begun to fall. In England as a whole the numbers of private tenants in receipt of Housing Benefit rose from 1,376,440 in March 2011 to 1,493,427 in May 2013, before falling back to 1,432,335 by August 2014. That represents a 4.1% net increase over the three and a half years to August 2014.

While the working through of the lower LHA rate regime, and the further downward drift of LHA rates through CPI uprating will have contributed to the decline in LHA claimant numbers between May 2013 and August 2014, this period also saw a fall in the overall Jobseekers Allowance (JSA) claimant count. The net decline in Housing Benefit claimants over the year was proportionately far greater in the PRS, than in the social rented sector. However other factors, such as the age profile of tenants in the two sectors, may have contributed to the greater rate of decline in the PRS, as well as the impact of the LHA reforms.

⁹⁷ Beatty, C. & Fothergill, S. (2013) *Hitting the poorest places hardest: The local and regional impact of welfare reform*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University.

⁹⁸ Beatty, C. & Fothergill, S. (2013) *Hitting the poorest places hardest: The local and regional impact of welfare reform*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University.

⁹⁹ De Agostini, P., Hills, J. & Sutherland, S. (2014) *Were we really all in it together? The distributional effects of the UK Coalition government's tax-benefit policy changes*, CASE Working Paper 10, London: London School of Economics and Political Science.

The rate of growth in London, from March 2011 to August 2014, was much less, at 2.3%; and in inner London numbers have fallen by almost 10% since the end of 2011 when the new regime first began to apply to existing claimants. There has been an even sharper decline in the areas of central London affected by the caps on maximum LHA rates, with declines of some 30-35% since March 2011 in Kensington and Chelsea and in Westminster.¹⁰⁰ As intended, the policy is making it much more difficult for lower income households to secure, or sustain, tenancies in the PRS in the high value areas impacted by the LHA caps.

This was confirmed by the respondents to our online survey of local authorities, particularly those from London and the South, who identified reductions in LHA entitlements as the single most impactful aspect of welfare reform as regards homelessness:

“Biggest issue is impact of LHA as market rents are not accessible to those claiming HB.” (LA respondent, London, 2014)

“Private lets have become significantly more difficult to find, primarily due to unrealistic LHA rates, exacerbated by the 30th percentile restriction.” (LA respondent, the South, 2014)

There has also been a substantial decline in the numbers of younger single households in receipt of Housing Benefit, following the extension of the Shared Accommodation Rate (SAR) to single people aged 25 to 34. Between December 2011 and August 2014, 25-34 year olds in receipt of Housing Benefit in the PRS in England did fall by 15,300 (4.1%), but that fall occurred entirely during the course of 2014 when overall claimant numbers were also falling. However, it is also notable that over the same period those under 25 in

receipt of Housing Benefit fell at a far greater rate (24.7%). Overall, the numbers of single people aged under 35 in receipt of Housing Benefit fell by 10.2% between December 2011 and August 2014. Within that the reduction in the numbers of young single claimants able to access the private rented sector was particularly acute in London, where numbers of those under 25 fell by virtually two fifths, while the numbers of those aged 25-34 fell by 18.3%.

Given that overall LHA claimant numbers were still higher at the end of this period, this reduction in the numbers of young single Housing Benefit claimants might be taken as a consequence of the combined effect of the SAR being extended to a broader age range and its being set to the lower 30th percentile market level (it was in any event already much lower than one bedroom rates). It is certainly consistent with the reports from agencies about difficulties in securing accommodation in the PRS for younger single people and research showing the very limited availability of private rented accommodation with rents within reach of the new SAR rates.¹⁰¹

Amongst the LA respondents to our online survey, the SAR extension was widely seen as instrumental in increasing levels of homelessness but, interestingly, such effects seemed more widely perceived outside of London (perhaps because sharing is already more of an established ‘norm’ for this age group in the capital):

“The extension of the shared accommodation rate to single 25-34 year olds has made it increasingly difficult for this age group to find affordable accommodation, with there already being a shortage of shared or bedsit accommodation in the [area].” (LA respondent, the North, 2014)

¹⁰⁰ DWP Housing Benefit Caseload Statistics <https://www.gov.uk/government/statistics/number-of-housing-benefit-claimants-and-average-weekly-spare-room-subsidy-amount-withdrawal>. Additional data extracted from DWP Stat-Xplore. Note that figures for Westminster should be treated with caution due to large numbers of cases with unattributed tenure.

¹⁰¹ Sanders, B. & Teixeira, L. (2012) *No room available: study of the availability of shared accommodation*. London: Crisis.

“Individuals between the ages of 25-35 have had more difficulty finding private sector accommodation leading to staying with family and more familial evictions.” (LA respondent, the Midlands, 2014)

The published Housing Benefit data shows that the average payments made to private tenants have declined since the new LHA regime was introduced. A number of factors have contributed to this, including the LHA caps in inner London, and the rise in the numbers of working claimants who receive partial, rather than ‘full’ Housing Benefit. However, one of the main findings of the DWP evaluation of the new LHA regime was that for existing claimants, only some 11% of the reduction was attributable to landlord rent reductions, with the bulk of the reduced entitlement having to be met by the claimants. For almost a half this involved cutting back on other expenditures on household ‘essentials’, and nearly a third borrowed money from family or friends.¹⁰²

It should also be recognized that while the LHA reforms are now fully operational, there will be a further time lag before the long-term market responses to those reforms by claimants and landlords will be seen. Those responses will also be changing over time as the CPI limits on uprating LHA look set to depress LHA rates relative to movements in market rents. More immediately, following a decision announced in the 2013 Budget, in 2014/15 and 2015/16 they will be uprated by just 1%. While the need to curb rent inflation was one of the original justifications for the LHA restrictions, only 10% of respondents to our online survey believed that this aspiration had been achieved in their area, and two thirds of London-based respondents expressed strong disagreement.

The Benefit Cap

The overall cap on welfare benefits was introduced in four local authorities in April 2013, and was rolled out on a phased basis, so that since the end of September 2013 it has been operated across the whole of the country. The cap – set at £350 per week for single people, and £500 for all other households – applies to out-of-work households below pensionable age, with a number of exemptions for households with disabilities.

The limits impact particularly on larger families, and households in London and other higher rent areas. The impact assessment estimated that some 58,000 households would have their benefits reduced as a result of the benefit cap, with 52,000 in England, of which some 25,000 were expected to be in London. While the (median) average estimated benefit reduction was £62 per week, for a third of all cases the estimated reduction was greater than £100 per week.¹⁰³

In practice, the benefit cap has since its full implementation impacted on only about one half of the numbers of households estimated in the impact assessments. Numbers fluctuate slightly from month to month, but peaked at 28,434 in December 2013. By August 2014 the numbers had eased down to 27,241.¹⁰⁴ Changes of circumstances have seen continuous monthly flows of households into and out of the benefit cap. In total, almost 24,000 households had been subject to the cap at some point, but were no longer capped in August 2014. Of those almost two fifths ceased to be impacted as they were in work, and had an open Working Tax Credit claim. However, it is not clear how far the benefit cap, in itself, has contributed towards the move of impacted households

¹⁰² Beatty, C., Cole, I., Powell, R., Kemp, P., Brewer, M., Emmerson, C., Hood, A. & Joyce, R. (2014) *Monitoring the impact of changes to the Local Housing Allowance system of Housing Benefit: Final Reports*. London: DWP.

¹⁰³ DWP (2012) *Benefit Cap (Housing Benefit) Regulations 2012: Impact Assessment for the Benefit Cap*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220178/benefit-cap-wr2011-ia.pdf

¹⁰⁴ DWP (2014) *Benefit Cap: GB households capped to August 2014*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370587/benefit-cap-statistics-to-aug-2014.pdf

into work, as changes in circumstances and moves in and out of often insecure and low paid employment is an established pattern for many low income households.¹⁰⁵

As anticipated, the impact of the benefit cap has been greatest in London due to its higher level of housing costs, and for larger families. Of all the households impacted at some time up to August 2014, almost a half were in London, and of the twenty authorities with the most impacted households eighteen were London boroughs. Of those impacted in August 2014, just over three fifths had four or more children, and a further one fifth had three children. The households impacted nationally were virtually evenly split between the social and private rented sectors.¹⁰⁶

An early but more detailed analysis of the impact of the cap in one authority (Haringey) found that only one in eight were social sector tenants, while the great majority were more or less evenly split between the private rented sector and temporary accommodation.¹⁰⁷ In the short term, the impact on the families in temporary accommodation was being largely offset by the council's provision of Discretionary Housing Payments, but this was not considered to be sustainable given the planned future reduction in DHP budgets.

In our online survey, the benefit cap was portrayed by LA respondents as a measure that generally affected a relatively small number of households, but had a high impact on those households (almost all of them in London and the South), as well as being very resource intensive for authorities to deal with:

"The benefit cap - although not a large number of households are affected in our area, the cases we are dealing with involve a lot of homelessness prevention work - negotiating with private landlords, using our homelessness prevention fund and DHP to clear rent arrears etc." (LA respondent, the South, 2014)

"Benefit cap for a handful of cases. These are generally already in social housing and therefore difficult to rehouse into other accommodation as there is nothing more 'affordable' than the housing they currently occupy." (LA respondent, the South, 2014)¹⁰⁸

The 'Bedroom Tax'

Limits on the eligible rents for households in the social rented sector were also introduced in April 2013, based on the number of bedrooms the household are deemed to require by size criteria essentially derived from the social survey 'bedroom standard' measure established in the 1960s. Officially these limits have been designated as the 'Spare Room Subsidy' limits, but they have been more widely referred to as the 'Bedroom Tax'.

To put the 'Bedroom Tax' in context it should be recognised that 73% of all households in Great Britain occupy dwellings with more bedrooms than specified by the bedroom standard. Within that overall picture, a far higher proportion of home owners occupy dwellings above the bedroom standard (85%) than do social sector tenants (43%). Numerically all social sector tenants occupying dwellings above the bedroom standard account for just 11% of all households in Great Britain occupying dwellings above the standard, while working

¹⁰⁵ Green, A., Elias, P., Hogarth, T., Holmans, A., McKnight, A. & Owen, D. (1997) *Housing, Family and Working Lives*. Warwick: Institute for Employment Research, University of Warwick; Hills, J., Smithies, R. & McKnight, A. (2006) *Tracking Income: How Working Families' Incomes Vary Through The Year*. London: Centre for the Analysis of Social Exclusion, London School of Economics.

¹⁰⁶ Data extracted using DWP Stats-Explore.

¹⁰⁷ CIH & Haringey Council (2013) *Experiences and effects of the benefit cap in Haringey*. http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Experiences_and_effects_of_the_benefit_cap_in_Haringey_October_2013

¹⁰⁸ But note point above that, in general, cases are evenly split between PRS and social rented sector.

age social sector tenants in receipt of Housing Benefit account for less than 3% of all households above the standard. In other words, to the extent that this is a policy measure designed to reduce levels of under-occupation relative to the bedroom standard it is only operating in one tiny corner of the housing market.¹⁰⁹

DWP estimated that the 'Bedroom Tax' would impact on some 660,000 households across Great Britain as a whole, but with a disproportionate impact in the northern regions of England (as well as in Scotland and Wales). It is also notable that almost two thirds of the claimant households estimated to be affected involved a disabled claimant or partner.¹¹⁰ That estimate did not, however, include households with a disabled child.

As with the overall benefit cap, the actual numbers of households impacted by the size criteria have proved to be some way below the levels estimated in the impact assessments, with no evidence that any more than a very small part of the difference could be attributed to households moving or otherwise changing their circumstances so as to avoid the impact. Similarly, while some landlords have selectively redefined the number of bedrooms in some of their stock, the evidence shows that this has been only on a very small scale.¹¹¹ The May 2013 figures showed just under 560,000 households subject to the size criteria limits (adjusting for initial under reporting), of which some 443,000 were in England. Overall social renting case numbers for May 2013 and the previous months offer no support for the impact assessment suggestion that

a substantial number of Housing Benefit claimants receiving modest levels of 'partial' benefit would be 'floated off' as a result of the size criteria deductions.

By August 2014 the numbers of tenants subject to the reductions in England had fallen by 16% to some 370,000. As with the monthly benefit cap figures, it must be recognized that this is a net reduction in the numbers of tenants impacted, with household changes in circumstances leading to some tenants becoming newly subject to the size criteria limits each month (i.e. when a child ceases to be a dependant), at the same time as other households cease to be subject to the limits.

Of the 195,000 households ceasing to be subject to the size criteria over the period to December 2013, almost 90,000 ceased to claim Housing Benefit altogether, while nearly 62,000 had an increase in their bedroom entitlement. Just 18,740 moved into smaller accommodation within the social rented sector, while 3,600 moved into the private rented sector.¹¹²

A number of reports have now provided evidence on the impact of the size criteria limits during the first six months of their operation, and some of the issues this has raised.¹¹³ These confirmed that the majority of impacted tenants did not consider themselves to be 'over accommodated'. This is not surprising given that, as seen above, the 'bedroom standard' on which the size criteria is based is out of touch with contemporary social values and practice.

¹⁰⁹ Wilcox, S. (2014) *Housing Benefit Size Criteria: Impacts for Social Sector Tenants and Options for Reform*. York: JRF.

¹¹⁰ DWP (2012) *Housing Benefit Size Criteria for People Renting in the Social Rented Sector: Equality Impact Assessment. Updated June 2012*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220154/eia-social-sector-housing-under-occupation-wr2011.pdf

¹¹¹ Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C. & Williams, P. (2014) *Evaluation of Removal of Spare Room Subsidy: Interim Report*. London: DWP.

¹¹² DWP (2014) *Removal of the Spare Room Subsidy: Analysis of changes in numbers subject to a reduction in Housing Benefit award*. London: DWP.

¹¹³ Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2014) *Evaluation of Removal of the Spare Room Subsidy: Interim Report*. London: DWP; Wilcox, S. (2014) *Housing Benefit Size Criteria: Impacts for Social Sector Tenants and Options for Reform*. York: JRF; Ipsos MORI (2014) *Impact of welfare reforms on housing associations: Early effects and responses by landlords and tenants*. <https://www.ipsos-mori.com/Assets/Docs/Publications/sri-ipsos-mori-nhf-report-impact-of-welfare-reforms-on-housing-associations-2014.pdf>.

The tightness of the size criteria inevitably resulted in a host of concerns about the circumstances in which additional bedrooms were needed, whether for disability or other medical reasons, or for carers of children of separated or divorced parents in circumstances wider than those recognized by the criteria.

A related issue is that the criteria assumes that any bedroom can be shared by two children, regardless of how small it might be, or the age of the children. This is in contrast to the statutory overcrowding criteria which clearly specify minimum space standards for rooms to be seen to be available either for single use or for sharing by children of different ages (albeit that the statutory criteria also takes living rooms into account as well as bedrooms). Indeed a number of first tier tribunal appeals have referred to the statutory criteria to hold that some rooms are too small to be considered as bedrooms.

A broader concern about the application of the size criteria is that in many areas there is a shortage of smaller social sector dwellings available for 'downsizing' transfers. DCLG data shows just under 15,000 social sector tenants transferred in 2013/14 either in response to the benefit cap or the 'Bedroom Tax' – just 3% of those impacted by the two measures. The constraint on the availability of smaller dwellings is more frequently found in parts of northern England, where there is a structural mismatch between the size of dwellings within the stocks of social landlords, and the size of dwellings households are deemed to require under the 'Bedroom Tax' criteria. In those areas, 'under-occupation' as defined by the size criteria has been an established practice supported by social landlords as a means of balancing the supply and demand for their larger dwellings.

In this context, some landlords have calculated that it would take them between five and thirteen years to provide smaller sized accommodation for all those households affected.¹¹⁴ The regional dimension to the impacts of the policy is reflected in the distribution of the impacted households across England, with particularly high numbers in the north west of England, as shown in Figure 3.1. The figure also shows the extent to which numbers have reduced over the period from May 2013 to August 2014, with a higher rate of reduction in London and the South East where there are both more opportunities for landlords to make 'downsizing' transfers, and greater labour market opportunities for tenants.

A landlord survey undertaken for DWP found that after five months, only two fifths of the impacted tenants were making rent payments in full, two fifths were making good some part of the size criteria deductions, and one fifth were not making any payment to cover the shortfall.¹¹⁵ Almost three fifths of the impacted tenants were either reducing spending on household essentials, or running up debts, while one in four had borrowed money, mainly from family or friends, to help manage the shortfall. It must also be recognized that for about one in ten¹¹⁶ of the impacted tenants, their capacity to meet the shortfall was the result of successful claims for Discretionary Housing Payments (see also Chapter 2). These payments are discussed in the following section.

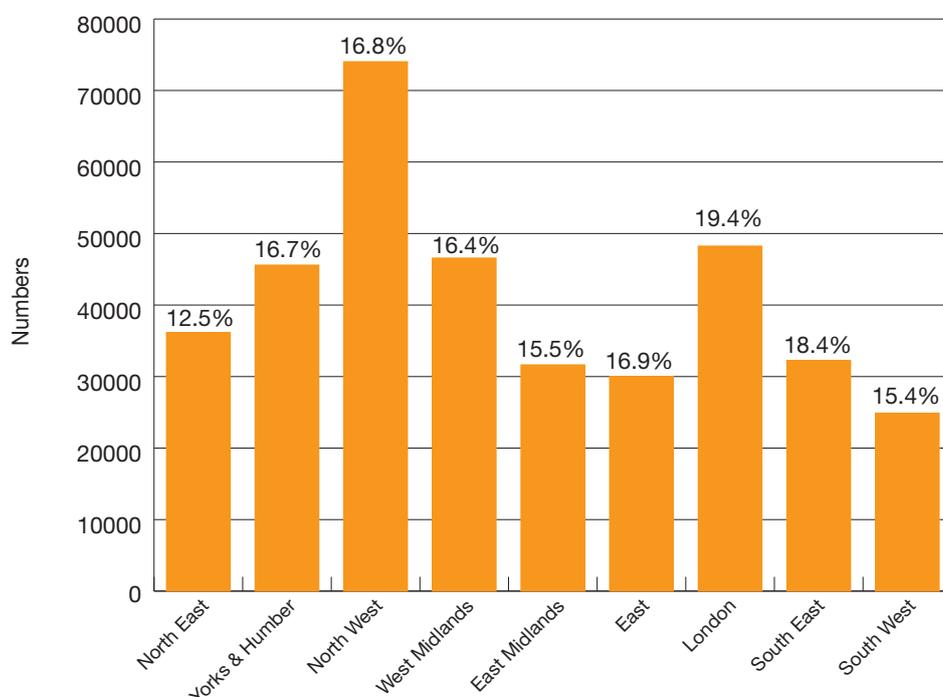
While these surveys found problematic levels of rent arrears, at the time they were undertaken these had not by that stage led to significant levels of legal actions or evictions. However, with time these must be expected to grow. Indeed, while other factors (and welfare reforms) are involved, there was a

¹¹⁴ National Federation of ALMOs (2013) *Welfare Reform Survey Summary of Responses October 2013*. Coventry: National Federation of ALMOs.

¹¹⁵ Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2014) *Evaluation of Removal of the Spare Room Subsidy: Interim Report*. London: DWP.

¹¹⁶ Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2014) *Evaluation of Removal of the Spare Room Subsidy: Interim Report*. London: DWP.

Figure 3.1 Working age claimants impacted by the size criteria limits, and percentage fall in numbers between May 2013 and August 2014



Above each column showing the number of impacted claimants in each region in August 2014, the percentage figure shows how far those numbers fell between May 2013 and August 2014.

Source: DWP Housing Benefit Statistics, November 2014

clear and marked increase in the numbers of social landlord possession actions from the third quarter of 2013 onwards. Total social landlord possession claims in England and Wales were 18% higher in 2013/14 compared to the year before the size criteria restrictions were introduced (see Figure 2.8).

As noted in Chapter 2, many LA respondents to our online survey felt that the full effects of the size criteria were yet to be felt, as they have in many instances been dealt with to date via DHP-supported mitigation efforts, but there are doubts over the sustainability of this model long-term (see below). The indirect effects of the size criteria in blocking attempts to resolve homelessness were also highlighted by a number of respondents:

“We are a stock holding authority – ‘Bedroom Tax’ has made it impossible to allocate two bed properties. We have a very small number of one bedroom properties therefore people remain in unsuitable housing situations for much longer.” (LA respondent, the South, 2014)

Discretionary Housing Payments

Limited budgets for Discretionary Housing Payments (DHPs) have been made available to local authorities to assist in cases where they recognise the household’s requirements for additional bedrooms, but as is inevitably the case with such discretionary provisions, they are difficult to administer, their application is patchy, and in the past budgets have often been underspent.¹¹⁷ Early

117 Merrick, N. (2012) ‘Councils underspend payments for struggling households by £8 million’, *Guardian Professional*, 25th June: <http://www.theguardian.com/housing-network/2012/jun/25/discretionary-housing-payments-underspend>

indications of their use for size criteria cases suggested that during the first six months they were only being made available for some one in ten of the tenants affected by the limits,¹¹⁸ but the expenditure data suggests that numbers of DHP awards will have increased in the second half of the financial year.

Indeed, data for 2013/14 showed that while overall DHP budgets in the year were slightly underspent, this was rarely the case with the sums specifically provided to ease the impact of the size criteria. In total, English authorities spent 94% of their DHP allocations – although spending was higher in both Scotland and Wales largely because of additional funds provided by the Scottish and Welsh Governments.¹¹⁹ The overall spend figure also takes account of additional self-funded spending by some authorities that in part offset the extent of underspending by other authorities. In England, 85 authorities ‘over-spent’, while 231 underspent and 10 exactly spent their full DHP budget.

In England three fifths of total DHP spend was on ‘Bedroom Tax’ cases, including households with disabilities living in specifically adapted accommodation. This is far more than the funds provided by DWP for the size criteria, and clearly many councils chose to use their discretion to apply more funds for these cases, and as a result less for other cases, such as LHA and benefit cap related cases.

This is a further indication of the pressures resulting from the ‘Bedroom Tax’ policy. Concerns have also been expressed about some councils taking DLA awards into account when making the income assessments for DHP eligibility, and as a

result denying DHPs to some of the disabled households living in specifically adapted accommodation.¹²⁰ Looking ahead, there are also concerns that the DWP budgeted provision for DHPs will not be maintained beyond 2014/15, and that the time limited awards for a proportion of impacted households will subsequently be allowed to lapse.

Universal Credit

The Universal Credit (UC) regime is intended to combine several existing benefits, including Housing Benefit, and to radically simplify the structure of welfare benefits in the UK. A full account of the structural reforms was set out in earlier editions of the Homeless Monitor.¹²¹

The new regime is now operational in a small number of pathfinder areas, but the overall timetable for rolling out the new regime has now been deferred from original plans, not least due to difficulties in developing the IT system for a still complex scheme, where the detailed regulations and operational requirements for the scheme were not finalised until quite recently. Poor management and lack of cost controls in the development of the new regime have been severely criticised in two reports from the National Audit Office.¹²²

At the end of July 2013, the UC regime was being introduced for some new claimants in four areas (Tameside, Oldham, Wigan and Warrington), and by the end of September 2014 it was operational in some 50 Jobcentres in England, Scotland and Wales, with the roll-out across the rest of the country planned to take place at some time during the course of the following eighteen months.

118 Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thompson, E., Whitehead, C. & Williams, P. (2014) *Evaluation of Removal of Spare Room Subsidy: Interim Report*. London: DWP.

119 DWP (2014) *Use of Discretionary Housing Payments: Analysis of annual financial and monitoring returns from local authorities*. London: DWP.

120 Wilcox, S. (2014) *Housing Benefit Size Criteria: Impacts for Social Sector Tenants and Options for Reform*. York: JRF.

121 Section 4.3 in Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis.

122 National Audit Office (2013) *Universal Credit: early progress*. <http://www.nao.org.uk/wp-content/uploads/2013/09/10132-001-Universal-credit.pdf>; National Audit Office (2014) *Universal Credit: progress update*. <http://www.nao.org.uk/wp-content/uploads/2014/11/Universal-Credit-progress-update.pdf>

However it will be mid 2016, at the earliest, before the scheme is planned to begin being applied to existing claimants. It must also be noted that all the DWP statements about the roll out programme relate only to single claimants, and it is not clear how soon the roll out will follow for 'more complex' household types. Given the continuing delays, costs and administrative problems that have beleaguered the introduction of the scheme, there must also be some doubts as to whether it will be continued in its current form by the government of the day following the 2015 General Election. The decision to devolve the treatment of housing costs to Scotland in the wake of the Scottish independence referendum could also potentially lead to changes in the way housing costs are treated across the UK as a whole.

Quite apart from the uncertainty over the timetable and the effectiveness of the IT system, there are a number of specific concerns about the operation of the scheme. A major anxiety relates to the reliance on online application processes, with only limited provision being made to support claimants who are less familiar with, and/or able to cope with, IT systems:

"The future introduction of Universal Credit is a concern as the most vulnerable in society may not be able to apply on-line or engage with the service to apply for benefits - without an income people will be unable to pay their rent and household bills." (LA respondent, the Midlands, 2014)

"There's... a lack of realism [within Central Government] ... the expectation of online transactions is very high and yet there is very little evidence that benefit claimants are doing things online." (LA key informant, London, 2014)

The prospect of single monthly payments to one bank account raises particular anxieties amongst organisations working with vulnerable groups and those with complex needs, such as alcohol or drug problems, who may struggle to budget on a monthly basis. It has also been a focus of concern amongst DV organisations, as financial abuse is often a key means by which violent men maintain control over their partners

For supported accommodation providers, there had been significant anxieties about ambiguities around the definition and treatment of 'exempt accommodation', including hostels, refuges and related provision. Those concerns have been substantially eased, however, by an agreement to exempt 'specified' supported accommodation from both direct payments and the benefit cap.¹²³ However, this exemption will not extend to other forms of accommodation that may be used for homeless or vulnerable groups, such as private lets, flatshare schemes, supported lodgings, etc., nor will it cover temporary accommodation.

A more general concern, especially voiced by social sector landlords, is that the arrangements for UC to include the element based on housing cost entitlements being paid direct to the tenant will lead to both an increase in rent collection administration costs, and to rising levels of rent arrears.

"Everyone is worried about the impact of Universal Credit. If the issue of direct payments to landlords is resolved there will be less worry." (LA respondent, London, 2014)

Those concerns have been reinforced by the experiences of the social landlords involved in the DWP direct payment demonstration projects. After twelve months in operation,

¹²³ Sitra & Homeless Link (2014) *Changes to Supported Accommodation contained in the "The Housing Benefit and Universal Credit (Supported Accommodation) (Amendment) Regulations 2014"*. <http://www.homeless.org.uk/sites/default/files/site-attachments/Specified%20accommodation%20briefing.pdf>

average rent payment rates across the projects were estimated to be 6.6% lower than would have been the case without direct payments. Thirty per cent of all tenants reported that they were behind with their rents due.¹²⁴ While rates of underpayment declined over the course of the operation of the projects, under payments were also erratic and difficult to predict (and therefore manage), reflecting the complexities and challenges of unforeseen circumstances on low income households' budgets.

While the UC regime will not, in itself, involve any further reduction in benefit levels, it will still involve gainers and losers relative to the current regimes, albeit that existing claimants will be provided with transitional protection.¹²⁵ Neither however, will the UC regime mitigate other ongoing benefit reductions, such as the real terms increases in levels of non-dependant deductions.¹²⁶

Though the reforms are intended to promote transparency and work incentives, the impact of the reforms on incentives will be mixed. On the one hand, the removal of the confusing overlap of tax credit and Housing Benefit tapers, which can leave some households with only some five pence for every additional £1 of earnings, is itself welcome, but a consequence of the reform is that eligibility for UC will extend much further up the income scale than under the current Housing Benefit regime.¹²⁷ The failure to include Council Tax benefit within Universal Credit, and the difficulties and complexities of the variable replacement schemes now being introduced in England (see below), also

detracts from the simplification and incentive objectives for the scheme.

A consequence of the shallower but more extended Universal Credit poverty trap is that an increasing proportion of social sector tenants in low to moderate paid work will be brought within the scope of the welfare system, and this will be further exacerbated by the extension of the 'Affordable Rent' regime (see above) to an increasing proportion of social sector tenants.

Council Tax Benefit

For 2013/14, Central Government has reduced by 10% its funding for Council Tax Benefit (CTB), and in England the national CTB scheme has been replaced in England by locally determined 'Council Tax support (CTS) schemes'. In Scotland and Wales the existing schemes have continued, with a mixture of Scottish and Welsh Government and local authority funding making good the reduction in Central Government support.

In England the position is far more varied, but in the first year almost one fifth of all councils made no changes to the old CTB scheme, and covered the costs of the Central Government budget cuts from their own resources.¹²⁸ The overall savings to Central Government from the 10% budget cut amount to some £490 million in 2013/14; but because of the interventions by the Scottish and Welsh Governments, and some local authorities, it is estimated that only some £340 of those cuts were actually passed on to claimants.¹²⁹

¹²⁴ Hickman, P., Reeve, K., Wilson, I., Green, S., Dayson, C. & Kemp, P. (2014) *Direct Payment Demonstration Project: 12 month stage reports*. London: DWP.

¹²⁵ DWP (2012) *Universal Credit Impact Assessment*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220177/universal-credit-wr2011-ia.pdf. Also see last year's edition of the Homeless Monitor (section 4.3) for further discussion of the Universal Credit scheme, and wider reductions in benefits expenditure over the last few years: Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: England 2013*. London: Crisis/JRF.

¹²⁶ See previous Monitors for more detailed discussion of the impact of increases in non-dependant deductions. Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: England 2013*. London: Crisis/JRF; Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis.

¹²⁷ Wilcox, S. & Pawson, H. (2013) *UK Housing Review 2013 Briefing Paper*. Coventry: CIH.

¹²⁸ New Policy Institute (2014) *Council Tax Support Update*. <http://counciltaxsupport.org/201314/localschemes/>

¹²⁹ Adam, S., Browne, J., Jeffs, W. & Joyce, R. (2014) *Council Tax Support Schemes in England: What did local authorities choose, and with what effects?* Institute for Fiscal Studies.

Of the English councils that amended the old CTB scheme to achieve savings in 2013/14, some 70% introduced a minimum Council Tax payment to be met by all households regardless of their income or circumstances. Of those, a half set the minimum payment at no more than 8.5% of the Council Tax bill, while 18% set the minimum payment at over 20% of the Council Tax bill.¹³⁰

Among other changes, three quarters of the councils amending the old CTB scheme abolished the 'second adult rebate', a third changed the 'non-dependant deductions', and about a quarter restricted support to a maximum Council Tax band rate, and/or reduced the savings limit above which households are not entitled to any support.

One in five of the amending councils introduced a minimum level of CTS entitlement required in order for a payment to be made, and just one in eight widened the scope of the benefits or incomes they took into account when calculating CTS entitlement (such as child benefit and child maintenance).

Perhaps somewhat surprisingly, less than one in ten of the amending councils changed the 'taper rate' by which CTS entitlement is reduced as a proportion of incomes above the specified threshold levels for each household. However, additionally, almost a quarter of all amending councils have made across the board percentage reductions in entitlement, and in effect this implies an increase in the taper rate for the households concerned.

Alongside those changes, a third of all councils have set up discretionary hardship funds to provide additional CTS, and a similar proportion have either completely or partially exempted some vulnerable groups from the CTS changes.

While decisions on CTS schemes were left to individual councils, DCLG influenced the decisions through a one year only tranche of transitional funding to councils that introduced schemes within approved criteria. These included not setting minimum payments at more than 8.5% of Council Tax levels, and not increasing taper rates to more than 25% (from the old 20% level).

In the second year for local CTS schemes, with the ending of the transitional DCLG support, the number of councils maintaining the old levels of Council Tax Benefit support reduced to 45 (just 14% of all councils), and 76 councils made further changes to their CTS schemes.

In the main the reductions in levels of CTS entitlement are relatively modest, with an estimated 2.5 million households in England having their CTS entitlement reduced by an average of marginally over £3 per week in 2013/14. However, the level of reductions will be greater in 2014/15, and over time the issues arising from those reductions will be increasingly felt and it is already the case that Citizen Advice Bureaus have seen a significant increase in households seeking advice because of difficulties in meeting requirements for Council Tax payments.¹³¹

There are also concerns about the additional administrative costs arising for councils, not just in devising and supporting the new CTS schemes, but also in the costs of collecting small amounts of Council Tax from those households that would previously have had to make no payment as they had incomes at or below the level requiring any contribution. There will also be costs in the form of Council Tax arrears, a proportion of which is likely to have to be written off.¹³² Those concerns have been raised in a recent report from the Public Accounts Committee of the House of

¹³⁰ Bushe, S., Kenway, P. & Aldridge, H. (2013) *The Impact Of Localising Council Tax Benefit*. York: JRF.

¹³¹ Citizens Advice Bureau (2014) *Advice Trends 2014/15, Quarter 1*. London: Citizens Advice Bureau.

¹³² New Policy Institute (2014) *The impact of Council Tax Support reduction on arrears, collection rates and court and administration costs*. http://npi.org.uk/files/7014/1163/6932/The_impacts_of_CTS_reduction_on_arrears_collection_rates_and_court_and_admin_costs.pdf

Commons, along with concerns about the negative effects of increased CTS taper rates on work incentives, and more generally about the complexities of administering CTS schemes alongside the new Universal Credit regime.¹³³

Benefit conditionality and sanctions

As highlighted in the previous editions of the Monitor, the impact of sanctions applied to Jobseeker's Allowance (JSA) and Employment and Support Allowance (ESA) claimants was a major concern for single and youth homelessness service providers. There has been a sharp upward trend in monthly JSA sanction rates (see Figure 3.2),¹³⁴ and while the numbers affected are small in comparison, there is also now a clear upward trend in ESA sanctions.¹³⁵

Key informants reported that dealing with sanctions had become a time consuming task for their staff, taking up 50% of staff time according to one service provider in the North of England. A youth homelessness provider in the south of England commented that two thirds of residents in one service (catering for those with high support needs) had been subject to a benefit sanction. This theme was also echoed by LA respondents to the online survey, noting the particular homelessness-related difficulties created by the suspension of Housing Benefit payments following a sanction:

"JSA/ESA sanctions are increasingly viewed one of the highest causes of loss of accommodation for single people, and linked deprivation issues, i.e. requiring welfare assistance, food

poverty, crime, poor health issues." (LA respondent, the North, 2014)

"Sanctions on ESA/JSA continue to have an impact mainly on the under 25s and has led to evictions from supported accommodation schemes." (LA, the North, 2014)

"We have reports from our outreach officers that sanctions are having a detrimental effect on some of the vulnerable people they see and some are getting thinner as they cannot afford to eat." (LA respondent, the Midlands, 2014)

Recent data confirms that young people are at much higher risk of being sanctioned than older age groups, with on average 8.4% of under 25 year old JSA claimants being sanctioned each month (see Figure 3.3).¹³⁶ There is also evidence that sanctions disproportionately impact on vulnerable groups, including homeless people¹³⁷ and single parents and disabled people.¹³⁸

Several positive developments are nonetheless noteworthy. First, at local level, a number of homelessness service providers commented that they had managed to establish good working relationships with Jobcentre Plus staff, which had made a significant difference to the propensity of their vulnerable clients being sanctioned:¹³⁹

"[we] have arrangement with [the local Jobcentre Plus] whereby if a client with drug/alcohol or MH issues is

¹³³ House of Commons Committee of Public Accounts (2014) *Council Tax Support, HC 943, Forth-eighth Report of Session 2013-14*. London: The Stationery Office.

¹³⁴ Watts, B., Fitzpatrick, S., Bramley, G. & Watkins, D. (2014) *Welfare conditionality and sanctions in the UK*. York: JRF.

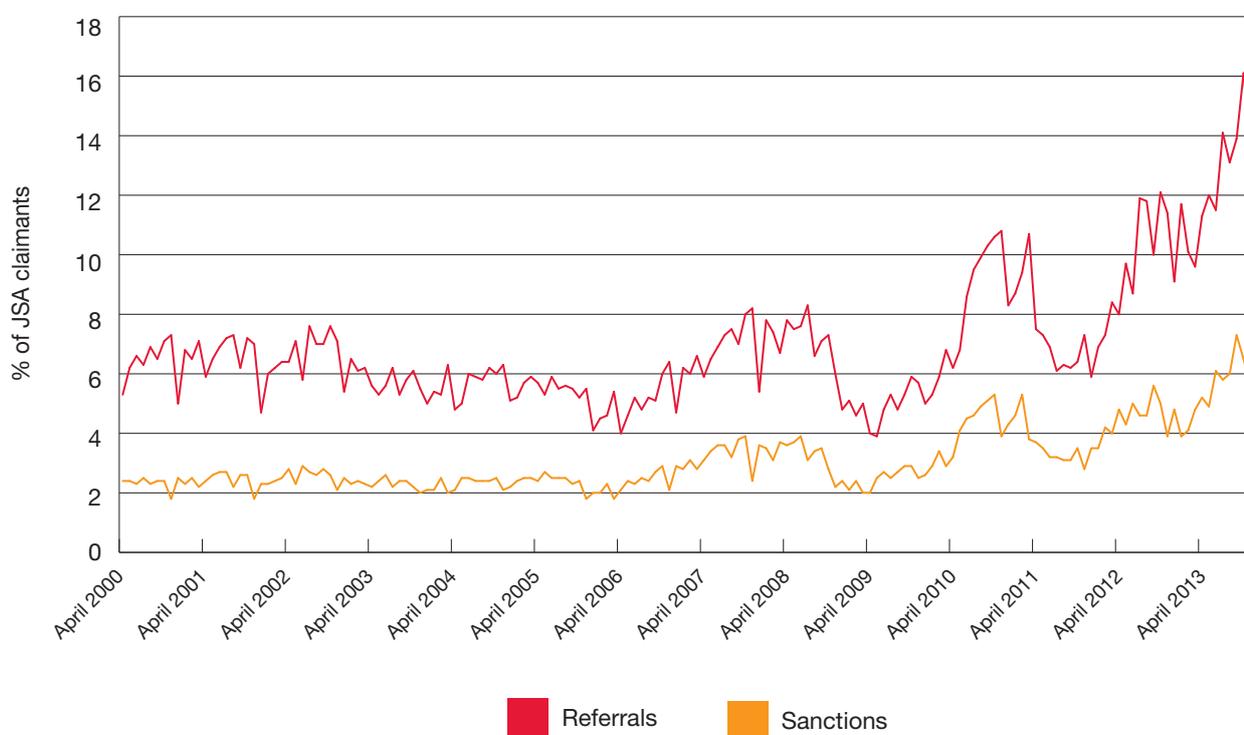
¹³⁵ Watts, B., Fitzpatrick, S., Bramley, G. & Watkins, D. (2014) *Welfare conditionality and sanctions in the UK*. York: JRF.

¹³⁶ Watts, B., Fitzpatrick, S., Bramley, G. & Watkins, D. (2014) *Welfare conditionality and sanctions in the UK*. York: JRF.

¹³⁷ Homeless Link (2013) *A High Cost to Pay: The Impact of Benefit Sanctions on Homeless People*. <http://www.homeless.org.uk/sites/default/files/site-attachments/A%20High%20Cost%20to%20Pay%20Sept%202013.pdf>; Crisis, St Mungo's, & Homeless Link. (2012) *The programme's not working: Experiences of homeless people on the Work Programme*. London: Crisis, St Mungo's & Homeless Link; Homeless Link (2014) *Support for Single Homeless People in England: Annual Review 2014*. London: Homeless Link.

¹³⁸ Adams, L. (2014) 'Benefits sanctions double against women, disabled and lone parents', *BBC News*, 17th July: www.bbc.co.uk/news/uk-scotland-28331544

¹³⁹ Homeless Link have facilitated this in joint events with Jobcentre Plus' and Homelessness Services.

Figure 3.2 Monthly referral and sanctions rates - % of all JSA claimants

sticking with their support programme with [our organisation], turning up for appointments etc. then they won't be sanctioned. Making a big difference – as before they would miss meetings as had to sign on etc.” (Senior manager, homelessness service, North of England)

Second, an independent review¹⁴⁰ of sanctions applied to JSA claimants through mandatory back to work schemes, undertaken by Matthew Oakley on behalf of DWP was welcomed by key informants due to its emphasis on the particular difficulties faced by the most vulnerable claimants in negotiating work-related requirements and conditionality. The Government have accepted and are already implementing

a number of Oakley's recommendations, including those focussing on the situation of vulnerable claimants,¹⁴¹ although key informants reported not as yet seeing any 'softening' of practice on the ground.

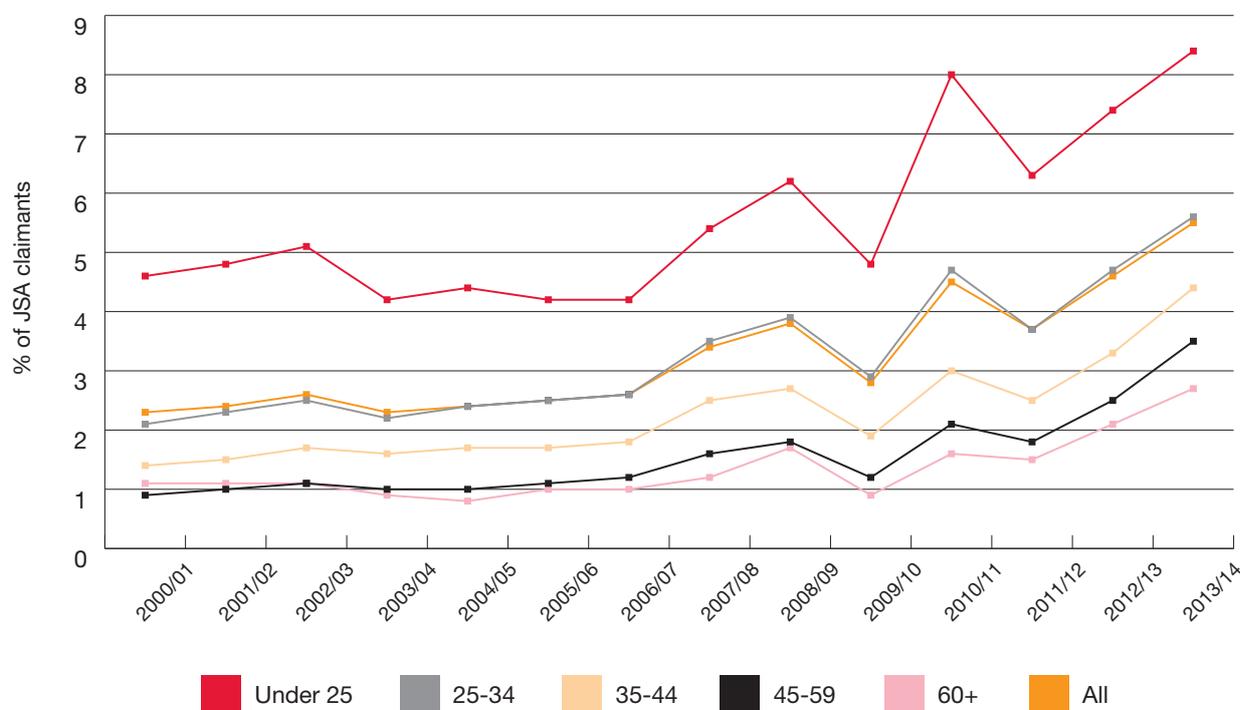
Third, since July 2014, Jobcentre Plus advisors have been able to indefinitely exempt homeless claimants from work-related conditionality requirements if they are in a 'domestic emergency' provided they can show that they are taking reasonable action to find accommodation.¹⁴² Key informants generally welcomed the introduction of these 'easements', though it is as yet not yet clear how extensively they are understood or employed by Jobcentre Plus advisors in practice.

¹⁴⁰ Oakley, M. (2014) *Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013*. London: Her Majesty's Stationery Office.

¹⁴¹ DWP (2014) *Government's response to the Independent review of the operation of Jobseeker's Allowance sanctions validated by the Jobseekers Act 2013*. London: Her Majesty's Stationery Office.

¹⁴² Spurr, H. (2014) 'Government eases sanctions for homeless people', *Inside Housing*, 8 July: <http://www.insidehousing.co.uk/government-eases-sanctions-for-homeless-people/7004436.article>

Figure 3.3 Monthly adverse decisions as a % of all JSA claimants



Local Welfare Assistance

The 'localisation' of the Social Fund, from April 2013, provoked mixed reactions amongst our key informants. Some took the view that the replacement Local Welfare Assistance funds were better placed than a Central Government-administered scheme to align support to local needs effectively.¹⁴³ Other key informants, however, were concerned that local authorities are administering the fund according to highly conditional eligibility criteria which may exclude, for example, those who have not lived in the area for long, those who have been sanctioned and/or those without children, and in so doing disadvantage those who are already most vulnerable and lacking in support.¹⁴⁴ The

inadequacy of the 'in kind' support typically provided by LWA funds was particularly strongly criticised by DV service providers:¹⁴⁵

"it's just been a nightmare, really, you know, in terms of people not being able to access cash... You know, one office can do the application, but then you've got to go to another office to collect the card, and actually that office is four miles away from – you know? So just for people who are in absolute crisis and have got nothing, not very practical... it's not really been effective in terms of what people need when they're in crisis" (DV service provider, Midlands)

¹⁴³ See also p2 & p25 in London Councils (2014) *Tracking Welfare Reform Local Welfare Provision – one year on*. London: London Councils. <http://www.londoncouncils.gov.uk/policylobbying/welfarereforms/resources/welfareprovision.htm>

¹⁴⁴ See also Homeless Link (2014) *Support for Single Homeless People in England: Annual Review 2014*. London: Homeless Link.

¹⁴⁵ See also Royston, S. & Rodrigues, L. (2013) *Nowhere to turn? Changes to emergency support*. <http://www.childrenssociety.org.uk/sites/default/files/tcs/nowhere-to-turn-final.pdf>

“Some of the LAs are only paying for food banks which are really difficult to access. It also means that when women leave and if they do actually get permanent housing, actually getting a loan to set up the house is hard. Women come to us with nothing, we used to be able to get money for clothes and food and other essentials, and we can’t anymore” (DV service provider, London)

Even greater concern was prompted by the announcement in late 2013 that the DWP funding for LWA schemes was to be withdrawn from April 2015. In a context where many LAs are facing substantial and continued budget cuts, key informants were pessimistic about LWA schemes surviving:

“well, that’s about to disappear altogether isn’t it?... I think there’ll be a complete gap because the problem for LAs is that they have absolutely huge cuts that they’re facing so they’re going to be in a position fairly soon where really all they can do is statutory services, so where they don’t have a duty they won’t provide a service.” (DV service provider, London)

The decision to remove the LWA funding stream caused considerable media controversy,¹⁴⁶ and in the words of one of our LA survey respondents *“the reduction or possible ending of local welfare provision will remove the final safety net for many households”* (LA survey respondent, North). This decision to remove the LWA funding stream has now been successfully legally challenged, with the Government now

committed to a review of the decision.¹⁴⁷ The results of this review are due to be announced in late 2014.

The cumulative impact of welfare reform

In addition to highlighting the specific impacts of particular elements of welfare reform, many LA respondents to our online survey also stressed its cumulative effects, including with respect to the changed incentive structure facing private landlords, especially in London:

“Those reforms associated with threats to PRS landlords’ income (real or perceived) have served to make the PRS even more unlikely to broker, or maintain, benefit dependent households’ tenancies. Caps, thresholds, CPI [only] uplifts, benefit direct - individually they undermine landlords’ confidence; collectively they all but serve to bar the PRS as an option.” (LA respondent, London, 2014)

While most respondents (77%) believed that post-2010 welfare reforms had contributed to the incidence of homelessness, only one fifth overall (21%) believed that this effect had been ‘substantial’ to date (see Table A11 in Appendix 3). Notably, however, this latter view was much more widespread in London (63%).

In London, as elsewhere it was frequently reported that mitigation measures, often supported by DHPs and the establishment of specialist ‘welfare reform’ teams, had so far prevented the full impacts of welfare reform feeding through into substantially higher levels of homelessness, without which the effects would almost certainly have been far more severe:

¹⁴⁶ Butler, P. (2014) ‘Government to stop funding for low-income families facing emergencies’, *Guardian*, 3rd January: <http://www.theguardian.com/society/2014/jan/03/government-stops-emergency-funds-low-income-families>

¹⁴⁷ See CPAG (2014) *Saving the safety net - Judicial review against funding cut for Local Welfare Assistance Schemes – CPAG intervention*. <http://www.cpag.org.uk/content/lwas-intervention>; CPAG (2014) *Update of Policy Note on Local Welfare Assistance Schemes*. <http://www.cpag.org.uk/content/policy-note-local-welfare-assistance-schemes>

“We have proactively assisted all households affected by changes to overall cap and LHA changes. Had we not done so then homelessness would have risen substantially. We have currently plateaued but acceptances are twice what they were in 09/10.” (LA respondent, London, 2014)

Only one in ten LA respondents across England believed that the homelessness impacts of welfare reform had largely ‘run their course’. On the contrary, most (53%) anticipated that such impacts were likely to accelerate over the next two years (see Table A15 in Appendix 3). Respondents from the capital were most likely to forecast diminishing impacts of welfare reform over the next two years (25% did so), but in part this was because the current effects had already been so dramatic, e.g. the mass removal of benefit dependent families from the local private rented sector such that there was now *“less prospect of successful homelessness applications.”* One of our London-based respondents went so far as to say that their borough had been *“cleansed of people on benefits”*. The geographical ‘displacement’ effect on outer London boroughs and other ‘receiving’ authorities was noted by both key informants and online survey respondents:

“There’s a big movement into the borough from elsewhere in London and we believe that’s definitely a result of welfare reform.” (LA key informant, London, 2014)

Across the country more broadly, there were anxieties about the lagged effects of welfare reform, as people run out of savings and exhaust assistance from family and friends, and also about the sustainability of the mitigation efforts to date:

“It takes time for people to get into difficulties due to benefit reductions and therefore there is an ‘ostrich effect’

of people burying their heads until they can no longer survive. I don’t think we have experienced [even] the tip of the iceberg yet.” (LA respondent, the Midlands, 2014)

“The majority of households that have been affected by the ‘Bedroom Tax’ are still living in their original homes and have made no or little effort in finding cheaper accommodation. As DHPs end and rent arrears increase we will see an increase in the number of households being evicted from RSL tenancies.” (LA respondent, North, 2014)

The cumulative effects of welfare reform, and housing policies, were argued to bear down especially harshly on some groups, particularly young single people:

“You know, lack of new build, welfare reform, ‘Bedroom Tax’, downsizing, all of that; who gets pushed out the bottom? Single young people get pushed out the bottom. Who has least choice in the private rented sector? Single young people have least choice in the private rented sector... If they’re getting displaced and there’s another solution, that’s fine, but if there’s not, then you’ve got to think right, so who are going to be the rough sleepers?” (Senior manager, youth homelessness service provider, 2014)

3.4 Key points

- The Localism agenda is undermining the national ‘housing settlement’ which has hitherto played an important role in ameliorating the impact of income poverty on disadvantaged households. The move towards less secure tenancies and closer to market rents is weakening the safety net function of the social rented sector, particularly in London, while the local restriction of waiting lists is excluding some marginalised groups from mainstream social housing.

- The introduction of private rental rehousing powers for local authorities has substantially reinforced the now well established primacy of the 'housing options' over formal statutory processes in resolving relevant households' housing crises.
- There are growing concerns about the displacement effects of both welfare reform and out-of-borough placements of homeless households, both on the households themselves and on the receiving authorities, who face intensifying concentrations of vulnerable households.
- While the Government has supported a range of homelessness-specific initiatives, which many local authorities feel have contributed to an improvement in single homelessness services in their areas, these targeted and time-limited programmes cannot compensate for the substantial cuts in mainstream Supporting People funding.
- Two impacts of the LHA reforms are the source of the greatest concerns. The first is the impact of the LHA caps in reducing access to the PRS for low income households in the high value areas impacted by the caps. The second is the impact of the SAR, as now applied to single people aged up to 35, in reducing their access to the PRS. The LHA caps are problematic for councils trying to secure accommodation for homeless households, as well as more generally for low income households seeking accommodation in the affected areas.
- The other most problematic aspects of the welfare reforms include: sanctions under JSA/ESA; the overall benefit caps; the 'Bedroom Tax'; the Council Tax benefit reforms and localisation of the Social Fund. Of these it is the JSA/ESA sanctions and the 'Bedroom Tax' that are currently giving rise to the greatest concerns.
- There are considerable concerns about the administrative and payment arrangements for UC (monthly payments/move away from rent direct to landlords), which have been exacerbated by the uncertainties and delays in the timetable for its delivery; however those remain primarily concerns for the future.
- Only one in ten LA respondents across England believed that the homelessness impacts of welfare reform had largely 'run their course', with most anticipating that such impacts would accelerate over the next two years. Respondents from London were most likely to forecast diminishing impacts of welfare reform, in part because current effects had already been so dramatic in displacing benefit-reliant families from the PRS.

4. Homelessness trends in England

4.1 Introduction

Previous chapters have reviewed the possible homelessness implications of the post-2007 economic recession and subsequent recovery, and the post-2010 policy reforms instituted under the Coalition Government. This chapter assesses how far these are matched by recent homelessness statistical trends.¹⁴⁸

4.2 Rough sleeping

An ongoing upward trend in officially estimated rough sleeper numbers remained evident in 2013, with the national total up by 37% since 2010. At 5%, the annual increase was similar to that in 2012. It seems likely that the upward trend seen in recent years has been moderated partly by government initiatives such as the No Second Night Out (NSNO) programme,¹⁴⁹ initiated in London in 2011/12 and more recently rolled-out across England.

As might be expected, LA level data show the City of Westminster as recording the highest rate of rough sleeping, with 140 people enumerated in the Council's 2013 street count. However, the next highest numbers were for Cornwall (77) and Brighton & Hove (50). While (as in Westminster) some councils attribute their reported statistics to formal street counts, in some 85% of cases these are declared as 'estimates'. Especially given the dominance of the 'approximation' approach we believe it appropriate to refer to these figures, collectively, as 'estimates'.

Even where based on actual street counts, local authority rough sleeper enumeration remains vulnerable to many of the critiques

of such methodologies as detailed in the 2012 Monitor.¹⁵⁰ Key issues here include (a) the problem that no street count can ever be wholly comprehensive, and (b) the fact that – given the shifting populations involved – 'snapshot' counts inevitably understate the numbers of those affected over a given time period (e.g. month or year). The DCLG national estimate of some 2,400 rough sleepers on any one night is probably therefore best regarded primarily as a basis for trends analysis rather than an attempt at a 'true' absolute number.

However, it is useful to note that the somewhat more robust and comprehensive rough sleeper monitoring data for London available from the St Mungo's Broadway CHAIN system¹⁵¹ tell a fairly similar story on trend trajectory (see Figure 4.2). While a growth dynamic continued (2013/14 numbers up 64% since 2010/11), the rate of increase fell, with an annual rise of only 1% in 2013/14 compared with 13% the previous year.

Importantly, the CHAIN dataset certainly confirms that – at least in London – the rising trend of rough sleeping substantially pre-dates the introduction of Coalition Government welfare reforms (see Figure 4.2). A major contributor here has been the growing representation of Central and Eastern European (CEE) nationals among London's rough sleepers. Since 2010/11 CEE London rough sleepers have risen by 79%, as compared with the 56% increase in UK-origin counterparts. The 2011 easing of CEE migrant worker benefit restrictions therefore does not appear to have reduced levels of rough sleeping amongst this group.

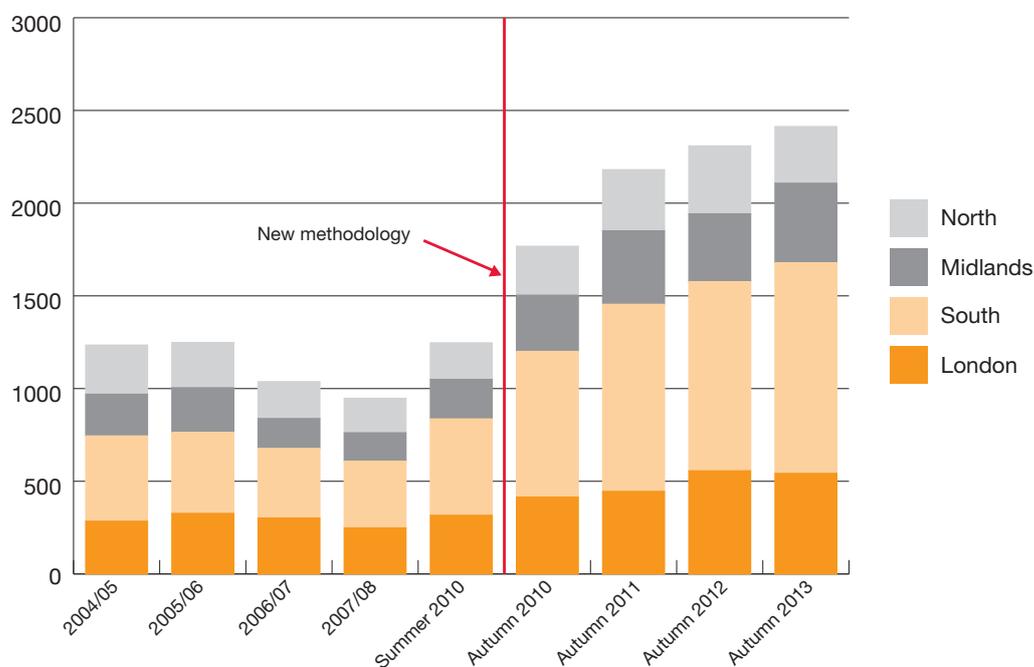
¹⁴⁸ Analysis draws on the most up-to-date published and unpublished data available at the time of writing (autumn 2014).

¹⁴⁹ DCLG (2011) *Vision to end rough sleeping: No Second Night Out nationwide*. London: DCLG. Though as noted in previous Monitors, it is also probable that the large jump in rough sleeping figures recorded around the time of the introduction of No Second Night Out was in part attributable to associated improvements in outreach and monitoring at that time.

¹⁵⁰ Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*; London: Crisis.

¹⁵¹ Because this method enumerates people who have slept rough during a given period (financial year) the resulting figures cannot be directly compared with the 'point in time' snapshot numbers produced under the DCLG national monitoring methodology as described above.

Figure 4.1 Trends in local authority rough sleeper estimates by region, 2004-2013



Sources: 2004/05-2007/08 – collated from Audit Commission Best Value Performance Indicators returns; Summer 2010 onwards – DCLG. Figures for the period to Summer 2010 are not strictly comparable with more recent estimates.

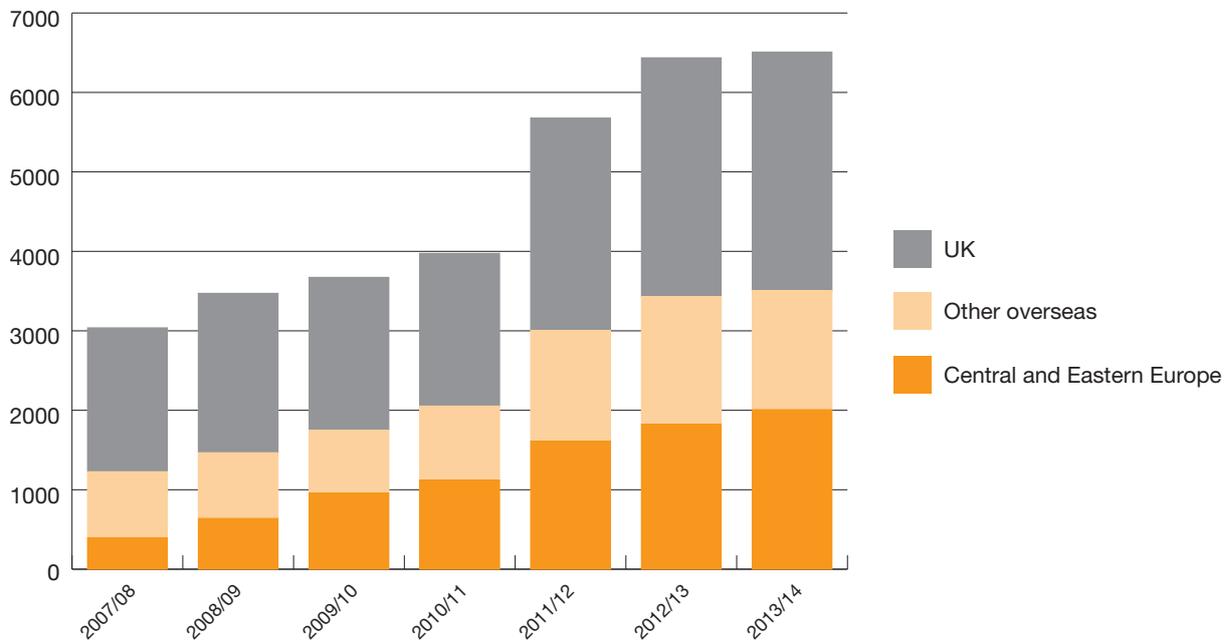
Indeed, CEE-origin rough sleepers grew by a further 10% in 2013/14 as compared with a flat trend for UK-origin persons. Nonetheless, as indicated by Figure 4.2, CEE nationals remained outnumbered by those of UK origin among London rough sleepers enumerated in 2013/14 (31% and 46% of the total respectively).

Strong concerns were expressed by a number of our key informants this year that new restrictions on the Housing Benefit entitlements of European Economic Area (EEA) migrants, implemented in April 2014, may further contribute to rough sleeping amongst CEE nationals.¹⁵² In the words of one voluntary sector key informant these changes were ‘catastrophic’ because they mean that if

an affected EEA migrant ‘breaks their claim’, for example by moving out of a hostel, they are no longer entitled to HB even if eligible for JSA:

“It’s entirely counter-productive, but for the huge number of EEA migrants that have been through or are currently engaged in No Second Night Out, clearing house type schemes... it’s just disastrous... we spoke to... some of the boroughs, and they’re like, ‘Well we know, we’ve got 50 people living in a hostel, basically... where do they go now? Because if we move them on they won’t get their Housing Benefit and then they’ll be rough sleeping’.” (Voluntary sector key informant, London, 2014)

¹⁵² House of Commons Library (2014) *People from abroad: what benefits can they claim?* <http://www.parliament.uk/briefing-papers/sn06847.pdf>; Social Security Advisory Committee (2014) *The Housing Benefit (Habitual Residence) Amendment Regulations 2014 (S.I. 2014 No. 539): Report by the Social Security Advisory Committee under Section 174(1) of the Social Security Administration Act 1992 and statement by the Secretary of State for Work and Pensions in accordance with Section 174(2) of that Act.* <https://www.gov.uk/government/publications/the-housing-benefit-habitual-residence-amendment-regulations-2014-si-2014-no-539-ssac-report>; Homeless Link (2014) *Social Security Advisory Committee Formal Consultation and a Call for Evidence: The Housing Benefit (Habitual Residence) Amendment Regulations 2014.* London: Homeless Link.

Figure 4.2 Rough sleeping in London 2007/08-2013/14: breakdown by nationality

Source: St Mungo's Broadway 'Street to Home' monitoring reports (<http://www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html>) supplemented by unpublished data provided by St Mungo's Broadway

The great majority of London's rough sleepers are part of an annual 'flow' of newly enumerated homeless people, and this group have accounted for most of the rising trend in recent years. However, more than 2,000 were classed under the CHAIN system in 2013/14 as longer-term or 'returner' cases – people also logged as rough sleepers in 2012/13 or in a previous year.¹⁵³ As shown in Figure 4.3, these more 'entrenched' homeless cohorts have been growing steadily in recent years. Accounting for just under a third of all logged rough sleepers in 2013/14, the combined total of long-term and returner cases was up 3% on 2012/13.

Commenting on the upward trend in rough sleeping, key informants suggested that one probable contributory factor was cutbacks

in Supporting People 'preventative' services, though it was acknowledged that welfare reform may also be playing a role:

"... one of the things that bothers me is the number of returners on to the street... So something is going wrong upstream with people and that may be – I'll be cautious here – that may be due to welfare benefit reforms... It may be – and probably as likely – the fact that some of the support networks that people had funded through Supporting People have reduced, so the level of support people are getting has gone down." (Senior manager, single homelessness service provider, London, 2014)

¹⁵³ 'Longer-term' cases are those involving rough sleepers enumerated in 2013/14 already logged as such in 2012/13; Flow: rough sleepers enumerated in 2013/14 but never previously seen sleeping rough; Returner: 2013/14 rough sleepers previously logged as rough sleepers before 2012/13, but not in 2012/13.

Given their somewhat greater sophistication than the national DCLG estimates, the St Mungo's Broadway statistics set out in Figures 4.2 and 4.3 may provide a more realistic indication of the scale of rough sleeping as it affects London. However, since official national estimates (Figure 4.1) are inherently compromised by some of the widely acknowledged limitations of street counts noted above, we explored possible alternative ways of estimating the extent of rough sleeping across the country. These estimates are based on a combination of survey results and administrative datasets. Specifically, the sources for these are (a) a special survey focused on single homeless people with complex needs (the Multiple Exclusion Homelessness (MEH) survey), which involved interviews with 450 people who had used 'low threshold' services in seven UK cities,¹⁵⁴ (b) a new study based on a combination of three national, and relatively comprehensive, administrative datasets focused on people suffering 'Severe and Multiple Disadvantage' (SMD), including homelessness;¹⁵⁵ (c) detailed data from the Supporting People client record system, one of the datasets used in (b) above; and (d) the UK Poverty and Social Exclusion Survey, which asked retrospective questions on homelessness experiences. Limitations of these datasets mean that our estimates are focused on the year 2010/11; it is acknowledged that this is somewhat out of date and does not take account of significant changes in services for this group since then (e.g. NSNO).

The methodological steps in generating these alternative rough sleeping estimates are set out in more detail in Appendix 4. The first approach draws on MEH survey evidence of the number of days/nights sleeping rough over an extended period for seven cities (four

in England), combined with the 'SMD' study administrative-based indicators of relative incidence across all localities. Adjustments are made to reflect the bias of MEH towards more complex cases, drawing on 'Supporting People' and the 'SNAP' data on hostel places. A second approach uses Supporting People data on number of clients over a year who reported sleeping rough with an average estimate of the typical number of days-per-year from CHAIN/DCLG and MEH. A third approach uses the PSE survey retrospective questions about homelessness and rough sleeping over the last five years, combined with the CHAIN/DCLG assumption about days-per-year. The first two methods can yield local as well as national estimates, but are clearly subject to significant uncertainty, so we only report the national numbers here.

Method 1 yields a national (England) total of about 8,200 cases on a typical day/night in 2010/11.

Method 2 yields a national total of 3,925.

Method 3 yields a national total of 6,150.

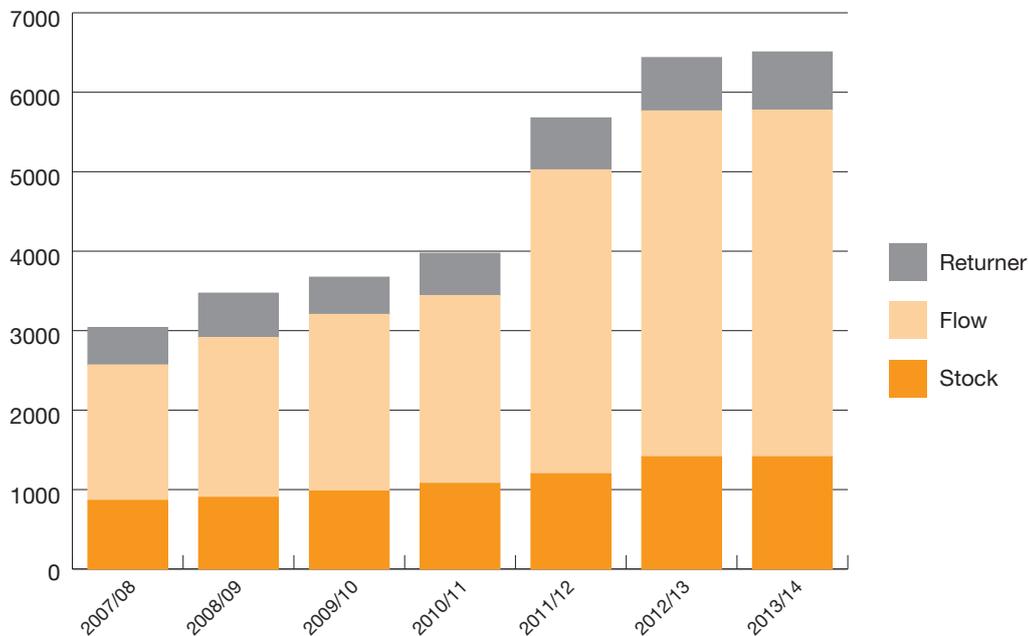
So whereas the official estimates gave a total of under 2,000 in 2010/11 (see Figure 4.1) we have a range of alternative estimates between about 4,000 and 8,000. This range is indicative of the degree of uncertainty attached to any such exercise.

4.3 Single homelessness

Data on single homelessness incidence and trends are hard to source. 'Non-priority' cases logged by local authorities provide one possible benchmark. Nationally, across England, annual 'non-priority homeless' decisions have been running at around 20,000 in recent years with no clear sign of any upward (or downward) trend – see Figure 4.5 in the next section. Trends in local

¹⁵⁴ Fitzpatrick, S., Bramley, G. & Johnsen, S. (2013) 'Pathways into multiple exclusion homelessness in seven UK cities', *Urban Studies*, 50(1): 148-168.

¹⁵⁵ These datasets are: Supporting People – Short term services; Offender Assessment System; and the National Drug & Alcohol Treatment Database. See also Bramley, G., Fitzpatrick, S. with Edwards, J., Ford, D., Johnsen, S., Sosenko, F. & Watkins, D. (2015) *Hard Edges. Report 1: People in homelessness, substance misuse and criminal justice systems in England*. London: LankellyChase Foundation.

Figure 4.3 Rough sleeping in London 2007/08-2013/14: breakdown by stock/flow/returner

Source: St Mungo's Broadway 'Street to Home' monitoring reports <http://www.broadwaylondon.org/CHAIN/Reports/StreettoHomeReports.html>

authority service provision for non-priority groups, including single homeless people, were discussed in detail in Chapter 3 above.

Another possible indicator of single homelessness pressures is advice service caseload statistics. As shown in Figure 4.4, the national Citizens Advice housing/homelessness caseload has shown only very modest upward trends in some categories of housing-related cases in recent years. Over a slightly different timeframe however, Citizens Advice has previously reported caseload evidence of a substantial rise in youth homelessness, with the number of advice applicants aged 17-24 and seeking help with housing having risen by 57% between 2007/08 and 2012/13.¹⁵⁶ Nevertheless, all such figures are inevitably constrained severely by service capacity, and statistics for

the past three years will have been depressed by the funding cuts which forced Citizens Advice service reductions as from the start of 2011/12.¹⁵⁷

4.4 Statutory homelessness

Interpreting national trends

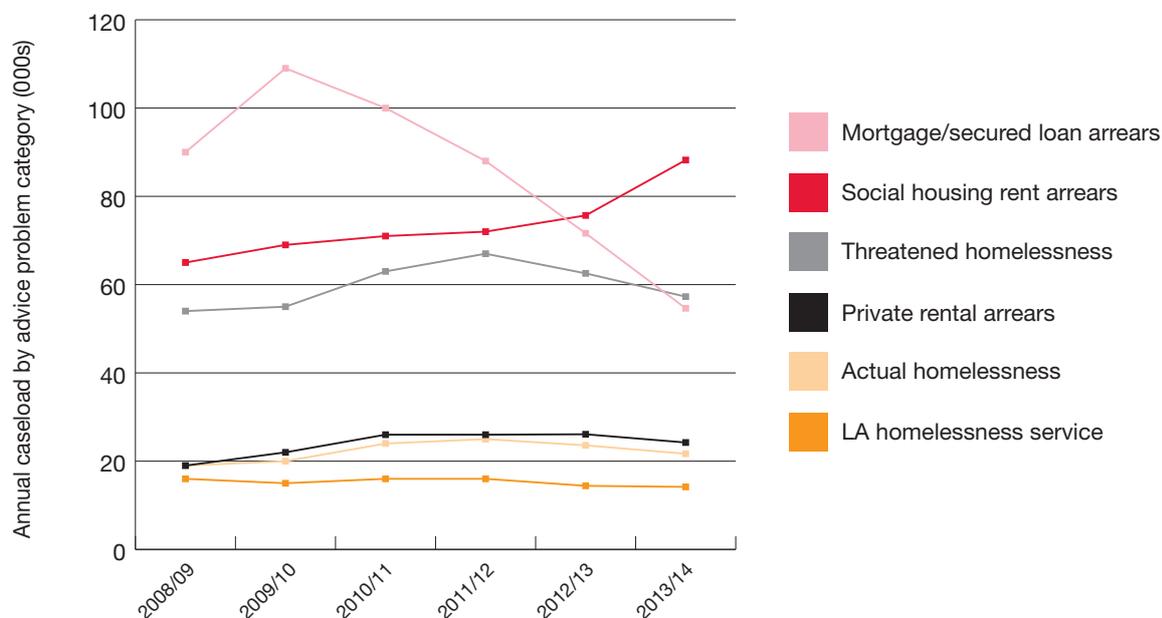
The term 'statutory homelessness' refers to LA assessments of applicants seeking help with housing due to imminent loss of accommodation or actual 'rooflessness', formally dealt with under the homelessness provisions of the Housing Act 1996.

Nationally, the three years to 2012/13 saw an expansion of 27% in the recorded statutory homelessness caseload, as reflected by the total number of formal LA

¹⁵⁶ Brown, C. (2014) 'Youth homelessness rises 57% since financial crisis', *Inside Housing*, 30th January: <http://www.insidehousing.co.uk/youth-homelessness-rises-57-since-financial-crisis/7001873.article>

¹⁵⁷ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: England 2013*. London: Crisis/JRF.

Figure 4.4 Citizens Advice housing/homelessness-related caseload statistics, 2008/09-2013/14



Source: Citizens Advice caseload data

assessment decisions. As shown in Figure 4.5, these grew from 89,000 in 2009/10 to 113,000 in 2012/13. Similarly, households ‘accepted as homeless’ (formally assessed as unintentionally homeless and in priority need) rose by 34%. In 2013/14, however, both the overall volume of statutory assessments and the number of cases accepted as unintentionally homeless and in priority need (‘acceptances’) fell back slightly. While remaining 26% higher than in 2009/10, total decisions were down by 1% in 2013/14, while acceptances were down by 2%.

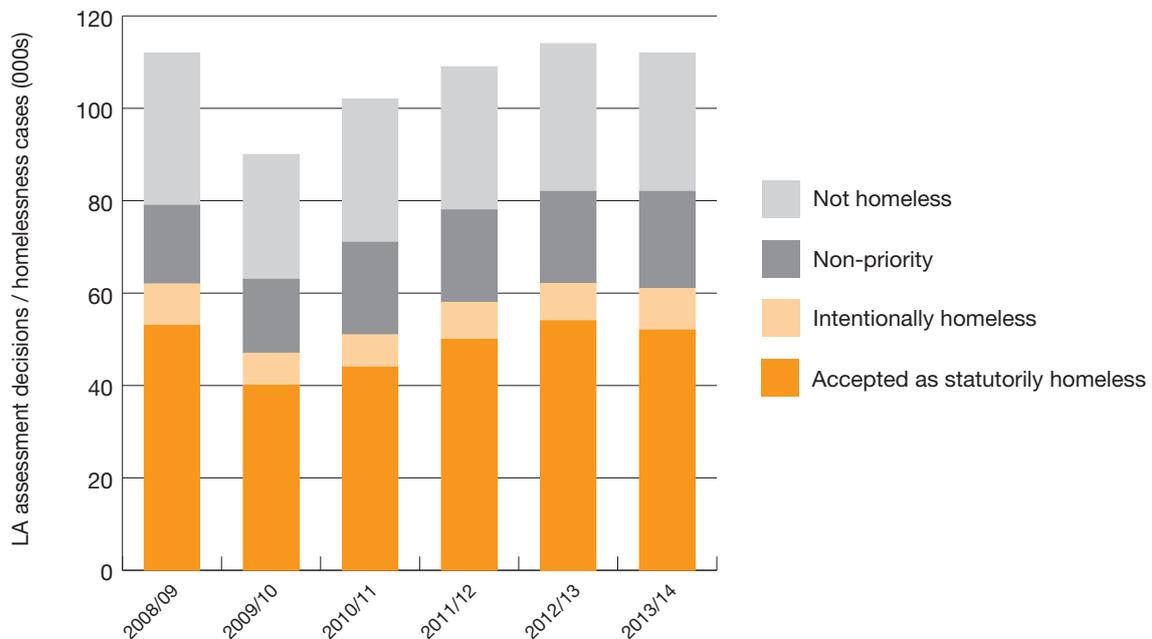
In interpreting such trends, however, it is crucial to factor in changes in administrative practice. While statutory homelessness acceptances fell 70% in the six years preceding the low point recorded in 2009/10, no one suggests that this resulted from an easing in the availability of affordable housing.

Rather, it is widely understood as a product of the Government-driven roll-out of a more pro-active homelessness prevention (‘housing options’) approach by local authorities across the country from 2002/03.¹⁵⁸

Despite its status as a policy initiative originally identified with the former Government, it is clear from the research team’s 2014 local authority survey that take-up of ‘active homelessness prevention’ is a process that has continued since 2010. Thus, 81% of responding authorities reported that an emphasis on pro-actively preventing homelessness had ‘further increased since 2010’ (see Table A2 in Appendix 3). For two thirds of authorities, and an even higher proportion of those in the North, this had been associated with further moves away from handling homelessness applications primarily via formal assessments governed

158 Pawson, H. (2009) Homelessness policy in England; Promoting gatekeeping or effective prevention? in: Fitzpatrick, S. (ed) *Homelessness Problems, Policies and Solutions*. Coventry: CIH.

Figure 4.5 Statutory homelessness assessment decisions, 2008/09–2013/14



Source: DCLG – June 2014 statutory homelessness statistics

by the statutory framework – see Table A4. Accordingly, nearly two thirds of authorities (63%) agreed with the statement that ‘Because of a continuing shift towards a more prevention-focused service, post-2010 homelessness trends in our area cannot be accurately gauged by tracking our statutory homelessness assessment statistics’ (see Table A16 in Appendix 3).

As already noted in Chapter 3, more than half of all authorities (55%) responding to our local authority survey had chosen to adopt ‘private rental rehousing’ powers by August 2014, with most of these local policies coming into force during the second half of 2012/13 or in 2013/14. Another 16% of local authorities expected to follow suit by 2016. Again as reported in Chapter 3, our qualitative analysis indicates that the adoption of these private rental rehousing powers by a local authority *can* act as a powerful additional incentive for applicants to ‘choose’ the informal route:

“What [council name] did a year ago – and it’s had a big impact on our statutory homeless numbers – is that we adopted the Localism Act power to discharge duty with a single private rented offer. And just the threat of that in our housing options discussions with customers at an initial stage has been sufficient to divert even more families away from the statutory route.” (LA key informant, London, 2014)

This matters because those assisted ‘informally’ will go uncounted as far as the statutory homelessness statistics are concerned (albeit that such cases should be captured in the homelessness prevention and relief data reviewed below). While some of our voluntary sector key informants would describe such practices as “*gatekeeping*”, from the local authority’s perspective progressing a case through the informal route is preferable partly because it’s less onerous in terms of the “*barrowload of paperwork*”

(LA key informant, London, 2014) required to assess and discharge duty through the formal route. Similarly, as explained by the same key informant, the formal route necessitates staff intensive procedures such as quality checking of properties *“and it creates opportunities for legal challenge which we’d rather not [have]”*.

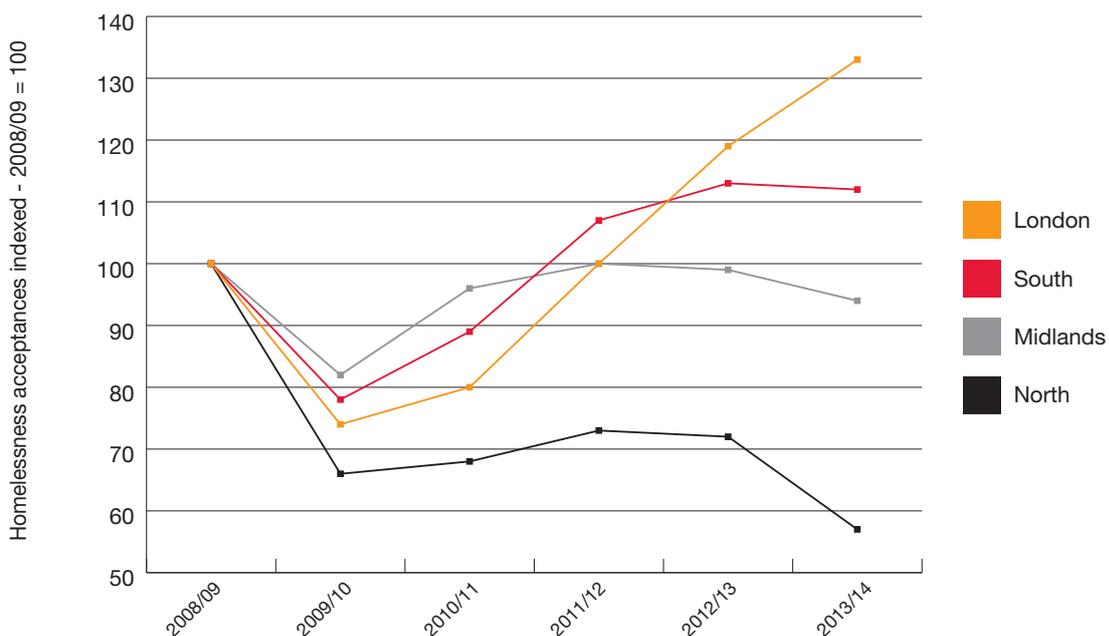
All of this suggests that, as a reliable indicator of the changing scale of homelessness in recent years, the statutory homelessness statistics now have limited value. On the basis of the local authority survey results it can be confidently stated that (a) the apparent 31% increase in homelessness in the four years to 2013/14 undoubtedly understates the true increase in ‘homelessness expressed demand’, and (b) the apparent reduction in homelessness in 2013/14 cannot be interpreted as indicating any underlying downward trend in such demand. Indeed, as shown below in Figure 4.8, total local authority homelessness case actions rose by 9% over 2012/13.

Also important to bear in mind here is the possibility that growing public awareness of the limited ‘housing options’ help now offered to most homeless people will dampen the likelihood that people with housing problems will even approach their local authority.

Interpreting regional trends in statutory homelessness

While the gross numbers undoubtedly understate the increase in ‘homelessness expressed demand’ over recent years, the statutory homelessness statistics may nonetheless provide some meaningful indication of regional trends. As shown in Figure 4.6, such patterns have been highly contrasting. In relation to the ‘base year’ of 2009/10 (when the national total reached its nadir) the figure for the North of England had actually fallen 14% by 2013/14. In London, by contrast, it was up by 80%. With the South and the Midlands occupying positions between these two extremes, this pattern suggests housing system factors have been

Figure 4.6 Homelessness acceptances, 2008/09-2013/14: trends at broad region level – indexed



Source: DCLG – June 2014 statutory homelessness statistics (includes analysis of unpublished data)

continuing to play an important underlying role, alongside the disproportionate impacts of certain welfare reform measures in London in particular (see Chapter 3). As imperfectly measured by statutory homelessness statistics, such stress has been increasingly acute in the more pressured markets in and around the capital, while (possibly due to increasingly active prevention activity, see above) actually declining in the North.

Interpreting trends in homelessness causes

At some 52,000, annual homelessness acceptances were 12,000 higher across England in 2013/14 than in 2009/10. Almost three quarters of this increase resulted from the sharply rising numbers made homeless from the private rented sector, with losses of Assured Shorthold Tenancies (ASTs) up by over 9,000 – or 200% over the period – see Figure 4.7. As a proportion of all statutory homelessness acceptances, such cases had consequentially risen from 11% to 26% since 2009/10. Latest published statistics show that this is a continuing trend, with the proportion of total acceptances resulting from loss of AST rising to 30% of all cases by quarter one of 2014/15.¹⁵⁹

In London, the upward trend in AST terminations has been even starker: in 2009/10 these accounted for 10% of London homelessness acceptances. By 2013/14 this had escalated to 35%, and by quarter one of 2014/15 to 38%. To put this another way, the annual number of London acceptances resulting from AST termination rose from 925 to 5,960 in the four years to 2013/14.

An increase in homelessness precipitated by the ending of private tenancies was far and away the most common shift in the profile of causes reported by our online survey respondents, especially in London

and the South. Exactly what underlies this pattern is difficult to state with certainty, as landlords are not required to give reasons for terminating these fixed-term tenancies. However, from the perspective of both our key informants and survey respondents there seemed little doubt that the primary factor was the increasingly restrictive LHA rules and their coincidence with sharply rising market rents, at least in some regions:

“We’re definitely seeing more and more homelessness applications from people because their private tenancies are ending. And that’s happening either because they want to sell or they know that if they get rid of those tenants they can charge a much higher rent.” (LA key informant, rural area, the South, 2014).

“More evictions from private rented sector as Housing Benefit does not meet the market rent levels.” (LA respondent, London, 2014)

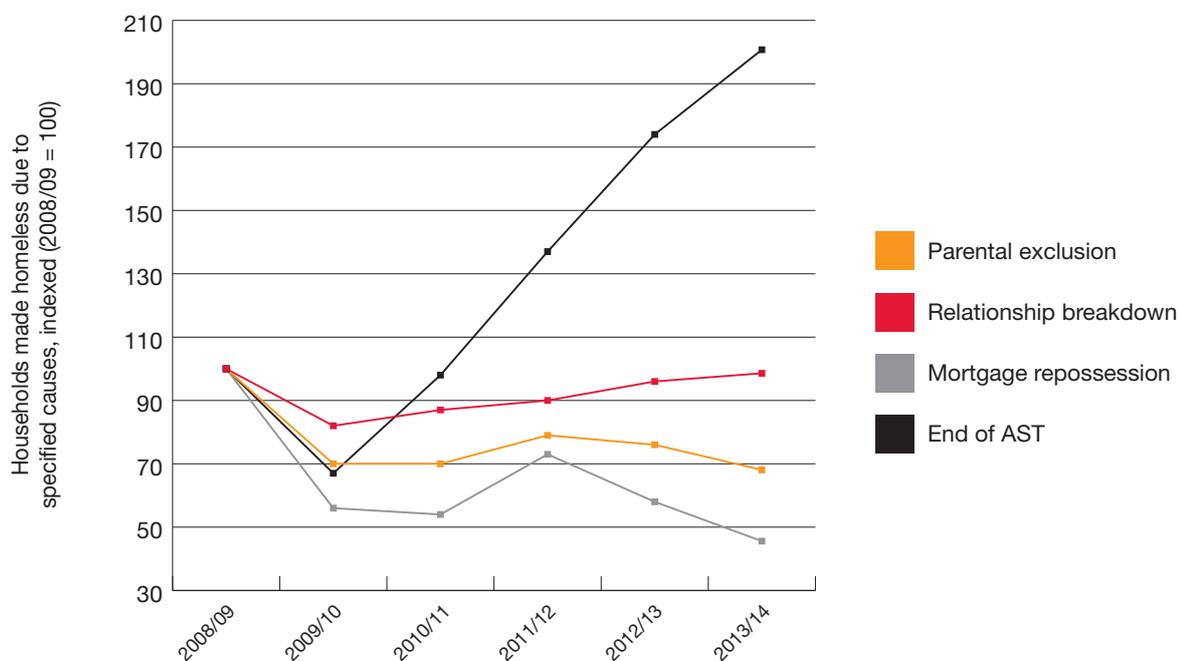
Perhaps less predictably, a number of local authority survey respondents also reported rising homelessness due to domestic violence. A more mixed picture emerged in terms of parental/family exclusions – some local authorities had seen a decline, others an increase. There are probably quite complex and countervailing forces operating here. On the one hand, household budgets under strain may lead to more family conflict and exclusions, possibly exacerbated by Housing Benefit cuts resulting from increased non-dependant deductions since 2012.¹⁶⁰ On the other hand, the HB ‘Bedroom Tax’ may incentivise some social renting families to allow young people to remain living ‘at home’ for longer, as might the generally difficult economic climate for low income young people living independently.¹⁶¹

¹⁵⁹ DCLG Live Table 774. See <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

¹⁶⁰ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: England 2013*. London: Crisis/JRF.

¹⁶¹ Hirsch, D. (2014) ‘For young adults the price of independence has never been higher’, *JRF Blog*, 27th January: <http://www.jrf.org.uk/blog/2014/01/young-adults-price-independence-higher>

Figure 4.7 Change in number of households made homeless due to selected immediate causes, 2008/09-2013/14 – indexed



Source: Collated from DCLG statutory homelessness statistics

While not a particularly strong theme, a few local authorities commented that they had seen some increase in households made homeless for purely ‘economic’ reasons, including mortgage arrears. Much more frequently, though not in London, local authorities reported seeing a growing number of cases involving complex and multiple needs, and allied with this an increase in single male presenters.

As emphasized in Figure 4.7, however, the official figures suggest that homelessness attributed to mortgage repossessions have tended to fall in recent years, and these remain at relatively low levels (just 2% of 2013/14 homelessness acceptances). The same holds true for homes lost due to rent arrears (3% of 2013/14 acceptances).

For the reasons explored in Chapter 2, we believe it unlikely that mortgage arrears would become a major contributor to statutory

homelessness, even if repossession rates were to climb considerably. With the social sector size criteria having now taken full effect, a different story with regard to social sector rent arrears may well emerge. But while it appears that the 2013 introduction of the new regime has already begun to push up social housing arrears rates amongst those directly affected by the size criteria (though not as yet overall levels of arrears), and also possession actions by social landlords (see Chapter 2), there is as yet little concrete evidence of this feeding through into higher homelessness. In quarter one of 2014/15 the number of households recorded as having lost accommodation due to rent arrears remained at 3% of the total.

Three points should, however, be borne in mind here. First, that the statutory homelessness statistics present only an element of the overall story, and that this partial picture has recently been further

restricted through changing local authority administrative practice (see above). Second, that the statutory homelessness framework makes it possible that loss of accommodation due to arrears can be deemed by local authorities as ‘intentional homelessness’, with households therefore not entitled to the full rehousing duty, nor inclusion in the ‘acceptances’ statistics. Third, and most significantly, while our online survey respondents indicated that DHP-supported mitigation efforts had thus far successfully contained the worst effects of the ‘Bedroom Tax’, there were widespread concerns that these interventions were unsustainable in the longer-term, so that evictions, and possibly homelessness, may well escalate in the near future (see Chapter 3).

Homeless households in temporary accommodation

Since bottoming out in 2010/11, homeless placements in temporary accommodation (TA) have been on the increase, with the overall national total rising by 6% in 2013/14; up by 24% since its low point three years earlier. The bulk of such placements are in self-contained housing (both publicly and privately owned), with B&B hotels accounting for well under 10% of the national total as at 30 September 2014 (4,600 out of 59,710).

However, while the B&B growth rate has lately been restrained to the same level as temporary accommodation more broadly (6% p.a.) signs of stress are evident in the increasing proportion of temporary accommodation placements beyond local authority boundaries. As at 30 September 2014 these accounted for 14,220 placements – 24% of the national total, up from only 11% in 2010/11. Thus while overall TA numbers are growing steadily, out of area placements are rising rapidly (up by 26% in the year

to 30 September 2014). Such placements mainly involve London boroughs. Since they are liable to result in social disruption and possible disconnection from employment, schooling, social work or other support services, their rising incidence gives cause for concern.¹⁶² They also create difficulties for ‘receiving authorities’ in meeting their own homelessness demands, as articulated by one homelessness manager in an affected city:

“There are a number of London boroughs placing in [city], not too huge ...numbers as far as we are aware at the moment, but that has put pressure on us in terms of securing private rented accommodation that we utilise as temporary accommodation... we have to go elsewhere... we can’t match what they can offer.” (LA key informant, the Midlands, 2014)

Local authority homelessness prevention and relief

As demonstrated through its 2013 ‘Gold Standard’ initiative, the Coalition Government remains committed to the ‘prevention-centred’ approach to homelessness initiated under the previous government from 2002.¹⁶³ As officially defined, ‘homelessness prevention’ means:

“providing people with the ways and means to address their housing and other needs to avoid homelessness”.

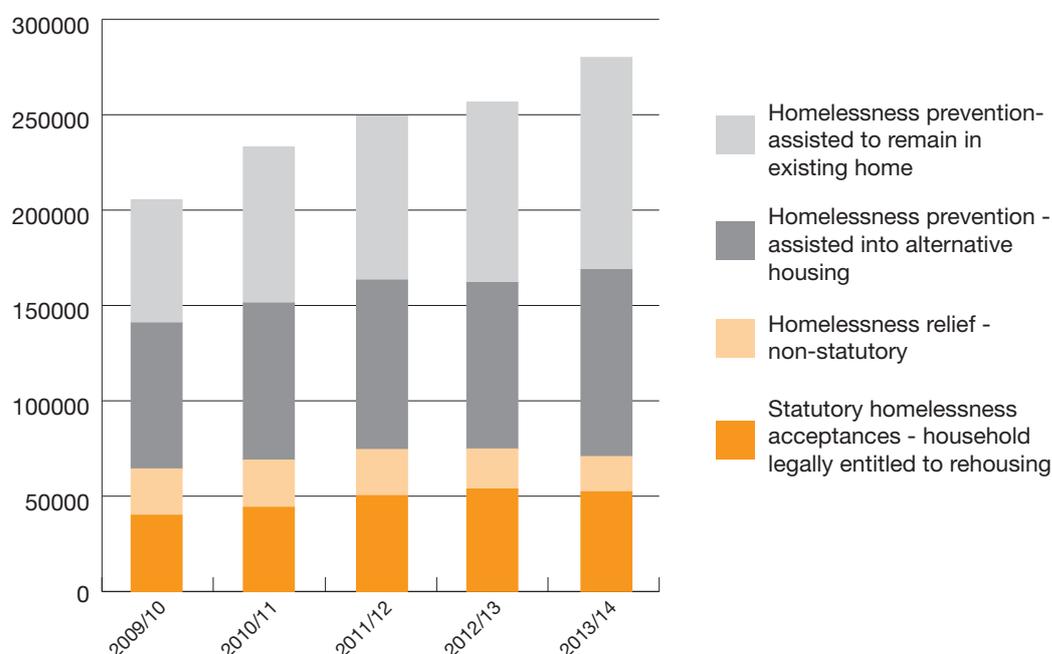
As an allied form of non-statutory assistance, ‘homelessness relief’ is defined as:

“where an authority has been unable to prevent homelessness but helps someone to secure accommodation...”¹⁶⁴

¹⁶² Spurr, H. (2014) ‘Transparency urged over out-of-London homeless placements’, *Inside Housing*, 10th January: <http://www.insidehousing.co.uk/transparency-urged-over-out-of-london-homeless-placements/7001590.article>

¹⁶³ DCLG (2013) *£1.7 million Gold Standard sets new homelessness benchmark*, DCLG Press Notice, 9th April <https://www.gov.uk/government/news/1-7-million-gold-standard-sets-new-homelessness-benchmark>

¹⁶⁴ DCLG (2013) *Homelessness data – notes and definitions*. <https://www.gov.uk/homelessness-data-notes-and-definitions>

Figure 4.8 Overview of local authority action to assist homeless (and potentially homeless) households

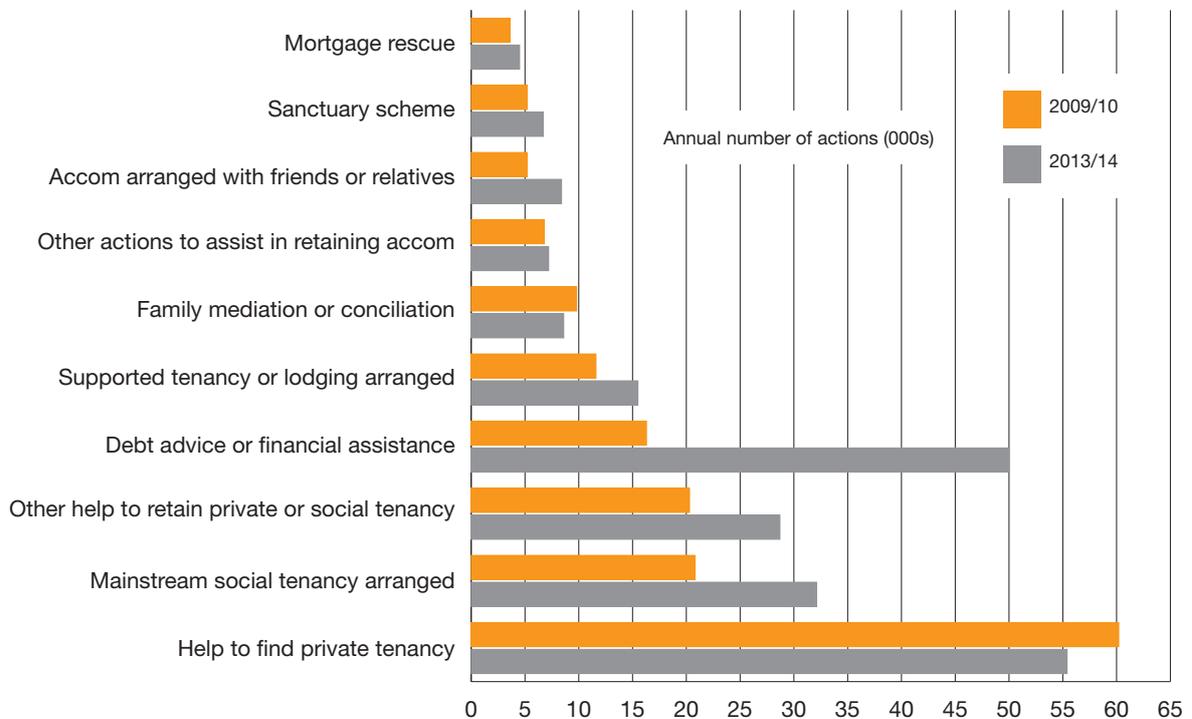
Sources: DCLG statistics on statutory homelessness and on homelessness prevention and relief, 2014

Figure 4.8 illustrates that activity under statutory homelessness provisions accounts for only a small and declining proportion of all LA homelessness work. Two thirds of our local authority survey respondents believed that the proportion of cases being handled through informal rather than formal mechanisms had risen since 2010 (see Table A4 in Appendix 3). However, this does not appear consistent with the pattern of recorded activity shown in Figure 4.8. Rather, even at the start of our sequence of years here (2009/10) statutory homelessness acceptances accounted for only 20% of all logged cases, and this percentage has remained with the range 19-21% ever since.

Similarly, the falling incidence of 'homelessness relief' cases recorded in 2013/14 (down by 23% in the previous two years to 18,500) appears somewhat out of line with the balance of responses in our LA survey. While almost two thirds of authorities

perceived that the volume of homelessness relief actions had remained fairly steady since 2010, over a quarter believed such activity to have increased (see Table A3 in Appendix 3).

As regards 'homelessness prevention', the gross volume of activity has continued to increase, with total prevention actions rising by 12% in 2013/14 to some 228,000 (up by 38% on the 2009/10 figure). The balance of prevention work has been shifting towards helping service users to *retain existing accommodation* rather than to *obtain new housing*. In 2013/14 actions under the former heading increased in number by 18% (up 73% since 2009/10) whereas actions of the latter type grew by only 8% (15% higher than in 2009/10). The broader point illustrated by Figure 4.8 is that, despite a small reduction in statutory homelessness cases in 2013/14 (see Figure 4.5), the total number of 'local authority case actions' (i.e. involving both statutory and non-statutory action) has

Figure 4.9 Local authority homelessness prevention and relief activity, 2009/10-2013/14

Source: Derived from DCLG Homelessness Prevention and Relief statistics, August 2014

continued to rise – up to 9% on 2012/13 (36% higher than in 2009/10).

As shown in Figure 4.9, assisting people in accessing private tenancies remains the largest single form of prevention activity. However, the volume of such cases has slightly declined over the four year period covered here. This trend probably reflects both the state of the housing market and the HB reforms which – by restricting entitlements – will have made it more difficult to secure private tenancies for certain categories of applicant:

“...we aim for prevention although that has become more difficult for us because of the private rented market [so we are] putting more effort into working with landlords [to prevent homelessness occurring].” (LA key informant, rural area, the South, 2014).

“...our whole strategy rests on our ability to continue to access the private rented sector and if we can't that's bad news all round...We're very much at the mercy of the market...We've got a very effective strategy for managing homelessness at the levels that it comes in ...but it's entirely contingent on our ability to procure in the private rented sector and if that comes under threat our whole strategy will be under threat.” (LA key informant, London, 2014)

Linked with this, the vast majority of London survey respondents (88%) indicated that it was difficult to arrange private tenancies in their area to resolve homelessness – see Table A13 in Appendix 3). Responses to an allied question confirmed that this was related to changes over time more widely perceived as having affected London than other parts of England. London boroughs therefore found

themselves pushed into looking further afield to source accommodation:

“It is very difficult to source affordable properties within our own locality so we have to look outside of our borough and out of London to procure.” (LA key informant, London, 2014)

“We cannot find affordable accommodation for larger households affected by the cap in the borough and have to outside our area and outside London. Also need to put in context of rising market rents and [private] landlords not wanting to work with Housing Benefit.” (LA key informant, London, 2014)

The most striking homelessness prevention ‘growth activity’ has involved debt advice

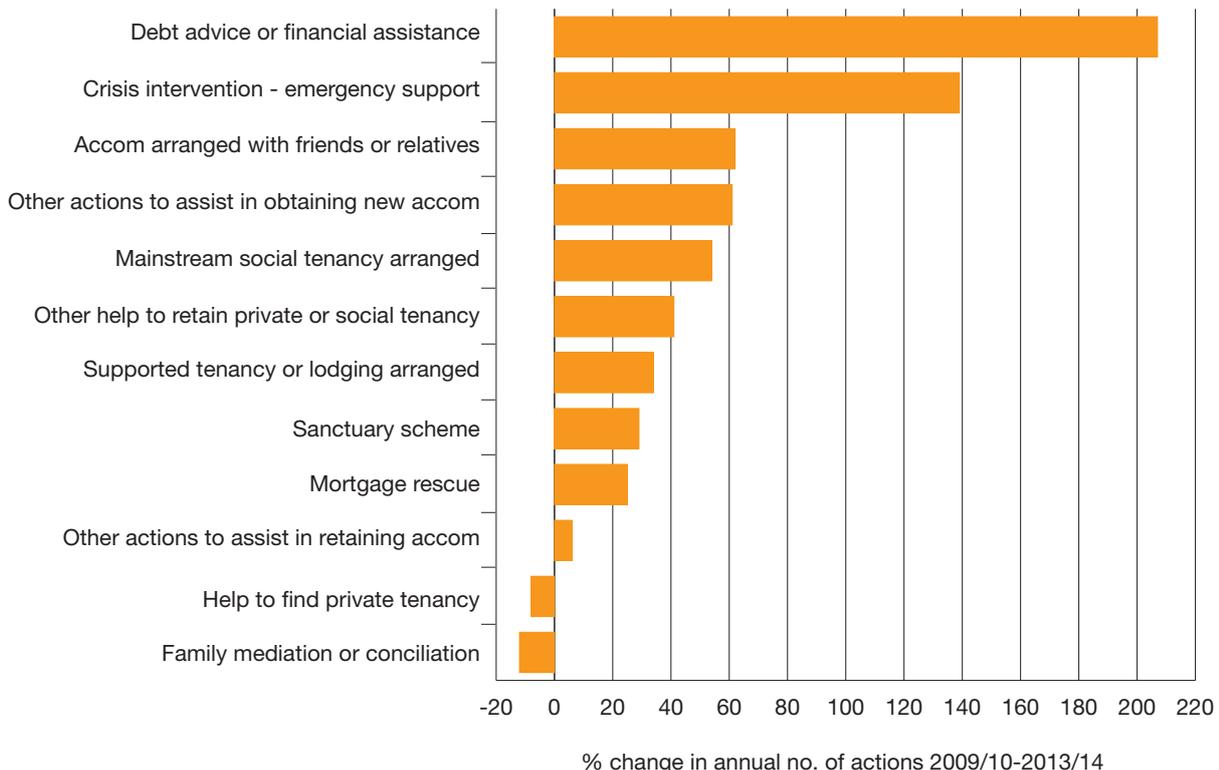
and financial assistance which, in 2013/14, accounted for some 50,000 prevention instances – up from only 16,000 in 2009/10 (see Figure 4.9). This would seem highly consistent with the anticipated impacts of welfare reform on those in precarious housing circumstances (see Chapter 3).

Trends over time in different forms of prevention work are illustrated more directly in Figure 4.10 which emphasizes the rising importance of both debt advice/financial help (see Chapter 3), and crisis intervention.

4.5 Hidden homelessness

People may be in a similar housing situation to those who apply to LAs as homeless, that is, lacking their own secure, separate accommodation, without formally applying or registering with a LA or applying to other homelessness agencies. Such people are

Figure 4.10 Local authority homelessness prevention activity, 2009/10-2013/14: change over time



Source: Derived from DCLG Homelessness Prevention and Relief statistics, August 2014

often referred to as 'hidden homeless' (see Chapter 1). A number of large-scale/ household surveys enable us to measure some particular categories of potential hidden homelessness: *concealed households*; households who are *sharing* accommodation; and *overcrowded* households.

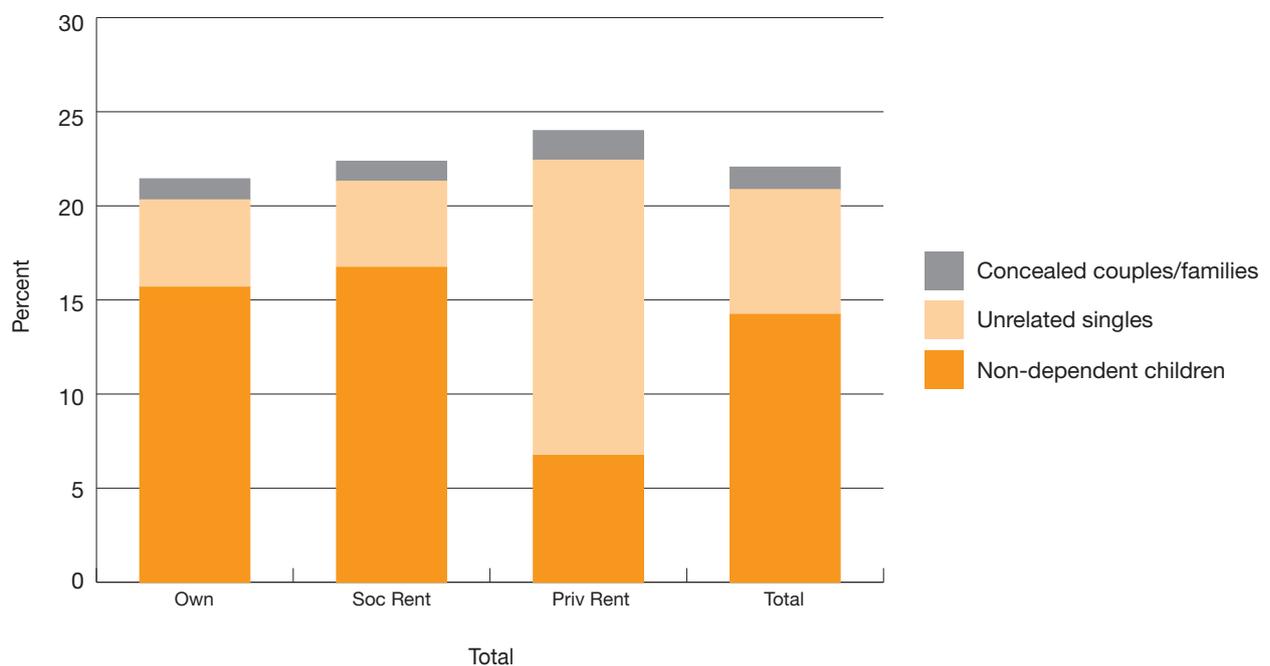
Concealed households

Concealed households are family units or single adults living within other households, who may be regarded as potential separate households that may wish to form given appropriate opportunity. The English Housing Survey (EHS) and the Labour Force Survey (LFS)¹⁶⁵ ask questions about the composition

of the household which enable the presence of 'additional family/single units' to be identified.¹⁶⁶

In 2013 there were about 4.64 million households (21.0% of all households) which contained additional family units based on the LFS. Of these, 265,000 (1.2%) were cases of couples or lone parent families living with other households, while 1.47 million (6.6%) were cases of unrelated one person units (i.e. excluding never married children of main householder) and 3.15 million (14.3%) were cases of non-dependent adult children living in the parental household, as shown in Figure 4.11.

Figure 4.11 Households containing potentially concealed households by tenure, England 2013



Source: Labour Force Survey, Quarter 4 2013

¹⁶⁵ The main advantage of the EHS is that it is a housing-oriented survey which asks other related questions, in some cases only in particular years. Its disadvantages include having a smaller sample and rather less complete information about the adults who are not the core household members. The LFS is up-to-date and has a large sample and good questions about household structures, but less detail about housing including little in the way of attitudinal information.

¹⁶⁶ These surveys only approximate to the ideal definition of 'concealed households', as they do not necessarily distinguish those who would currently prefer to remain living with others from those who would really prefer to live separately. Moreover, they may not fully capture all concealed households reliably. For example people staying temporarily and informally with others may not be recorded in household surveys (like EHS) nor respond to individual surveys (like LFS).

Unrelated single units were much more prevalent in private renting (including students and young people living in flatshares), while the proportions with non-dependent children were higher in social renting and in owner occupation. Households with non-dependent children are fairly evenly distributed across regions, but unrelated singles and concealed couples/families are much more prevalent in London (15% of all households, double the national rate).

EHS data (2011-12) show that additional family/unrelated singles units were most prevalent in larger urban areas. They were also clearly more prevalent in more deprived neighbourhoods, with 8.1% of households in the most deprived fifth of small areas compared with 4.5% in the least deprived containing such units. There is a similar association with individual household poverty: households with less than 60% of median income (adjusted for household composition, and after housing costs) had a prevalence of 8.6% versus 5.8% for all other households (even though such households alleviate their poverty by living together). Whereas only 5.8% of White households had additional unrelated single or family units, this rose to 7.2% for Black households and 16.5% for Asian households, and 11.6% for other ethnic households.

The EHS asks a question, where such individuals (related or unrelated) are present in a household, as to why this person is living there. Overall, answers implying a preference or intention to move, albeit constrained, or some uncertainty, account for 45-50% of cases.¹⁶⁷ Overall, this evidence suggests that there were 2.23 million households containing concealed single persons in England in late 2013, in addition to 265,000 concealed couples and lone parents. These numbers represent broad stability alongside the

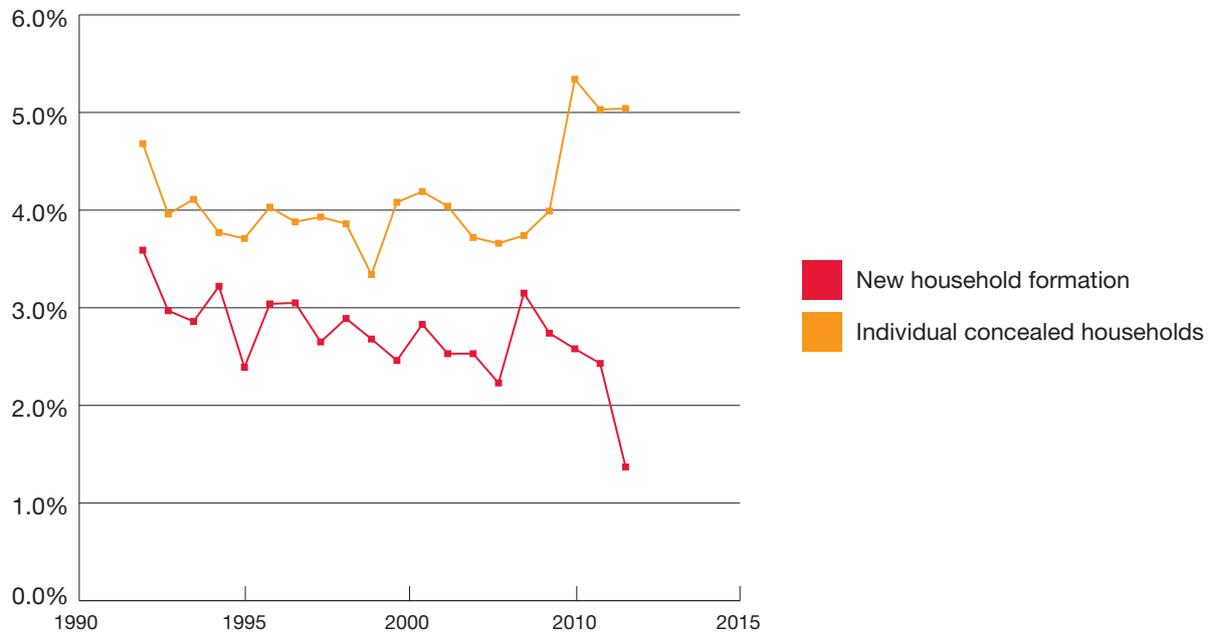
estimates presented in the 2013 Monitor – a slight decline in singles, a slight increase in families.

Figure 4.12 looks at the proportion of concealed single person households over time since 1991, compared with the rate of formation of new households each year. This chart uses data from a new analysis of the longitudinal surveys, the British Household Panel Survey (BHPS) and the new Understanding Society Survey. The former measure only counts those who would prefer to move. Although there is some fluctuation from year to year (partly reflecting sampling error), there is evidence of a general downward trend in household formation from 1991 to 2006, an upward spike in 2007, followed by a steeper decline in 2009-11. As we would expect, the proportion of concealed single households represents something of a mirror image of the new households line, with a notable rise after 2007.

More detailed analysis of these longitudinal surveys shows that being a concealed household can be quite a persistent state. For example, over the whole period 1992-2008, 57% of concealed families in one year were in the same position the previous year, while this applied to 50% of concealed singles. In 2011, these proportions had risen to 88% and 100%. Persistence over three annual waves applied to 37% of concealed families and 31% of concealed singles over the whole period 1992-2008. This underlines that this form of hidden need is not just a temporary phenomenon for many.

The English Housing Survey also showed a sharp fall in new household formation in 2008 and 2009, although some recovery appeared from 2010. This survey confirms the role of private rented lettings in enabling household formation post-2010, while the

¹⁶⁷ Note that the proportions wishing to move/expressing uncertainty are, perhaps counter to expectations, actually slightly higher for non-dependent children than for unrelated singles, and only slightly lower for under-25s than for over-25s.

Figure 4.12 New household forming rate and individual concealed households, England 1991-2011

Sources: British Household Panel Survey 199-2008; Understanding Society 2009-11; Survey of English Housing 2009.

number of new households buying or renting social homes fell sharply from 210,000 p.a. in 2002-07 to only 88,000 in 2009, with only partial recovery to 122,000 in 2011 and 137,000 in 2012.

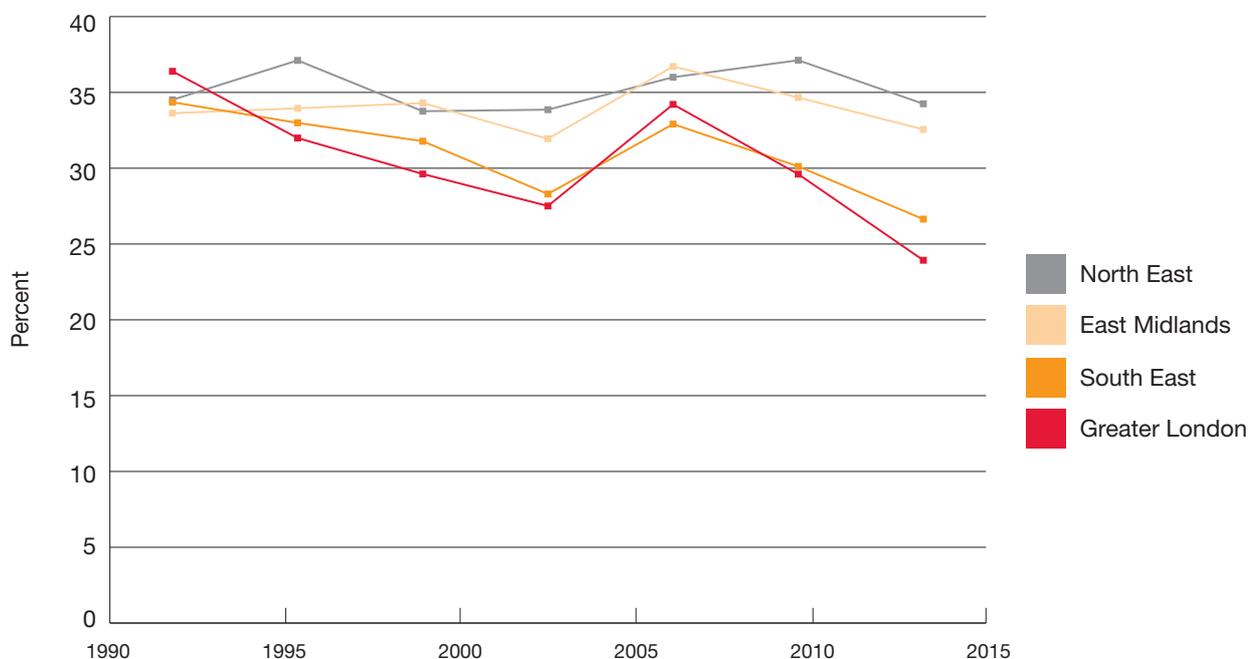
Another indirect indicator of concealed households is (reduced) household 'headship'. The propensity of individuals within given age groups to form ('head') separate households is a conventional way of measuring household formation. Figure 4.13 illustrates rates for younger adults in selected regions facing very different economic and housing market conditions. For the North East and East Midlands, the proportion of 20-29 year olds heading households fluctuated somewhat around 35%, but ended at a similar level in

2013 than in 1992. In the South East and London, rates falls from 1992 to 2008, then blipped upwards in 2010 before falling back sharply in 2011-13, to end significantly lower at the end of the period (24-27% vs 34-36%). We would expect to see such differences, reflecting different levels of housing market pressure.¹⁶⁸ The upward blip in 2010 may reflect the availability of private rental lettings. Data from the EHS is broadly consistent. Comparing 2012 with 2011 or 2008, headship fell for younger age groups (under 34), 45-54 year olds and over-65s, while rising for the 55-64 year olds. This is consistent with a picture of a tight housing market and also of a worsening real income/living standards among younger working age people in this period.¹⁶⁹

¹⁶⁸ The decline in the over-65 age group is attributable to greater longevity of spouses leading to less early widowhood.

¹⁶⁹ Gordon, D., Mack, M., Lansley, S., Main, G., Nandy, S., Patsios, D., Pomati M. & the PSE team from the University of Bristol, Heriot-Watt University, National Centre for Social Research, Northern Ireland Statistics & Research Agency, The Open University, Queen's University Belfast, University of Glasgow and University of York (2013) *The Impoverishment of the UK. PSE First Results. Living Standards*. http://www.poverty.ac.uk/sites/default/files/attachments/The_Impoverishment_of_the_UK_PSE_UK_first_results_summary_report_March_28.pdf

Figure 4.13 Headship rates for 20-29 year olds, selected English regions 1992-2013



Source: Labour Force Survey.

In this discussion we have suggested that the changes and patterns found with concealed households and household headship rates reflect economic and housing market conditions, which differ markedly between regions and localities. This interpretation is supported by a recent study which uses econometric modelling to predict these variables within the longitudinal British Household Panel Survey.¹⁷⁰ Concealed and sharing households are associated with unemployment, private renting, and higher area house prices, after controlling for demographics (including the higher risks for young adults, migrants, and those experiencing relationship breakup). Household formation/headship is inversely associated with house price: income ratios and unemployment, and positively associated

with social lettings supply, when controlling for demographic factors.

Households sharing accommodation

'Sharing households' are those households who live together in the same dwelling but who do not share either a living room or regular meals together. Sharing is similar to concealed households, namely an arrangement people make when there is not enough affordable separate accommodation. For example, some 'flatsharers' will be recorded as concealed households, and some will be recorded as sharing households, depending on the room sizes and descriptions.

According to the LFS, 1.2% of households in England shared in 2012 (based on average of first and last quarter). Sharing was most

¹⁷⁰ Bramley, G. & Watkins, D. (2014) 'Housing need outcomes in England through turbulent times: demographic, market and policy drivers of change.' Paper presented at European Network for Housing Research Conference, Edinburgh, July 2014, Workshop 24: Housing Market Dynamics.

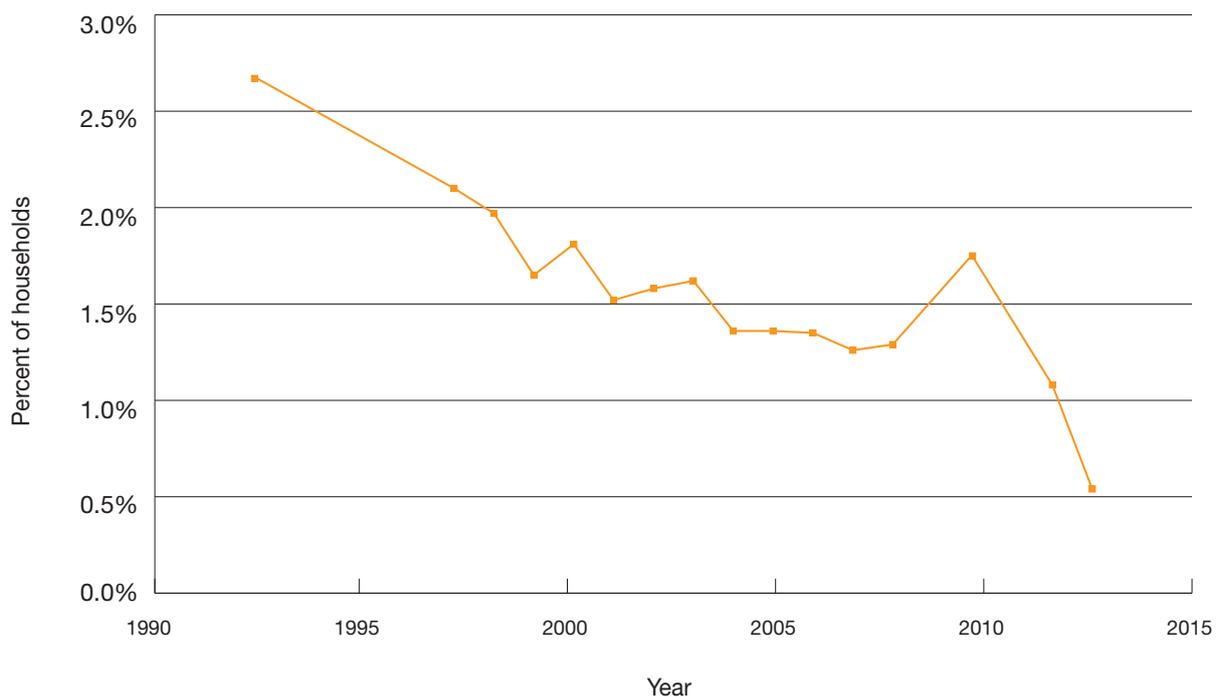
common for single person households (3.0%) but was also found amongst couples (1.6%), and couples with children and lone parent households (1.0%). Sharing is particularly concentrated in private renting (3.3%) but is not unknown in the social rented sector (1.1%) and even in the owner occupier sector (0.5%). It is much more prevalent in London (4.1%), as one would expect, and the next highest regions are the South West and South East (1.1%). Sharing is particularly rare in the North East, West Midlands and East of England (0.2%).

Sharing has seen a long-term decline, which may reflect improving housing availability but also probably changes in the PRS and its regulation. The trajectory of sharing over time is shown in Figure 4.14 below. This showed a pronounced decline in the 1990s and a slight further decline in the early/mid 2000s, followed by an apparent increase from 2007 to 2010. This increase appears to evidence

the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession. However, there was a further pronounced decline between 2010 and 2013, perhaps reflecting the expansion of private renting but also definitional issues. Comparing 2011-12 with 2008-10, EHS shows a narrower definition of sharing increasing from 0.35% to 0.51%, with the increase in the private rented sector; but a broader definition including sharing rooms or facilities shows a decline from 1.06% to 0.51%, the same as the narrower measure (with the decrease being in owner occupied or social rented housing). While there clearly remains some uncertainty about these numbers, there is some consensus between the two sources about the current level of c.0.5%.

One reason to expect some future increase in sharing is the extension of the SAR to 25-34 year olds (see Chapter 3). But given the acute demand pressures on a limited supply

Figure 4.14 Sharing households in England 1992-2013 (per cent)



Source: Labour Force Survey

of shared accommodation in many areas,¹⁷¹ many of the additional people affected by the SAR are becoming ‘concealed households’ rather than sharing households. Some of the increase in concealed households may be actually a mirror image of the decline in sharing due to changes in the way groups of people are classified into households in surveys.

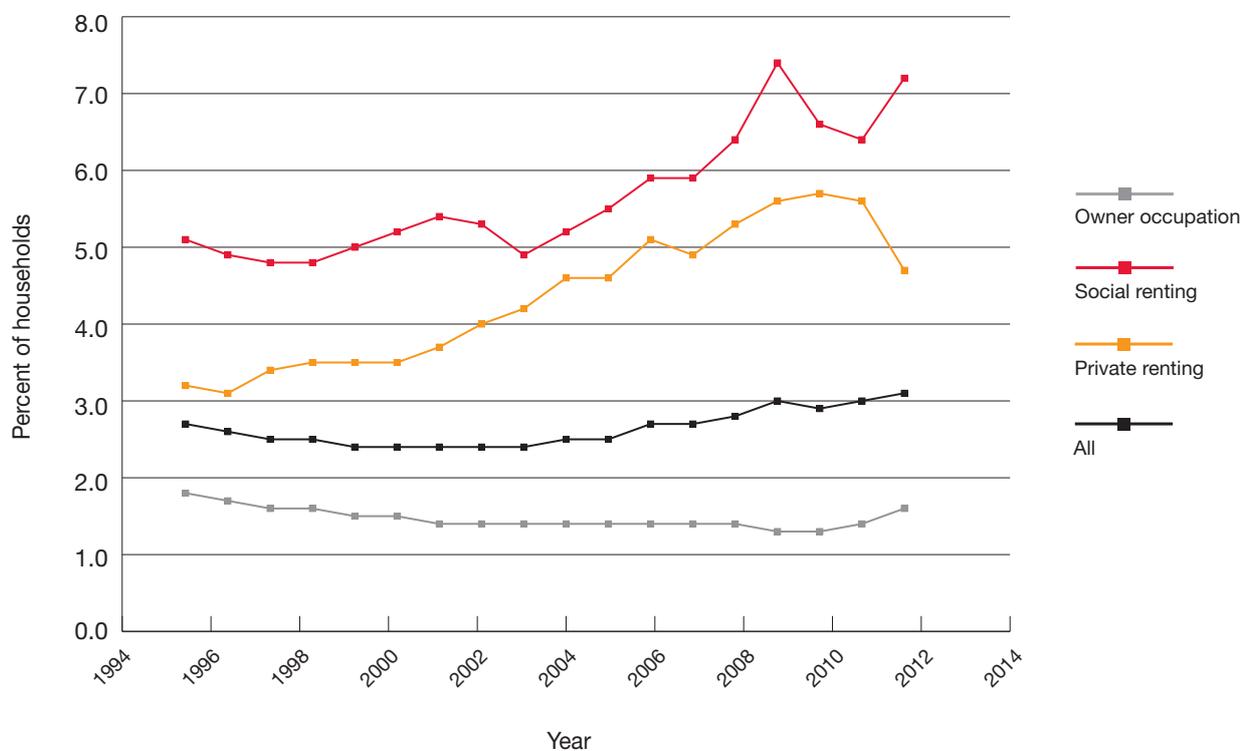
Overcrowding

Figure 4.15 summarises trends in overcrowding by tenure in England between 1995 and 2012 (DCLG prefer to present this indicator based on a 3 year rolling average, which we do also except for the last year, 2012), based on the ‘bedroom standard’.¹⁷² Overcrowding actually increased to quite a

pronounced extent from 2003 to 2009, from 2.4% to 3.0% of all households, reversing previous declining trends, although there was a slight decline in 2010, with a slight further increase in 2012. On the most recent figures 685,000 households (3.1%) were overcrowded in England. Overcrowding is less common in owner occupation (1.6%) and much more common in social renting (7.2%) and private renting (4.7%). The upward trend in overcrowding is also primarily associated with the two rental tenures, although there was some improvement in social renting in 2010-11 and in private renting in 2012.

As with the other housing pressure indicators considered here, there is a much higher incidence in London (across all tenures), with

Figure 4.15 Overcrowding by tenure in England 1995-2012 (per cent)



Source: Survey of English Housing/English Housing Survey Note: all based on 3-year average except 2012 (single year)

¹⁷¹ Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

¹⁷² This is the most widely used official standard for overcrowding. Essentially, this allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members.

a rate of 8.1% in 2010-11. The next worst region for overcrowding is the West Midlands (2.8%), followed by the South East (2.2%). Recent trends in overcrowding are downward in the northern and midland regions but still upwards in the South West, South East and (marginally) London.

Overcrowding can be quite a persistent experience for the households affected. Detailed analysis of the longitudinal BHPS shows that over the whole period 1992-2008, 62% of overcrowded households in a particular year had been overcrowded the previous year, while 40% had been overcrowded two years earlier. In 2011, based on Understanding Society Survey, 95% of crowded households had been crowded the previous year.

Econometric modelling of overcrowding propensity in the BHPS showed that this was positively related to area house prices, interest rates, both rental tenures, unemployment and poverty after housing costs, after controlling for demographics, which include a strong positive association with Asian ethnicity as well as larger households, having more children, or being aged under 30.

Past homelessness experience

Last year's Monitor reported that our social distribution analysis, based on the UK Poverty and Social Exclusion Survey 2012 (PSE), confirms that past experience of homelessness is heavily concentrated amongst young, poor, renters, who are lone parents or single, particularly those who are black and living in urban areas of the country. Nine per cent of adults in England have experienced homelessness at some point in their lives, the highest rate amongst the UK countries, with 8% of under-25s reporting that this has happened to them in the last five years. These data imply that around 185,000

adults experience homelessness each year in England, and that the incidence has been increasing over time.¹⁷³ Unfortunately, as the PSE is not repeated on an annual basis, no update on these figures is available.

4.6 Key points

- Officially estimated rough sleeper numbers have continued to grow, with the 2013 national total up 37% on its 2010 level. In the last two years however, the annual rate of increase has been more modest at around 5%, though continued growth in the more 'entrenched' rough sleeping cohorts in London is a matter of particular concern. New restrictions on the Housing Benefit entitlements of EEA migrants from April 2014 may further contribute to rough sleeping amongst CEE nationals.
- While remaining 26% above its 2009/10 level, the 2013/14 national statutory homelessness total fell back 2% on the previous year. However, this probably reflects ongoing changes in local authority management of homelessness more than underlying trends in housing insecurity.
- Highly relevant to the above point, in the 18 months preceding summer 2014 more than half of all local authorities had adopted new powers to discharge statutory rehousing duty via mandatory offer of private tenancies. This further incentivises applicants to opt for 'informal' assistance instead of making a statutory homelessness application.
- Despite their limited utility in calibrating national trends over time, the statutory homelessness statistics remain instructive in highlighting regional divergence, with London's 'homelessness acceptances' up by 80% in the four years to 2013/14, contrasting with a 14% reduction in the North.

¹⁷³ This estimate is derived by multiplying the proportion who report having been homeless over the past 5 years (PSE) x adult population (Census) / 5. This assumes even temporal spacing of homelessness, and only one episode per person.

- At the national scale, almost three quarters of the 2009/10-2013/14 increase in 'homelessness acceptances' was attributable to rising numbers being ejected from the private rented sector. Apparently attributable to growing competition in the rental market, this pattern was even more manifest for London.
- The volume of local authority homelessness management activity undertaken through 'informal' homelessness prevention and relief greatly exceeds that progressed under the relevant statutory provisions (Housing Act 1996), and the transition to a largely 'informal' system is ongoing.
- Adding together homelessness prevention and relief, as well as statutory rehousing activity sums to a total of some 280,000 'local authority homelessness case actions' in 2013/14 – 9% up on the previous year
- Within the realm of 'homelessness prevention' the balance of activity has been shifting towards helping service users to *retain existing accommodation* (e.g. through debt advice) rather than to *obtain new housing* (e.g. through assisted access to a private tenancy). The tightening private rental market is again implicated here.
- There were 2.23 million households containing concealed single persons in England in late 2013, in addition to 265,000 concealed couples and lone parents. These numbers represent broad stability alongside the estimates presented in the 2013 Monitor.
- Concealed households increased after 2007, reflecting declining household formation, particularly in the south. Increasing proportions appear to be stuck in this position for periods of years.
- The number of new households buying or renting social homes fell sharply from 210,000 p.a. in 2002-07 to only 88,000 in 2009, with only partial recovery to 122,000 in 2011 and 137,000 in 2012.
- On the most recent figures 685,000 households (3.1%) were overcrowded in England in 2012, continuing the higher levels seen over several years. Most such households experience overcrowding over two or more years and this persistence was particularly high in 2011.
- Econometric modelling confirms that both concealed households and overcrowding reflect economic and market conditions as well as demographic factors.

5. Conclusions and future monitoring

A powerful story has emerged from this year's Monitor, with a number of key themes illuminated by the new LA survey in particular.

First, the survey results have important implications for our understanding of the evolving statutory homelessness system in England. While recognising that this survey captures only the local authority perspective on these issues, what emerges is a complex, nuanced and dynamic picture of homelessness practice across England. Within the wider realm of local authority homelessness management activity, that undertaken through non-statutory homelessness prevention and relief is increasingly dominant. The transition to a largely 'informal' system appears ongoing. While most local authorities insist that they continue to advise applicants of their legal rights to make a homelessness application, a strong set of incentives is clearly now at play to steer households away from the statutory route, particularly in those authorities (already a majority) which have adopted the private rental rehousing powers made available under the Localism Act. The merits of such a profound switch in the 'offer' to statutory homeless households calls for detailed substantive debate, not least because, notwithstanding the Government's 'Gold Standard' initiative and the work of the NPSS, these *de facto* changes are developing in a highly localised and largely incremental way, despite the continued existence of the *de jure* statutory homelessness framework. At the same time, they may also require a re-appraisal of the concept of 'gatekeeping', wherein it may be argued by some that households' best interests are served by local authorities being transparent with them from the outset that they may be more likely to secure a satisfactory housing outcome outwith the statutory homelessness system.

Second, regardless of where one stands on the merits, or indeed legality, of this shift in local homelessness practice, these developments have undoubtedly impacted on the value of statistical recording systems traditionally used to gauge trends in this field. Certainly, on the basis of the local authority survey results it can be confidently stated that the apparent 31% rise in homelessness over the past four years understates the true increase in 'homelessness expressed demand', and that the apparent reduction in 2013/14 cannot be interpreted as indicating any underlying downward trend in such demand. Indeed, the total number of local authority homelessness case actions continued to grow in 2013/14 – by 9%. In looking to track the changing 'global' incidence of homelessness in future, there is a compelling argument for focusing much more strongly on this whole suite of officially gathered statistics on 'statutory' and 'non statutory' local authority activities, rather than perpetuating the historic emphasis on the 'statutory acceptance' figures. These developments certainly call for more detailed and regular monitoring of local authority activity under homelessness prevention and relief than the current high level aggregate statistics returned to Central Government. At the same time, however, it is also important to bear in mind the possibility that growing public awareness of the limited 'housing options' help now offered to most homeless people may dampen the likelihood that people with housing problems will approach their local authority at all, meaning that all of these officially derived figures may tell an increasingly incomplete story.

Third, the results of the LA survey raise some intriguing possibilities with regard to the 'offer' made to non-priority groups. In most responding authorities outside of London, it was reported that there had been significant

improvements to the service offered to single homeless people and other non-priority homeless households since 2010. Key factors in the improved service claimed by many local authorities included: expanded availability of private rented sector access schemes; better partnership with other services; enhanced staff quality and training; an increase in specialist staff and/or services aimed at single homeless people and/or complex needs groups (e.g. the No Second Night Out initiative); and the availability of Discretionary Housing Payments funds. Perhaps more fundamentally, the switch towards a more informal/housing options-inspired approach, and a move away from a focus on strict 'rationing criteria', has meant that some local authorities feel that they are able to offer a broader, more inclusive service.

However, this positive picture is somewhat at odds with the reported reduction in 'official' homelessness relief activities, largely aimed at this group. Moreover, claims of improvements do not sit easily with the substantial cuts in mainstream Supporting People revenue funding implemented over the past five years, which time-limited and tightly-targeted specialist homelessness initiatives cannot hope to compensate for. This at a time when both local authorities and homelessness services are reporting growing demands from homeless people with complex needs, and greater difficulty in meeting these needs, and officially estimated numbers of rough sleepers are continuing to expand (albeit at a modest rate), as are the 'entrenched' rough sleeping cohorts in London. Strong concerns were expressed by key informants this year that new restrictions on the Housing Benefit entitlements of European Economic Area migrants from April 2014, may further contribute to rough sleeping amongst Central and Eastern European nationals.

Fourth, in this year's Monitor we have sharpened last year's 'regional' story to one of 'London exceptionalism', with the

capital becoming almost 'another country' in homelessness terms (beyond this, ongoing regional differences, seem increasingly overlaid with highly localised patterns of divergence, as discussed further below). In part, this London exceptionalism simply reiterates the point that housing system factors play a critical underlying role, with homelessness stress increasingly concentrated in the more pressured markets in and around the capital. The continuing shortfall in the levels of new house building relative to levels of household formation, in a context where there are already substantial numbers of concealed and sharing households, and severe levels of overcrowding in London, is a prime structural contributor to homelessness.

This year's Monitor reveals that both concealed and overcrowded households can often be stuck in that position for considerable periods of time. But as the LA survey also makes clear, the London 'story' is fundamentally about the *combined* effect of an extraordinarily tight housing market and the disproportionate impact of certain welfare reforms, particularly benefit caps. This is making it extremely difficult for London boroughs to meet their statutory duties to priority need households, far less provide meaningful assistance to non-priority groups. Growing out-of-London placements of homeless households are one well-publicised consequence. London borough survey respondents were most likely to forecast diminishing impacts of welfare reform over the next two years, largely because the current effects had already been so dramatic, including the mass removal of benefit-dependent families from the private rented sector in parts of central London. The demographic, social, economic and other consequences – for both the 'exporting' and the 'receiving' local authorities – of this substantial geographical displacement of vulnerable families and other households seems yet to be fully grasped.

Sixth, and more broadly, the Shared Accommodation Rate continues to create serious problems in accommodating younger single people in the private rented sector across most of the country, and for single and youth homelessness service providers throughout England, and indeed the rest of the UK, the ratcheting up of the sanctions regime under Jobseekers Allowance/ Employment and Support Allowance, and thereafter Universal Credit, is *the* major ongoing concern. The localisation of the Social Fund, and growing resort to food banks and other forms of purely charitable assistance, indicates a severe weakening in the support available to individuals and households in the sort of crisis situations that can lead to homelessness, with the inadequacy of the ‘in kind’ support typically provided by Local Welfare Allowance particularly strongly criticised by domestic abuse service providers. Meanwhile, it would seem that the full effects of the ‘Bedroom Tax’ have yet to be felt. So far, these have in most instances been handled via Discretionary Housing Payment-supported mitigation efforts, but there are doubts over the sustainability of this approach long-term. Discretionary Housing Payments have become crucial in enabling many low income households, affected by a wide range of benefit reforms, to sustain their accommodation, leading to fears of significant homelessness implications, and even greater geographical displacement effects, if/when they are scaled back.

Of course, the same welfare reform factors that are ‘pushing’ benefit-reliant households out of rental accommodation, especially in London, make it ever harder for local authorities to rehouse them, with not only private landlords but also some social landlords reportedly increasingly risk averse on accommodating homeless and potentially

homeless households. New Joseph Rowntree Foundation-supported research raises fears that some larger housing associations, particularly in London and the South, may be moving their focus away from housing those in greatest need towards a more diversified tenant base, implying that the private rental sector rather than social housing may increasingly be viewed as *‘the tenure of last resort’* for those in the most severe poverty.¹⁷⁴ But how morally acceptable is such a stance, given the severe restrictions on access to the private rented sector imposed by welfare benefit cuts, especially in London and the other pressurised markets? The rising importance of private tenancy terminations as a cause of statutory homelessness – accounting for almost three quarters of the national increase over the past four years, and more in London – also gives pause in this respect. At the same time, many local authorities appear to be making robust use of new powers under the Localism Act to significantly restrict access to their housing lists, with a recent legal challenge required to establish that statutorily homeless households and other groups with statutory ‘reasonable preference’ cannot lawfully be excluded from such lists.

Finally, ‘localisation’ is a key thread running through the entire Monitor series, growing in importance every year, and manifest in at least two important senses with consequences for homeless people and those at risk of homelessness. First, there is the ongoing localisation of key policy and practice frameworks, not only in the housing and homelessness arena, but also in welfare benefits,¹⁷⁵ as evidenced by the growing reliance on locally-prescribed, discretionary schemes such as Discretionary Housing Payments, Local Welfare Assistance and Council Tax Benefit to supplement the weakening national welfare system. While

174. Clarke, A., Morris, S. & Williams, P. (2014) *Landlords’ Strategies to Address Poverty and Disadvantage*. York: JRF.

175. See the recently announced Social Security Advisory Committee inquiry into ‘Localisation and social security’ <https://www.gov.uk/government/organisations/social-security-advisory-committee>

there were some isolated positive comments made about localised aspects of welfare by key informants, for example Local Welfare Assistance being better tailored to local needs in some areas, the overwhelming weight of evidence from the Monitor series points to this increased emphasis on local control, diversity and discretion being inimical to tackling homelessness, bringing as it does, an inevitable inconsistency and unevenness in both coverage and delivery. While such geographical variability driven by local political priorities and expediency may be acceptable, even desirable, in some areas of public policy, it is more difficult to defend when applied to meeting the needs of vulnerable groups.

A second, linked, point is that of an increased emphasis on local connection, and reconnection, in homelessness services and social housing in recent years, in part as a means of rationing provision in the most pressured areas. As other forthcoming Crisis-funded research has revealed,¹⁷⁶ while reconnection schemes can provide a valuable function in obliging local authorities to meet their obligations to relevant people and households, there are signs that such measures can also be used to filter some groups out of provision altogether.

So even as the UK economy strengthens, these policy-led factors continue to have a direct bearing on levels of homelessness across the country, as well as on the effectiveness of responses. The evidence provided by the Homelessness Monitor over the coming year will provide a powerful platform for assessing the impact of economic and policy change on some of the most vulnerable people in England. With only one in ten respondents to the 2014 local authority survey believing that the homelessness impacts of welfare reform had largely 'run their course', there is widespread

trepidation about the myriad difficulties surrounding the national implementation of Universal Credit, alongside specific anxieties about the implications for groups already disproportionately affected by welfare and/or housing reforms (e.g. young people and Central and Eastern European migrants) or local authority budget cuts (e.g. rough sleepers and other homeless people with complex needs). By the time the Monitor next reports, we will be able to reflect on developments over the entire span of the current UK Coalition Government and identify early signs of things to come under the next administration.

Appendix 1 Topic guide for key informant interviews: Round 4 (2014) voluntary sector

Introduction

- Explain nature and purpose of research
- Their job title/role; how long they have been in that position/organisation
- Nature of organisation – nature of service(s) provided; geographical coverage; size and funding streams; homeless groups they work directly with (rough sleepers, single homeless, young homeless, homeless families, statutory homeless, hidden homeless etc.); any recent changes in services (esp whether any services have closed/reduced)

1. Impacts of local labour/housing markets

- Has there been any impact of local economic/labour market/housing market conditions on your client group/demand for your services. Probe changes in:
 - > nature, size, profile of client group (inc. any funding or capacity restrictions on who can work with, especially any evidence of unmet needs)
 - > needs of clients
 - > triggers for homelessness/crisis situation, etc.
- What are key contextual factors driving this change – rising/falling unemployment; increased conditionality in JSA/ESA; decline in social lets; expansion of/rising rents in PRS; affordability/deposit barriers to home ownership, etc.
- Any impact of A8/other migration?
- What is it about these changes that directly impacts on your client group?
- Overall, have these economic/housing developments had a positive or negative impact on your client group?
- Have you monitored these impacts in any way? Any evidence you can share with us?
- How do you see these effects developing going forward (e.g. resulting from higher unemployment due to public sector cuts)? Will you be monitoring it?

2. Impacts of Coalition policies

- Are there any particular Coalition policies that are likely to impact significantly on your clients/service users and demand for your services?

Probe:

- > welfare reform – LHA restrictions (30th percentile rule; SAR extension to 35s; LHA caps); cuts in HB for under-occupiers in SRS ('Bedroom Tax'/'Spare Room Subsidy'); uprating of HB non-dependant deductions; overall household benefit caps; localisation of the Social Fund and Council Tax Benefit; benefit uprating capped at 1%; IB/ESA/Personal Independence Payments (replacing Disability Living Allowance); etc.
 - > How are DHPs being used/are they mitigating impacts in your borough? Are there tight and/or behavioural conditions attached to accessing DHPs?
 - > Universal Credit – what are main homelessness implications if /when rolled out? (Probe: direct payments; single payment, monthly in arrears; online applications; ratcheting up of sanctions; funding of temporary/supported accommodation, etc.)
 - > JSA/ESA sanctions – any homelessness impacts? What, if any, difference will the new 'easement' arrangements make?
 - > social housing reform – restricting access to waiting lists; 'Affordable Rents' regime (and interaction with welfare reform, esp benefit caps); ending security of tenure (are FTTs being used in their area? What are the homelessness implications?)
 - > homelessness legislation – discharge of duty into PRS
 - > Supporting People cuts/removal of ring fence
 - > other aspects of Localism agenda?
 - > other public sector reforms/cuts?
- What impact will they have – positive or negative?
 - > Are your service users aware of these changes? What do they make of them? What are they most concerned about/any trends in these reactions?
 - > What is it about these policy changes that will directly impact on your client group/what is the process by which it will affect them? (probe: increase risks of homelessness, make homelessness prevention more difficult, make resolving homelessness more difficult, etc.)
 - > Which policies/impacts are you most concerned about and why?
 - > When do you think you will start to see these effects/timescale for impacts? Do you think the impact of the post-2010 welfare reforms are already largely played out or are likely to be as great/greater in magnitude over next couple of years?

- > Do you think they will impact on particular groups/regions more than others?
- > Will you be monitoring these impacts in any way? When will you have data/evidence to share?

3. Follow up

- Any data/evidence they can give us? Can you feed in any updates on relevant data?
- OK to return to speak to them again this time next year?

Appendix 2 Topic guide for key informant interviews: Round 4 (2014) local authorities

Introduction - explain nature and purpose of research

Note respondent job title/role; duration in that position/organisation

1. Impacts of economic/housing market conditions

- Are local labour/housing market conditions impacting on homelessness in your area? – e.g. in terms of:
 - > **rising/falling unemployment** impacting on rent/mortgage arrears and feeding through to evictions/mortgage repossession rates?
 - > continuing expansion of the private rented sector/trends in rent levels - will this help offset rising homelessness by providing more supply at Affordable Rents? Why is ending of ASTs becoming such a prominent cause of statutory homelessness?
 - > **decline in social lets** squeezing affordable housing supply?
 - > affordability/deposit barriers to home ownership, etc?
 - > A8 (or other) **migration** trends? (is 'beds in sheds' an issue in your area?)
- Any specific effects on: (i) statutory homeless; (ii) rough sleepers; (iii) single homeless; (iv) hidden homelessness (sofa surfing, overcrowding etc.)

Probe on any changes in size, nature of client group (e.g. any evidence of 'middle class homelessness'), factors triggering homelessness (e.g. mortgage/rent arrears, end of assured shortholds, family pressures, drug/alcohol problems)

- What **statistical measures** do you have for changing rates/nature of housing need/homelessness demand in your borough over the past 2-3 years? – e.g. new housing applications, statutory homeless acceptances, volume/nature of prevention activity, housing advice caseload statistics. Can you share these with us?
- How do you see the impact of **economic and housing market conditions** affecting homelessness over the next year?

2. Impacts of Coalition Govt housing/Housing Benefit reform policies

- Are there any particular Coalition housing/welfare reform policies impacting significantly on housing need/homelessness or likely to do so in next 1-2 years?

Probe:

- > welfare reform – LHA restrictions (30th percentile rule; SAR extension to 35s; LHA caps); cuts in HB for under-occupiers in SRS ('Bedroom Tax'/'Spare Room Subsidy'); uprating

of HB non-dependant deductions; overall household benefit caps; localisation of the Social Fund and Council Tax Benefit; benefit uprating capped at 1%; IB/ESA/Personal Independence Payments (replacing Disability Living Allowance) reforms; etc.

- > How are DHPs being used/are they mitigating impacts in your borough? Are their tight and/or behaviour conditions attached to accessing DHPs?
- > Universal Credit – what are main homelessness implications if /when rolled out? (Probe: direct payments; single payment, monthly in arrears; online applications; ratcheting up of sanctions; funding of temporary/supported accommodation, etc.)
- > JSA/ESA sanctions – any homelessness impacts? What, if any, difference will the new ‘easement’ arrangements make?
- > social housing reform – restricting access to waiting lists; ‘Affordable Rents’ regime (and interaction with welfare reform, esp benefit caps); ending security of tenure (are FTTs being used in their area? What are the homelessness implications?)
- > homelessness legislation – discharge of duty into PRS (probe: if they are a) using the power, and b) if they think it is a disincentive to homelessness applications)
- > Supporting People cutbacks (disproportionate effect on single homelessness services?)
- What impact will these changes have – positive or negative?
 - > Can anything be said about the likely impacts on **distinct homelessness groups** – i.e. statutory homeless, rough sleepers, single homeless, hidden homeless?
 - > **Which housing/welfare policies/impacts** are you most concerned about and why?
 - > How are social landlords treating arrears resulting from the ‘Bedroom Tax’ (or other HB cuts) in terms of taking legal action? Is there any relaxation of normal rules about the level of arrears which prompts service of NSP or a case being entered in court?
 - > What is your authority’s experience of **whether private landlords are accepting lower rents** to conform to reduced HB ceilings? Have HB limits helped to curb rent inflation?

3. Impacts of other Coalition Government policies over next 12 months

- Are there any other **Coalition Govt policies/proposals** you believe are likely to impact significantly on housing need/homelessness? How will these factors impact here?
- Can anything be said about how these changes may affect distinct homelessness groups – i.e. statutory homeless, rough sleepers, single homeless
- Which future policies/impacts are you most concerned about and why?

- When do you think you will start to see these effects/timescale for impacts? Do you think they will affect some groups more than others?
- (If not already fully covered) If statutory homelessness have been rising/falling in your authority, what are believed to be the main underlying drivers of this trend? What is the trend with respect to homelessness prevention statistics/underlying reasons for this?
- (If not already fully covered) If rough sleeper numbers have been rising/falling in your authority, what are believed to be the main underlying drivers of this trend? What evidence is available to support this?
- (If not already covered) Are there any local housing, planning or other policies which have impacted or may impact on homelessness demand?

4. Follow up

- Any data/evidence/reports to be provided? OK to repeat interview in Summer 2015?

Appendix 3 Local authority survey (2014)

An online survey of England's 326 local authorities was undertaken in August/September 2014. The main aim was to delve beneath the routinely published statutory homelessness statistics to enhance understanding of how housing market trends and welfare reforms have impacted on (a) homelessness demand pressures, and (b) local authorities' ability to prevent and resolve homelessness. It was also a means of exploring the extent to which authorities have elected to utilise new 'private rental rehousing' powers made available to them under the Localism Act 2011, and the implications of recent changes in practice for the service received by homeless and potentially homeless households (both priority and non-priority), and how the 'official' homelessness statistics should now be interpreted and understood.

The questionnaire was informed by the in-depth interviews undertaken with our case study local authorities. The research team also consulted with Crisis and Joseph Rowntree Foundation (JRF) colleagues as well as with other homelessness experts. A draft version of the questionnaire was kindly piloted by case study authority contacts.

An e-mail invitation to participate in the survey was sent via NPSS to local authority homelessness contacts (often nowadays titled 'housing options managers'). Following two sets of reminder messages complete or substantially complete responses were filed by 139 authorities or 43% of all authorities – see Table 1. While responses were somewhat more sparse for the Midlands the distribution of the achieved sample appears to constitute a reasonable spread across England.

The questionnaire comprised mainly closed response category questions designed to yield statistical data. The results of our analysis of this quantitative data are presented in the tables below. We also included a number of 'open-text' options in the questionnaire where local authorities were invited to elaborate on their responses to specific questions. The qualitative responses generated by these open text follow up questions are drawn upon throughout the main chapters of this year's Monitor.

Table A1 Survey response rate

	All local authorities	Responding authorities	Non-responding authorities	Response rate %
London	33	17	18	52
South	151	64	97	42
Midlands	70	22	52	31
North	72	36	39	50
England	326	139	206	43

Table A2 LA responses to statement: 'Our emphasis on pro-actively preventing homelessness has further increased since 2010'

Broad region	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	N=
	Row %	Row %	Row %	Row %	Row %	Row %	
London	59	18	24	0	0	100	17
South	39	39	19	3	0	100	22
Midlands	41	41	18	0	0	100	36
North	61	28	8	0	3	100	64
England	47	34	17	1	1	100	139

Table A3 Changing volume of 'homelessness relief' actions since 2010

Broad region	Little change	Declined	Increased	Total	N=
	Row %	Row %	Row %	Row %	
London	63	13	25	100	16
South	65	10	26	100	62
Midlands	71	5	24	100	21
North	64	6	31	100	36
England	65	8	27	100	135

Table A4 LA response to statement: 'Since 2010 our authority has further expanded the % of new homelessness or threatened with homelessness cases handled through informal 'housing options' assistance rather than through statutory assessment'

Broad region	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	N=
	Row %	Row %	Row %	Row %	Row %	Row %	
London	35	24	18	12	12	100	17
South	22	41	23	13	2	100	64
Midlands	27	32	32	9	0	100	22
North	42	42	6	11	0	100	36
England	29	37	19	12	2	100	139

Table A5 Adoption of powers to discharge duty through private tenancy nomination

Broad region	Already adopted	Not adopted			Total	N=
		Likely to adopt	Unlikely to adopt	Unsure whether will adopt		
	Row %	Row %	Row %	Row %	Row %	
London	88	13	0	0	100	16
South	32	22	30	16	100	37
Midlands	57	10	29	5	100	21
North	60	16	17	7	100	58
England	55	16	20	8	100	132

Note: The question on ‘future likelihood of adoption’ was posed in terms of a two year time horizon

Table A6 LA response to statement: ‘Being informed that we can discharge the statutory rehousing duty via a private tenancy on a mandatory basis has significantly strengthened the incentive for applicants to opt for informal housing options assistance’

Broad region	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	N=
	Row %	Row %	Row %	Row %	Row %	Row %	
London	27	18	27	27	0	100	11
South	8	32	24	32	4	100	25
Midlands	0	11	67	22	0	100	9
North	0	13	25	38	25	100	8
England	9	23	32	30	6	100	53

Note: Respondents restricted to authorities which had (a) already elected to use Localism Act powers on discharge of fully rehousing duty via private tenancies, and (b) routinely offered ‘potentially priority homeless’ applicants a choice on formal assessment versus informal assistance

Table A7 LA response to statement: ‘Arranging private tenancies is likely to become the primary means of discharging the statutory rehousing duty in our authority over the next two years’

Broad region	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	N=
	Row %	Row %	Row %	Row %	Row %	Row %	
London	15	23	15	31	15	100	13
South	6	13	28	38	16	100	32
Midlands	0	0	25	42	33	100	12
North	0	8	0	50	42	100	12
England	6	12	20	39	23	100	69

Table A8 LA response to statement: 'Localism Act powers to discharge statutory rehousing duty through private tenancies were adopted with little debate or controversy'

Broad region	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	N=
	Row %	Row %	Row %	Row %	Row %	Row %	
London	7	43	21	21	7	100	14
South	30	42	24	3	0	100	33
Midlands	9	64	18	9	0	100	11
North	17	50	17	17	0	100	12
England	20	47	21	10	1	100	70

Note: Respondents restricted to authorities already having elected to use Localism Act powers on discharge of fully rehousing duty via private tenancies

Table A9 How 2014 quality/extent of service now provided to non-priority homeless compares with 2010

Broad region	Now offering better service than in 2010	2010 quality and extent of service maintained	Unable to offer quality/extent of service as in 2010	Total	N=
	Row %	Row %	Row %	Row %	
London	29	47	24	100	17
South	61	27	13	100	64
Midlands	41	32	27	100	22
North	56	31	14	100	36
England	53	31	17	100	139

Table A10 Any perceived post-2010 changes in the profile of homelessness?

Broad region	Yes	No	Total	N=
	Row %	Row %	Row %	
London	88	12	100	16
South	40	60	100	60
Midlands	70	30	100	20
North	44	56	100	34
England	52	48	100	130

Table A11 Extent to which post-2010 welfare reforms seen as having increased the incidence of homelessness

Broad region	Not at all	Increased slightly	Increased substantially	Total	N=
	Row %	Row %	Row %	Row %	
London	0	37	63	100	16
South	29	59	12	100	59
Midlands	16	68	16	100	19
North	27	52	21	100	33
England	23	56	21	100	127

Table A12 Extent to which post-2010 welfare reforms seen as having made it more difficult to resolve homelessness

Broad region	Not at all	Made it slightly more difficult	Made it sub-stantially more difficult	Total	N=
	Row %	Row %	Row %	Row %	
London	0	38	63	100	16
Midlands	16	53	32	100	19
North	18	64	18	100	33
South	17	51	32	100	59
England	15	53	32	100	127

Table A13 LA responses to statement: 'It is reasonably easy to arrange private tenancies to prevent/resolve homelessness'

Broad region	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	N=
	Row %	Row %	Row %	Row %	Row %	Row %	
London	0	6	6	32	56	100	16
South	2	20	10	48	21	100	61
Midlands	10	19	19	33	19	100	21
North	14	37	14	29	6	100	35
England	6	23	12	38	21	100	133

Table A14 LA responses to statement: 'Post-2010 LHA restrictions have helped to control rent inflation in our area'

Broad region	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	N=
	Row %	Row %	Row %	Row %	Row %	Row %	
London	6	0	13	19	63	100	16
South	2	5	28	21	44	100	61
Midlands	0	14	19	38	29	100	21
North	0	11	60	23	6	100	35
England	2	8	33	24	34	100	133

Table A15 Anticipated post-2014 homelessness impacts of welfare reforms over next 2 years

Broad region	Anticipated welfare reform impacts over next 2 years...			Total	N=
	Smaller than in past 2 years	Similar to those in past 2 years	Greater than in past 2 years		
	Row %	Row %	Row %	Row %	
London	25	19	56	100	16
South	5	47	48	100	58
Midlands	11	26	63	100	19
North	12	33	55	100	33
England	10	37	53	100	126

Table A16 LA response to statement: 'Because of a continuing shift towards a more prevention-focused service, post-2010 homelessness trends in our area cannot be accurately gauged by tracking our statutory homelessness assessment statistics'

Broad region	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	N=
	Row %	Row %	Row %	Row %	Row %	Row %	
London	24	29	12	24	12	100	17
South	27	33	19	14	8	100	64
Midlands	23	50	5	14	9	100	22
North	39	28	14	17	3	100	36
England	29	34	14	16	7	100	139

Appendix 4 Alternative estimates of rough sleeping

Method 1

The main sources for this method are (a) a special survey focused on single homeless people with complex needs (the Multiple Exclusion Homelessness (MEH) survey), which involved interviews with 450 people who had used 'low threshold' services in seven UK cities in 2010,¹⁷⁷ (b) a new study of severe and multiple disadvantage (SMD) based on a combination of three national, and relatively comprehensive, administrative datasets focused on homelessness, substance misuse and offending.

- 1.1 First, the MEH survey was used to gauge the total number of people affected by the more extreme forms of homelessness in the seven cities in which the survey was undertaken, by grossing up to the identified total of low threshold agencies in each city, allowing for differential responses at each stage of the survey.
- 1.2 By combining the total number of days slept rough with the number of years since first serious episode, we derived a 'days-per-year' figure for respondents who had slept rough (46, excluding the rather exceptional case of Westminster).
- 1.3 The comprehensive national administrative data used in SMD enabled us to generate estimates of the total incidence of cases of SMD involving homelessness in each of 150 higher tier local authority areas across England in 2010/11.
- 1.4 From the MEH survey we were able to estimate that 'SMD' homeless people had three times the extent of rough sleeping as 'homeless only' people.
- 1.5 From the Supporting People dataset we have a local estimate of the ratio between homeless-only and SMD homeless people in 2010/11.
- 1.6 Combining these steps, our initial estimate for 2010/11 is that there were 11,400 people sleeping rough on a typical day/night in that year.
- 1.7 However, comparison between our MEH-based estimate for the number of people staying in hostels and similar accommodation for single homeless on a typical night (55,000), and the comprehensive 'SNAP' estimate based on data from providers compiled by Homeless Link (40,000 in 2010/11),¹⁷⁸ indicates that our estimates are still too high, probably because MEH is skewed towards more complex cases; we apply a scaling down factor of 28%, which brings the hostel numbers down to the figure indicated by SNAP.
- 1.8 Applying that scaling down factor, the total estimate from Method 1 is 8,200 sleeping rough in England on a typical day/night in 2010/11.

¹⁷⁷ Fitzpatrick, S., Bramley, G. & Johnsen, S. (2013) 'Pathways into multiple exclusion homelessness in seven UK cities', *Urban Studies*, 50 (1): 148-168.

¹⁷⁸ Homeless Link (2012) *Homeless Watch. Survey of Needs and Provision 2012: Homelessness Services for Single People and Couples Without Dependent Children in England*. London: Homeless Link.

Method 2

The main sources for this method are the Supporting People Client Record (SPCR) data for 2010/11, together with a combination of estimates for the number of days per year per case, from both MEH and a combination of CHAIN and DCLG count estimates for London.

- 1.9 Using a combination of fields in the SPCR data we identify cases of homelessness presenting over the year who have been sleeping rough.
- 1.10 Applying a grossing up factor to allow for clients without unique IDs, we tabulate the total number of rough sleeping SP clients by higher tier (social services) local authority.
- 1.11 We take an average of two values for the average number of days/nights slept rough per year (a) 46, based on MEH as above; (b) 31, based on combination of CHAIN and DCLG rough sleeper count for London in 2011, as used in Method 3 below (average=38.5).
- 1.12 The product of these numbers gives the estimate of rough sleeping for each local authority area, which totals 3.924 for England.

Method 3

The main source for this method is the UK Poverty and Social Exclusion Survey 2012, which is a representative sample of adult members of private households across UK, boosted for poor and ethnic minority groups. This survey asked, in its self-completion section, about past experiences of homelessness, including specifically rough sleeping, and if this experience occurred in the last five years. This is combined with some parameters derived from the CHAIN data published for 2011/12 and the DCLG count for that year, both referring to London.

- 1.13 Flag individuals in the PSE survey who experienced homelessness including rough sleeping within the last five years.
- 1.14 Tabulate the average value as a proportion of the adult population for England (0.58%), using the standard PSE weighting factor for adults.
- 1.15 Take 0.58% of England adult population (42,788,661) to give a five-year incidence of rough sleeping of 244,486.
- 1.16 Assume that the ratio between total presentations in a year (including cases presenting in previous years) and new cases in each year is 1.484, based on CHAIN data for 2011/12 (total cases over new cases, 5678/3825=1.484).
- 1.17 Apply the factor (1.484) from 3.4 to one-fifth of the five year total from 3.3 of 244,486 to give a one-year total of 72,585 (1.484x244,486/5).
- 1.18 Assume that the DCLG single day/night count total for London is consistent with the CHAIN totals, giving an implied days-per-year figure of 31 (480/5678=8.4%; 8.4% of 365=31 days-per-year).
- 1.19 Apply the factor from 3.6 (31 days-per-year) to the annual number from 3.5, giving an estimate of rough sleeping per day/night of 6150 (72585x31/365).

Comments on limitations and possible biases

Method 1

This method relies heavily upon the MEH survey, which was carried out in only seven cities of which only four were in England. The target population was based on users of low threshold services who appeared to have experienced homelessness and other complex needs in the past. As such, it may be argued that the sample is somewhat biased towards more complex needs cases. We correct for this in two ways, firstly by allowing for the difference in rough sleeping between 'homeless-only' cases and more complex SMD cases, and secondly by scaling down to a level where the estimated hostel usage is consistent with an independent, comprehensive dataset of hostel spaces. Nevertheless, even after these adjustments the method 1 estimate is the highest of the three.

Method 2

This method relies primarily upon Supporting People Client Records for people using SP-supported services who were recorded as having slept rough. We use data for the last year for which all local authorities made a return to the SP monitoring system (2010/11) and gross up to allow for cases without a unique ID, for whom some detailed analyses could not be undertaken. There is some likely underestimation associated with (a) people sleeping rough who did not use services in that year, (b) people using services not receiving SP funding and not making monitoring returns, (c) people not mentioning that they had slept rough.

The other aspect of the estimate which is subject to uncertainty is the parameter for the average number of days-per-year that people slept rough. For this we use the average of two independent estimates, both of which are subject to uncertainty, and one of which is only based on London data (although as in method 1 we exclude the extreme case of Westminster).

Method 3

This method relies primarily upon the PSE 2012 survey, which we would regard as reliably representative of the private household population in England/UK. We would also regard the self-completion procedure within the interview as a robust method of collecting sensitive, potentially stigmatising information. However, the private household population does not include people currently living in institutional accommodation (hostels, hotels, prisons, hospitals) and it also omits individuals who may have experienced homelessness over the preceding five years but who have since died. It may have a low response from individuals with no settled abode who are staying temporarily with others.

In order to adjust annual episodes for the fact that some people have homeless episodes across several years within the five year window, we make use of evidence compiled in the CHAIN system for London, which distinguishes the flow of new cases from the 'stock' of cases who were homeless in the previous year and 'returners' who were homeless in earlier years. Further, in order to apply a 'days-per-year' estimate we again make use of the CHAIN numbers plus the DCLG spot count estimate for London, both for 2011/12. This makes the critical assumption that the overall numbers in these two systems are overlapping and consistent.

We do *not* utilise the information presented in CHAIN on the numbers of cases recorded by number of instances of rough sleeping actually observed. The implied days-per-year from this source must be far too low, as it would only generate a spot count for London of 65, far below even the DCLG figure. We assume that this is because CHAIN is not able to fully count every night slept rough for every person it records.

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About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives. We measure our success and can demonstrate tangible results and value for money.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

We have ambitious plans for the future and are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own. But we take a lead, collaborate with others and together make change happen.

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