

Public Accounts Committee

Oral evidence: Tackling homelessness, HC 352

Monday 2 December 2024

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Members present: Sir Geoffrey Clifton-Brown (Chair); Mr Clive Betts; Nesil Caliskan; Mr Luke Charters; Anna Dixon; Rachel Gilmour; Sarah Hall; Lloyd Hatton; Chris Kane; Rebecca Paul.

Backbench Business Committee member present: Bob Blackman.

Gareth Davies, Comptroller and Auditor General, National Audit Office, Vicky Davis, Director, National Audit Office, and David Fairbrother, Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1 - 92

Witnesses

I: Catherine Frances, Director General for Local Government, Resilience and Communities, Ministry of Housing, Communities and Local Government; Jenan Hasan, Director of Housing and Universal Credit, Department for Work and Pensions; Sarah Healey CB CVO, Permanent Secretary, Ministry of Housing, Communities and Local Government; Penny Hobman, Director for Homelessness and Rough Sleeping, Ministry of Housing, Communities and Local Government; and James Wolfe, Director for Poverty, Families and Disadvantage, Department for Work and Pensions.

The effectiveness of government in tackling homelessness (HC 119)

Examination of witnesses

Witnesses: Catherine Frances, Jenan Hasan, Sarah Healey, Penny Hobman and James Wolfe.

Q1 Chair: Welcome to the Public Accounts Committee on Monday 2 December 2024. We welcome as a guest member for this inquiry the Chairman of the Backbench Business Committee, Bob Blackman CBE, who introduced the landmark Homelessness Reduction Act 2017 as a private Member's Bill. Welcome to all our witnesses.

Homelessness has reached the highest level since records began. A shortage of social housing and affordable private rented accommodation, along with welfare reforms and increased pressure on local housing, have all contributed to the increase in homelessness. Today, we will examine the Government's understanding of the extent, causes and costs of homelessness and aim to establish whether enough support has been provided to local authorities, who are on the frontline in tackling this crisis among some very vulnerable constituents.

We are delighted to welcome Sarah Healey CB CVO, the permanent secretary of MHCLG; Catherine Frances, the director general for local government, resilience and communities; Penny Hobman, the director for homelessness and rough sleeping; and, from the Department for Work and Pensions, James Wolfe, the director for poverty, families and disadvantage. We have seen him before, but it is the first time here for Jenan Hasan, the director of housing and universal credit, so a special warm welcome to you—thank you for coming.

Without any further ado, I will ask Sarah Healey the first question. Could you give us an update on homelessness numbers? What are the latest numbers, please?

Sarah Healey: Oh, gosh. I might have to grab them from somewhere.

Chair: I thought I was bowling you a soft ball to start off with.

Sarah Healey: It is a fairly open bit of public information. The latest numbers are from June 2024: the total number of households in temporary accommodation—123,000; the number of families—78,000; and the number of children in temporary accommodation—159,000. There are almost 6,000 families in bed and breakfast. The number of those in bed and breakfast for over six weeks is almost 4,000 and there are 39,000 out-of-area placements.

The striking thing about these numbers is the extent to which they have gone up consistently over time. In particular, even since the last quarter,



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we are talking about around 5% rises across most of those numbers. Most strikingly, the outlier to that is for families in B&B for over six weeks, where there is an over 16% increase from the previous quarter. As you say, there are record levels, and rising, and there have been for some time.

Chair: Thank you; that is a helpful opening. I will turn to Bob Blackman, who will ask about the Homelessness Reduction Act.

Q2 **Bob Blackman:** Thank you for the figures that you just provided. Obviously, the aim of the Homelessness Reduction Act 2017 was to reduce the number of people ending up homeless at all. The stats from the Department show that roughly between 200,000 and 324,000 households a year are owed a relief or prevention duty. Cumulatively, that figure comes to just over 1.7 million households, over the period in which the Act has been in operation, but only 776,990 households actually have permanent accommodation. So the first thing is, what has gone wrong?

Sarah Healey: I suppose the best way to follow on from that is a reflection on how we have ended up with homelessness at record levels. It is a deeply troubling and upsetting set of circumstances, because of the impact and cost that homelessness causes, the way it affects other outcomes, and the particular impact it has on children's outcomes—educational outcomes and health outcomes. One of the most shocking things in the NAO Report is the mention of the 55 children whose deaths can be associated with the quality of their temporary accommodation. It is obviously a very difficult, very bad situation.

Q3 **Bob Blackman:** That covers the condition of housing that people are put in, but does not actually deal with the overall numbers—huge numbers of people. Presumably, there are an awful lot of people who have slipped through the net here, who have not even been provided with temporary accommodation.

Sarah Healey: That is perfectly possible and, of course, the hidden homeless is a major issue that we are very much aware of, where they do not come to light. The first thing I would say—you being the architect of the Homelessness Reduction Act—is that for a period of time numbers in temporary accommodation stabilised after the introduction of the Act. There was a period of time when what the Act aimed to do—identify people at an earlier stage, intervene to ensure that they did not become homeless and therefore take preventive action before the point of relief into temporary accommodation—was working. When we saw rises, they were in the number of single people in temporary accommodation, who previously would not have been picked up by the system. All that that showed was that there had been unmet need in terms of vulnerable people in the system beforehand, which had not been identified and was now being identified, and so the rise in numbers came there.

Q4 **Bob Blackman:** Our original estimate was 300,000 people sofa surfing every single day, irrespective of those who were actually homeless.



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I will follow up that with a different issue. We know the numbers. During covid, we actually got everyone in, under the Everyone In programme. What changed from Everyone In to now, where we are seeing these huge numbers of people who are homeless?

Sarah Healey: Obviously, Everyone In particularly focused on rough sleepers being brought into accommodation during the—

Bob Blackman: But it was to make sure that there were no people forced to sleep rough.

Sarah Healey—covid period, plus there was a whole set of interventions to prevent homelessness, particularly the ban on evictions under section 21. Penny worked on Everyone In, so she might want to reflect a bit on what worked about the programme and what has changed subsequently, but there have been a series of things subsequent to the pandemic that have caused this massive increase. There is an underlying scarcity of supply problem; that is an accepted fact—there is a major issue with the supply of housing. There is a major issue with the supply of housing that is social and affordable in nature, and therefore is housing that is available to those looking at the bottom end of the market or who find a lot of private rented sector properties unaffordable.

Combined with that, we have had cost of living pressures coming from inflationary pressures and significant increases in rent in the private rented sector. All of that has come together to lead to a very significant rise in homelessness, which is not what happened in the early years of the Homelessness Reduction Act. We know that homelessness is a complex problem caused by an overlapping set of causes. In this instance, you have some social causes combined with some economic circumstances, which has made the problem very difficult and challenging.

Q5 **Bob Blackman:** You mentioned the 55 children who very sadly lost their lives because of the accommodation that they were in. In the Act, there was a requirement—there still is; it is still law—for local authorities to inspect homes where vulnerable families were being placed, particularly those fleeing domestic violence and other such issues. Is it that local authorities are not carrying out their duties, or is there another problem we need to solve?

Sarah Healey: I think it is very hard to speculate or make a general statement about local authorities not carrying out their duties. In those particular instances, there were issues with the quality of accommodation available. Also, the duties are quite extensive, because they extend to making sure that if you have an out-of-authority placement, you have ensured there are no category 1 hazards and so on. Inevitably, as you start seeing numbers rising the way that they have, the availability of high-quality housing is going to become more and more squeezed, simply because there is not very much of it. Therefore, local authorities are placed in a more and more difficult position of trying to find temporary accommodation, potentially at very short notice. Clearly, there are instances in which the quality falls below what we would want to see, and



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there is a set of interventions, which we can talk about now or later, to try to address that, but, fundamentally, we need to be reducing the numbers in temporary accommodation as well as ensuring that it is of sufficient quality.

Q6 Bob Blackman: I want to touch on the supported housing element, given that the Act dealing with that was, once again, my work.

Sarah Healey: Indeed.

Bob Blackman: So far it is an Act of Parliament but has not actually been implemented. Could you give us an update on the progress of implementing what we set out to do in the last Parliament?

Sarah Healey: Yes, and I think the Homelessness Minister wrote in order to update. The consultation on the regulations and the licensing scheme will be issued in the new year. We will seek to make those regulations following on from that and to implement the scheme as soon as possible after that.

We currently have applications open. They were paused during the general election, but they are open now for the supported housing advisory panel. We have also published the research that we did, associated with and prompted by the way in which your work indicated very strongly the lack of understanding and knowledge about the gap between supply and demand when it came to supported housing.

I have been in front of this Committee in previous incarnations to talk specifically about the issues of supported housing, so they are very well recognised. We also properly understand the significance that they have when it comes to addressing homelessness. It is worth saying that both the affordable homes programme, with its extra £500 million that we secured at the Budget, and the commitment to a future affordable homes programme, which we will set out the details of at the spending review, are part of meeting that gap between supply and demand on supported housing, which is so important.

Q7 Bob Blackman: The consequence of the delay is that local authorities have a duty under the Act to review the need in their area. I have evidence that many local authorities are carrying out that review and then deciding that they are not going to fund really good charities that are doing a really brilliant job in supplying housing for vulnerable people.

Only last week, I got details of one in central London: they are closing down a facility, and 100 young people are going to be thrown on the streets. That is because of delay in making this happen, because we have not got a clear position at the moment from the Department on what the standards are due to be and what should happen.

One of the things we tried to do in the Act was to make sure that the good providers—the charitable providers—were safeguarded and the rogue operators, who exploit vulnerable people, were put out of business. Unfortunately, it seems as if the good charities are being attacked, but the rogue landlords are not. Can we get on with this?



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Sarah Healey: I think supported housing is an absolutely critical part of solving this issue, especially for the more vulnerable, and those who have been rough sleeping, in particular. I am totally aware that that is the case, so I am really pleased we are making progress on it. It is obviously very important that we push on with that as rapidly as we possibly can. Obviously, I cannot comment on the specific instance you mentioned, but clearly the licensing scheme is focused on ensuring that we are driving out those rogue providers and ensuring that we get high-quality—

- Q8 **Bob Blackman:** The problem is that the licensing schemes that local authorities are looking at are going to be very different, unless we have got a clear standard that is to be followed. They are introducing their own and that is therefore leading to a postcode lottery, which was not the intention.

Sarah Healey: It was definitely not the intention of the Act; I know that from the work that we did when we talked previously about supported housing in this Committee.

Chair: Thank you very much, Bob Blackman; that was a very useful exchange. I call Clive Betts.

- Q9 **Mr Betts:** Permanent Secretary, how long will it be from the Act's Royal Assent to the first licence being issued?

Sarah Healey: I am afraid I just cannot answer that. It really depends on what the consultation reveals about the state of the regulations and exactly how complex the licensing regime will be to implement.

- Q10 **Mr Betts:** How long is it likely to be before we get a licensing regime in place?

Sarah Healey: As I say, we are going to be consulting on that in the new year, so I cannot give you an exact date on that. The consultation will then run for a number of months, then we will need to work it through, then we will need to lay the regulations and then we will need to implement.

Mr Betts: So some time in some part of 2026 might be the earliest?

Sarah Healey: Honestly, I would be speculating, so I am not going to.

- Q11 **Mr Betts:** It does not give a very good impression, does it? We did an inquiry in the Levelling Up, Housing and Communities Committee in the last Parliament, and I think all Members just sat there open-mouthed at how much money was being wasted on such an appalling system. Basically, the DWP are pouring money down a black hole, and they could not tell us how much money or how big the hole was. At a time when public finances are constrained, should we not have acted quicker to stem the flow of money to, as Bob Blackman has just said, rogues who are exploiting—

Sarah Healey: When you have a system like supported housing, which as I say is something that is—*[Interruption.]* Yes, it is incredibly important to



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fix this problem. I would like to do everything as quickly as possible. It is not always doable. The general election came at the time that it did, and unfortunately it has pushed back some of these timescales in a way that is frustrating. It does not reduce our commitment to making this happen and to making it happen as quickly as possible. There is no point rushing this and introducing a licensing regime that does not work. We will work as quickly as possible, but no quicker than we should in order to make sure that when we do get there, we have got there in a high-quality way.

Q12 Mr Betts: What is your anticipation of the likely timescale? Have you got a target—

Sarah Healey: I am happy to write afterwards. I am afraid I am not going to be guessing on timescales and speculating in the middle of this Committee, because I do not think that is a sensible thing for me to do.

Q13 Mr Betts: Afterwards, will you set out a timetable you would like to try to hit?

Sarah Healey: I will set out a timetable that is plausible, but long experience tells me that speculating on timetables in the middle of Committee hearings is not a very sensible thing to do, so I am not going to do it.

Q14 Rachel Gilmour: Could I just ask for an assurance from you? I think it would not be unreasonable in this Committee to put it on the record that we would very much like you to expedite this as soon as possible, because one would not want to give the impression that excuses were being made when things could be expedited more quickly.

Sarah Healey: Sure. We want to expedite it as much as possible, so we are very happy to accept that that is the Committee's view. It is also—

Rachel Gilmour: That is an assurance that you will give this Committee?

Sarah Healey: Well, it is our view that we would like to expedite it, so my evidence to you is that we will be looking to expedite this as quickly as possible.

Q15 Chair: Presumably what we are looking at is either an eight-week or a 12-week consultation, then a period of your Department needing to reflect on that—perhaps a couple of months—and then you need to lay the regulations, which will probably take another couple of months. So it does look as though it ought to be feasible to do it sometime in the course of next year.

Rachel Gilmour: Yes, October 2025.

Sarah Healey: If you wish to make that statement, that is fine, but I am not going to.

Chair: You are not going to comment on my proposed timetable—

Sarah Healey: No. It is also not for me to decide the length of the consultation; it is for Ministers.



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Chair: I understand that. I was just trying to see whether we could get any further—

Sarah Healey: Oh yes, I get it.

Q16 **Bob Blackman:** When do you intend to start the consultation?

Sarah Healey: I am afraid the only information I have is that we are looking to start it as early as possible in the new year.

Chair: Well, we will certainly wish to follow that up. Chris, you wish to come in?

Q17 **Chris Kane:** Just as one of the new boys round the table. Could you explain how that works, in terms of when you are coming up with a project plan? It strikes me that, given the complexities of this, you would have at least a basic project plan. Does that exist, with indicative timescales, at the moment?

Sarah Healey: I am absolutely certain, because the Minister wrote committing to a new year timetable, that it is on the basis of work from the team on what the timetable is likely to be. It is just that I do not know, I am afraid, whether Ministers are going to take the view that they would like to make this a short consultation or a long consultation. Then, exactly how long it takes to analyse the responses depends slightly on how many responses you get and how complex they are to work through. Then, there is a set of conditions—to the question of when you actually manage to lay regulations—which are simply to do with parliamentary time.

Chair: I am going to bring this to a halt, but you can hear the frustration of this Committee—

Sarah Healey: I absolutely, totally share it.

Chair: They want it implemented as soon as possible. So we look forward to getting your letter.

Sarah Healey: Good. I will be happy to update you when I have more detail and am not just telling you that I cannot tell you.

Chair: Thank you very much; that would be really helpful.

Q18 **Mr Charters:** Thank you, permanent secretary and colleagues, for coming. My questions are about children in B&Bs. To start with, nearly 3,000 children had been in B&Bs for longer than the statutory six-week period, the period that is legally allowed, as of the last quarter of 2023-24. How many children have been in B&Bs for longer than this statutory limit as of this week?

Sarah Healey: I think I read that out at the start.

Chair: Yes, you did, I think.

Sarah Healey: Families in B&Bs—5,910. Families in B&Bs over the six-week limit—3,770.

Q19 **Mr Charters:** Thank you. That tees me up nicely because my next question is about the quality of this accommodation. An investigation earlier this year said that children had no space to crawl, play or use a potty in B&Bs. Will many children's development not be harmed in these settings, and has the Department thought about children with SEN specifically? Can you comment on any work you have done on standards in those settings for children?

Sarah Healey: Look, the legislation is totally clear that a B&B is a last resort, and it is a last resort for all the reasons you have set out. It is seriously sub-optimal as a way of accommodating families. I am not here to defend the use of B&B, because the legislation specifically attempts to limit it and says that it should be a last resort. It is being used increasingly at the moment, for all the reasons we have already talked about, including pressures on the system and the scarcity of alternative accommodation. I will ask Penny to come in on this in a second, because she will be able to give you a sense of the work we do with local government when we identify that there is a particularly large number of families—more than five, I think—in a local authority who have been in B&B accommodation for over the limit of six weeks. The team has done work on improving the quality of that accommodation and on the provision of cots in B&B accommodation.

There is a set of things that we have already touched on regarding the quality of temporary accommodation and the sorts of interventions that local government should be making to ensure that the accommodation is adequate. In the future there will be the Renters' Rights Bill, which gives us a power to extend the decent homes standard to temporary accommodation. That is another area where we will have to consult on some of the detail of how we would implement it, because B&B accommodation in particular differs from other accommodation in some forms, and we do not want to end up not being able to use B&B where it is the only option because of that regulation. Ministers have been clear that their goal is to cover temporary accommodation with the decent homes standard once the Renters' Rights Bill has been implemented.

Penny Hobman: As the permanent secretary said, there is a condition in the homelessness prevention grant—one of the funding streams that we give out to local authorities—which requires that a local authority that has more than five families in B&B over the statutory six-week limit needs to work with us to agree a B&B elimination plan. That is a local authority-owned plan, but it needs to be agreed with my team. That will be a bespoke plan that addresses the particular challenges in that area that are leading to the use of B&B. It will focus on things like better prevention of families going into B&B, improving management of the temporary accommodation B&B stock and finding alternative procurement of temporary accommodation. We work very closely with those places to ensure that they have a robust plan in place to reduce the use of B&B.



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- Q20 Mr Charters:** Can I ask specifically about children's safeguarding? These sites are not built for families in this setting. They have mixed commercial purposes, and five people using one room can cause hazardous conditions. What work is the Department doing to set safeguarding standards for local authorities in respect of these facilities?

Penny Hobman: The legislation and the statutory code of guidance that local authorities must follow set out various expectations and requirements of suitability of the accommodation, and we expect local authorities to follow those. As I say, my team will then intervene, support and challenge when we have concerns about excessive use of B&B. The permanent secretary mentioned that earlier this year we took action on cots after the all-party parliamentary group raised concerns about the provision of cots in temporary accommodation. We amended the code of guidance to make it explicit that temporary accommodation should not be considered suitable for a family with children under two if there was not enough space for a cot and that housing authorities should support families to secure a cot where it is needed.

- Q21 Mr Charters:** Finally, there is also an issue of value for money for the taxpayer. I read that many of these cases are going to the ombudsman and leading to significant settlements for families. I was wondering if you were looking at the VFM aspect of B&Bs and tracking housing ombudsman payouts overall with regard to the impact on VFM.

Sarah Healey: On value for money, we would like to minimise the use of B&Bs. That is in the legislation and it is the aim. In all senses—not just regarding the nightly cost but quality and standards—we want to have as few families in bed and breakfast accommodation as is possible, and we want to see that number coming down. However, it is not easy to achieve that in the current circumstances, not with the kind of numbers that are presenting with a need for temporary accommodation and the limited options for accommodation that local authorities have.

Therefore, overall, our assumption is that local authorities should use as little B&B accommodation as they possibly can, but, if B&B accommodation is the only accommodation that is available for them to meet their statutory duties to provide temporary accommodation, we would consider it value for money for them to do so rather than not provide temporary accommodation. That is the calculation that local authorities are making. I am afraid that I cannot answer your question on the ombudsman, but I am happy to go away and check.

Catherine Frances: The ombudsman obviously has a close relationship with the Department. I have a regular one-to-one with the ombudsman, and so does my team. I am not sure that we go through all the quantifications that you are outlining, in terms of the settlements and decisions that the ombudsman makes, but certainly the ombudsman takes our team through the pattern of decisions that they are taking, where they are finding the stress points in local government provision, and what the decisions and findings are. We have that shape of conversation with the ombudsman on a regular basis, and some of the trends that you have



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talked about are entirely recognised and understood by us in the Department.

Chair: Can I remind members that they should declare their interests before they ask a question—as I failed to do, so will now do? I would like to remind everybody of my entry in the Register of Members' Financial Interests; I am a chartered surveyor and I own some buy-to-let and other rental properties. Thank you very much. If anybody has not declared their interests, please do so before your questions. We now come to Nesil Caliskan.

Q22 **Nesil Caliskan:** Thank you, Chair. I declare that I am a vice-chair of the Local Government Association, having been a council leader for a number of years before I entered Parliament earlier this year.

Thank you to the officials for joining us. I want to focus a bit more on value for money, which is why this Committee is looking at the subject of homelessness, and, in particular, temporary accommodation. You will recognise that the cost to local authorities is at about £1.8 billion; do you agree that that figure is astounding and that, given that temporary accommodation should be a short-term solution, that is not value for money at the moment?

Sarah Healey: I think that I would go back to the answer I gave to Mr Charters. We absolutely recognise that the costs of temporary accommodation are extremely high and that the pressures that that places on local authorities—particularly some local authorities in some areas—is very challenging. Obviously, we have had the case of Eastbourne, where temporary accommodation costs have caused them to come to the Department to talk about financial challenges and difficulties. I hear that whenever I have conversations with council officials and chief executives—about the pressures that they are feeling from temporary accommodation and the pressure that it is putting on their finances. Clearly, this is a situation where we would prefer funding to go into preventive activity rather than temporary accommodation, and, where it is in temporary accommodation, for that to be temporary and for permanent accommodation to come through.

We are facing a systemic challenge here, in terms of the numbers involved, the difficulties with affording accommodation and the availability of accommodation. In these circumstances, I would absolutely want to see local authorities providing temporary accommodation rather than not providing temporary accommodation, and, in that sense, that is the judgment that we are making here.

I think that we all believe that it would be better value for money for this money either to be less or to be focused on preventive activity, but, in the event that a family has need, I would want a local authority to meet that need through providing that temporary accommodation. Unfortunately, that is the reason; the numbers that are involved here are the reason why the costs have reached that level.



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Nesil Caliskan: Yes, and I am sure that you recognise that the point that I am making is not that people should be left out on the street; not only is that the wrong thing to do, but it goes against the statutory duty of the local authority. Given that it is £1.8 billion, taxpayers often remark that that money would be better spent on providing housing for a more long-term solution. I was asking the question, partly so that I could make the point, but I also wanted some reassurance that the Department understands that that is where its priority should be—around long-term, sustainable housing—

Sarah Healey: Yes, we do.

Nesil Caliskan: And not using taxpayers' money.

Sarah Healey: Yes.

Nesil Caliskan: Because even though the money might not come directly from central Government, the burden is on local authorities.

Sarah Healey: No, no—we absolutely do. You will not find a single person on this panel who would in any way think that the current situation is one that they ever wanted to see or sustain.

Q23 **Nesil Caliskan:** Do you also recognise that the term “temporary accommodation” is in many ways misleading? Thousands and tens of thousands of people across this country are placed in what is called temporary accommodation—but for years on end. More recently, because of the housing challenges you spoke about, they are not even being placed in the area where they find themselves homeless; they are being sent hours and hours away from their hometown. There is something fundamentally broken about the housing market in the country.

Catherine Frances: Perhaps we could take this on a systemic basis. We should return to your question about out-of-area placements, because it is important. As Sarah Healey said, the departmental perspective on temporary accommodation is that it is a necessary part of the system, but temporary accommodation is a part of the system that is needed on this scale, as it currently is, because systemically we have a complex set of drivers that push homelessness up. As we set out at the start, the position in 2017-18 is very different from that which we saw post pandemic.

We absolutely accept that to build housing supply, and to see real growth there, is critical to reducing homelessness in the long term. That is exactly why the Government have a 1.5 million housing target—it is exactly why the Budget had initial investment of £500 million in the affordable homes programme. That is in order to kick-start that provision and in particular to think about the right end of the market, as Sarah was saying earlier—

Q24 **Nesil Caliskan:** That is really helpful. I am sorry to interrupt, but I think we will come on to house building later. I wanted to refer to that £1.8 billion figure, which I know you absolutely recognise is a burden on the public finances, but it is also a burden on local authorities. In most cases, it is the thing that will tip them over the edge into bankruptcy. I am



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interested in whether the Department acknowledges the particular burden of temporary accommodation costs for councils.

Sarah Healey: Catherine is an absolute expert on the issues of local government finance, so she will say a bit more about our understanding of the pressures on overall local government budgets. I should say that, when I came to the Department as permanent secretary last February, the conversations I had with local government chief executives and senior officials were all about children's social care and SEN as the major pressures on their budget; now it is about temporary accommodation. We are extremely conscious of that, as well as of how on top of those other, systemic and growing demands and pressures on local government, temporary accommodation has been a major increasing burden, which has been causing significant challenges for many.

Catherine Frances: Adding to that, I agree with Sarah—children's services and special educational need have been the underlying pressures for some time. It is certainly the case that over the past one to two years, in conversations with councils—which we do confidentially, when people face some issues, as you will understand—and in looking at the underlying drivers and out-turn, which the Department publishes, you can see that temporary accommodation is becoming a more prominent issue. It is just a fact that it is slightly smaller quantum-wise, compared with some of the other budgets, but none the less, you are right about the change in the dynamics there. That is part of the reason why the Government have prioritised homelessness prevention grant uplifts—you will have seen in the Budget the allocation of more than £230 million in additional money going to homelessness services, partly in recognition of that immediate challenge.

Sarah Healey: It is worth saying that it is not only the extra funding, in a very tight spending settlement in a difficult fiscal context, that underlines the importance of this, but the recognition of it across government. The fact is that the overall budget, over and above what is in the local government finance settlement, is now almost £1 billion for the homelessness prevention grant.

Q25 **Nesil Caliskan:** That preventive work had halted or reduced over the last few years, hadn't it?

Sarah Healey: It is worth saying that, like the Homelessness Reduction Act 2017, the homelessness prevention grant can be spent on all sorts of aspects of addressing homelessness. Indeed, one of the challenges we face is that, because of the nature of the pressures of temporary accommodation, there is less preventive work and those funds are being spent more on the responsive provision of temporary accommodation. What we are trying to say is that the increase in it has definitely been focused on trying to recognise the costs that are falling on local government and to try to address some of them. Equally, we have set out that we want to put some other homelessness grants together in the local government finance settlement, to give local government a bit more flexibility in how the funds are spent, very much along the lines that we

have committed to to this Committee and others before in respect of giving greater flexibility to local government.

- Q26 Nesil Caliskan:** For context, from somebody who was a council leader, you get the homelessness grant every year and you have some flexibility in how that can be used. It goes into a budget and, broadly speaking, you have to make some choices. You either say, "I'm going to use some of this money to help people to put a deposit down so they can get out of Airbnbs and into more long-term accommodation"—increasingly, that is the pressure and the choice that local authorities have to make because of the number of people in temporary accommodation—or you do the preventive work we have just spoken about, which says, "We're going to have a team in place so that we identify the families that are at risk of homelessness before they get into debt and before they are evicted." The truth is that local authorities only have so much capacity, and because of that the latter—the preventive work—has basically stopped happening.

I know that others want to talk in particular about the LHA rates, which are having a direct impact on budgets, so this is the final word on that preventive work. I am asking for some reassurance that the Department, in its conversations with local authorities, and in the way it funds them, will re-emphasise the importance of prevention so that we can see the TA rates across the country come down.

Sarah Healey: I can absolutely give you that assurance, but I can go further and say that we are actively looking at ways in which we can ensure that we are incentivising and supporting local government to move more of the funding into preventive rather than reactive activity.

- Q27 Chair:** Can I ask either Ms Healey or Ms Frances something arising from Nesil Caliskan's question? You mentioned Eastbourne; is that a one-off? If not, what criteria apply for special payments?

Catherine Frances: Sir Geoffrey, I think we have discussed some of the issues in respect of exceptional financial support before. For new members of the Committee, the Department's policy is that we tend not to go through the details of any conversations we are having with local councils, which are confidential. When we reach a point at which we give a council exceptional financial support, historically we have then always published the outcome of that.

Historically, in previous years, we have seen a number of councils, and all those exceptional financial support arrangements have been published. I do not think that particular example is a single council that can point to and say that it stands alone. Over recent years we have seen a combination of factors that have driven councils to come to us, ranging in some cases from service pressures and particular issues with the constitution of their budgets to, in other cases, much more complex issues and, in some cases, some failure that has happened at local authority level, which you will be well aware of as a Committee.

On how we take the programme forward, we have previously published our exceptional financial support principles. We ask councils to make sure



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that they have reviewed everything that is reasonable and available for them to scrutinise in terms of their own local choices. Historically, we have then offered people a range of capitalisation support to help them to meet costs, and the Government have recently announced that the terms of capitalisation are going to be more relaxed and less costly than under the previous Government. But we will take everybody through a uniform system in quite an involved way.

Chair: It is helpful to clarify that; thank you very much.

Q28 **Mr Betts:** To follow up briefly on that point, the Government have changed the terms on which councils can borrow—

Catherine Frances: Correct.

Mr Betts: But they have also said that councils should not borrow to fund revenue from next year. How are you going to do this bailing out of councils if you are not allowed to capitalise?

Catherine Frances: Firstly, at the moment, councils will have to wait for the local government finance settlements, as you know, in order to fully process where they are. We are expecting to continue to work with councils on a range of tools, including capitalisation, when they are in exceptional need. There is a wider situation for what all councils across the country do, where they are bound by all the usual regulations.

Q29 **Mr Betts:** But the Treasury are going to allow you to capitalise revenue in exceptional circumstances, are they?

Catherine Frances: I will certainly be asking the Treasury and my Ministers for decisions on that in due course, when we make those decisions, Mr Betts.

Mr Betts: Then I will come back to that in due course. Can we just come on to the issue of the local housing allowance?

Chair: Just before we do, I sense that Nesil Caliskan has a question on a specific point.

Q30 **Nesil Caliskan:** Specifically on the capitalisation—will it be in exceptional circumstances, and will each local authority have to approach the Department for that, or is the intention to allow a more generic model that allows local authorities to just capitalise?

Catherine Frances: I think I can refer the Committee best to the fully published document that we put out last week, the “Local government finance policy statement 2025 to 2026”, which is really worth looking at. It covers all the financial principles in words rather than numerical terms, which is what we will do in the local government finance settlement. We put the policy statement out last week, and it covers the description of what we will do with exceptional financial support and the basic capital framework. For example, on capital finance, it acknowledges that we will extend the flexible use of capital receipts to 2030 that has long since been—



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Chair: It is very helpful to draw our attention to that; thank you.

- Q31 **Nesil Caliskan:** The reason I asked—and I will re-familiarise myself with that—is that local authorities are often not forward in talking about the challenges they are facing. If we are honest, often their financial situation is politicised, which puts them off being as communicative as they need to be. We do not want to find ourselves in a position where local authorities are holding back. Having said that, I do not believe in a blank cheque book—that is not helpful in providing value for money for the taxpayer—but it is welcome that the Department is thinking about capitalisation to help get over what will be a difficult period for local authorities.

Catherine Frances: It is done in exceptional financial support circumstances. The point I would like to make is that it may be a hazard of my role that local authorities certainly talk to me and share with me—at great length—the pressures of their financial position.

Chair: I would expect nothing less.

- Q32 **Mr Betts:** Thank you for reminding us, Chair; I am a vice-president of the Local Government Association as well. Local housing allowance rates were frozen for a long time, but in 2023 they were increased to the point where it was estimated that they basically cover the 30th percentile of local market rents. In other words, they should pay for the rent on three out of 10 appropriately-sized private rented properties. But that was a year ago, and we have now had quite large increases in rent in the private sector, so what is the latest estimate of the number of properties that are now covered by LHA rates?

Chair: Do you want to ask James Wolfe or Jenan Hasan from DWP? I do not mind which one of you answers.

Jenan Hasan: The figure I have is that 45% of households in receipt of LHA have a shortfall between their contractual rent.

Mr Betts: And that has gone up since the last time the rates were increased, has it?

Jenan Hasan: From August 2024.

Mr Betts: What was the figure back in May 2023?

Jenan Hasan: I do not have that figure, I'm afraid.

- Q33 **Mr Betts:** It would be helpful just to have the increase. What analysis has been done of the extent to which homelessness is driven by people not being able to afford the rents in their area with the LHA rates?

James Wolfe: The LHA decision at the last fiscal event did not happen in isolation. Clearly, increasing LHA has a positive impact in getting more money into tenants' pockets to pay their rents, but there were a series of other decisions at the Budget: the fair repayment rate to reduce the amount that some people have deducted from their universal credit, the

extension of the household support fund and the extension of discretionary housing payments. Thinking about this in the round, I think we would say that the best place to look is the distributional analysis that the Treasury publishes at every fiscal event, which actually captures the impact of all the changes at the Budget, rather than each individual measure.

- Q34 **Mr Betts:** Is there no specific analysis of the impact that LHA rates, and people not being able to pay many rents in their area, have on homelessness? Is there no analysis?

Sarah Healey: The Department does a range of modelling of differential rates of different things—the difference made by different contributions and different amounts of money being paid from different sources in different ways—all of which we provide in the round to support decision making by Ministers.

- Q35 **Mr Betts:** Right. What analysis has been done on the extent to which, if LHA rates were increased back to the 30% level, they would reduce expenditure on temporary accommodation by enabling more people to get a permanent home in the private sector?

Sarah Healey: I think the challenge is that there are so many different elements. When Ministers take decisions, they take them in the round—in the broad fiscal context—so if they have decided that thing, they might have also decided something else, which would put up rates of using temporary accommodation in other circumstances.

- Q36 **Mr Betts:** But surely you can present to Ministers a choice and tell them, everything else being equal, what the impact of increasing LHA rates would be.

Sarah Healey: Yes, except nothing is equal, and Ministers make determinations on the basis of a range of policy advice.

Mr Betts: In other words, a decision on LHA rates is simply subjective rather than objective.

James Wolfe: If I may—the last Budget is a good example of this. From talking to local authorities, we know that when people have access to the household support fund, for whatever purpose that might be, they often say that it makes it easier for them to pay their rent because they have had some other pressure on their household removed.

What we can't tell you is, if Ministers had decided to spend more on the LHA, what consequences that would have had elsewhere in the system and what the impact of that would have been. That is why we tend to look at these fiscal events in the round and we give Ministers the best analysis that we can.

As you say, all things being equal, if you put more money into LHA, that will have a positive impact, but we need Ministers to look at the whole package at a fiscal event, and then they can decide what they think is the best way forward with the best analysis that we can give them.



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Mr Betts: So it is fairly subjective, in the end.

Sarah Healey: Well, ultimately, it is a judgment about what is affordable against a whole range of different options.

Q37 **Mr Betts:** But generally speaking, increasing LHA rates has a positive impact on keeping down homelessness and reducing expenditure on temporary accommodation.

Sarah Healey: All I am saying is that, in the round, the overall numbers in temporary accommodation might be affected by a fiscal decision that was taken somewhere else. That's all.

Chair: We are getting a long way behind—go on, quickly, Nesil.

Q38 **Nesil Caliskan:** I will be quick. According to the Local Government Association, in 2023 local authorities subsidised for about £200 million compared with £40 million 10 years previously, because the DWP only subsidised local authorities based on the 2011 LHA rates—so you can quantify it. I understand the point about Ministers making decisions on the whole, but the point about LHA rates not meeting the cost of what a property might be means that local authorities are having to subsidise. That is right, isn't it?

Sarah Healey: That is a slightly different point about temporary accommodation subsidy. That is the kind of thing where, in order to look at how we have addressed it, we would point to our general increase in funding to local government, which is slightly different from what people can afford in the private rented sector as a result of the level of LHA built into the benefits system. Catherine, do you want to talk about—

Catherine Frances: Yes, in a sense that the LHA is there, as Sarah said, for the wider benefit system. But if a household is declared homeless and then switches into the local authority's care and jurisdiction—all the points we were raising earlier—at that point, DWP shifts the funding source to the temporary accommodation subsidy, or the TA subsidy, as it is known. It is that which is picked up in the NAO Report, which talks about that rate having been stable for some time. As Sarah says, what happens in that context is that the local authority is using its resources, and we factor that in when we consider local authorities' resources.

Q39 **Rebecca Paul:** I would like to declare that I am a county councillor at Surrey county council.

I will move on to out-of-area placements. We know that some local authorities struggle to place households within their local area, and, according to the NAO Report, the number of households placed out of area rose from 23,450 in quarter 3 of 2018-19 to 33,350 in quarter 3 of 2023-24, which is an increase of 42%. How far away from their home areas are some households likely to be living?

Penny Hobman: We don't have the data to say exactly how far away people are living from their local authority areas, although we are aware of evidence of families sometimes being placed at a distance from the local



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area. But we are very clear—and the legislation and code of guidance are very clear—that local authorities should, as far as possible, avoid placing households out of their borough. In some areas, there is a limited supply of suitable temporary accommodation, as we have discussed this afternoon, and it is therefore sometimes necessary for households to be placed outside of the area—again, that should be as a last resort.

Sarah Healey: I think it is worth saying that one of the conclusions of the NAO Report was specifically about us making improvements to our data on out-of-area placements, and we are looking at how we can meet that important recommendation. It is obviously a significant area of concern, especially as numbers rise, that that might continue to be a problem that is increasing year on year. Therefore, there is work under way with our analysts to look at how we can have better data to improve the transparency on out-of-area placements, and to improve the information available to local government about people and where they have been placed, and who has been placed in their area, because that is a gap that we recognise and are working to fill.

Q40 **Chair:** Presumably, your new system—the homelessness case level information collection—could do this?

Catherine Frances: Our H-CLIC data at the moment can map when somebody goes out of area from a local authority. What we are finding hard at the moment, methodologically, is joining that up with the data from the recipient authority and making the connection there. There are also a few data issues because in some cases we are talking about a very small number of people, so there are issues around data protection and thinking about how the data is used.

The H-CLIC data has been a huge shift forward, over the last five to 10 years, in how we measure case-level data, so we are looking to use that as much as we can. We have also recently been doing a project to connect homelessness data with data from other public services—for example, connecting with health data—to see if we can get a greater understanding of what is driving homelessness. For us, building the dataset is absolutely critical—it has been a real focus for the last decade—but, as Sarah has said, we need to keep working on what is possible to build.

Penny Hobman: It is worth adding—as the NAO Report pointed out—that in the latest data 80% of those out-of-area placements are being made by London local authorities, and, as the NAO reported from discussions with London councils, those are mostly still within the London area. Some research was published just last month from the University of Nottingham, based on FOI data from local authorities, which also suggested the same thing—that the London placements, while outside of the particular London borough, were within London overall.

Q41 **Rebecca Paul:** Thank you. I think we would all really welcome the work that you are doing on that, because we obviously appreciate the importance of that data.

I am keen to validate my understanding of something and see whether



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you think it rings true, and what you think needs to happen if it is true. When I have spoken to various councillors and council officials, it seems that lots of people are being placed out of area because there is insufficient accommodation for whatever reason in that specific borough, but equally you can see that other borough councils are sending the same amount of people into that area. That seems like a bit of a perverse situation, because we all know that sending people out of area is just dreadful for them—children have to move schools; medical care is not consistent; and relationships with family and friends, and at work, can all break down.

I understand that a lot of this will come about because different local authorities have different arrangements, but I would be interested in your thoughts about whether that is the case and what can be done to try to address this perverse situation. Clearly, we want local people, as much as possible, to effectively have first dibs on the accommodation in their local area, because that minimises the harm.

Sarah Healey: Certainly, anecdotally, I am told this a lot. It is a problem that is flagged, and, as you say, it just does not seem right at all that you have boroughs basically swapping people when it is clearly better for people to stay as close as possible to their home.

Penny Hobman: That is certainly the kind of thing that my team would work on with local authorities, particularly to help them think about how they can improve their TA procurement model. For example, some of the work we have done is to help them think about and invest in long-term private sector leasing so that they can keep placements within their own local boroughs. It is definitely something that we would work with them to improve, but, as we said earlier, it is fundamentally driven by the lack of supply of temporary accommodation. That is the way that we can fix this—by improving that supply.

Sarah Healey: It is also worth saying that it is about that longer-term investment in long-term leasing and improving availability, so that you do not end up with a situation where, because of an emergency, you place somebody out of area, and then the local authority next door has another emergency and finds a slot there. Obviously, you do not want to move people again, so you end up with this situation arising.

It is about long-term local government funding and the predictability of funding, which the NAO Report obviously refers to the importance of and which we are absolutely committed to. Unfortunately, we have one more year of a single-year settlement for local government, but beyond that, a multi-year spending review will allow us to give local government a longer-term planning horizon to be able to meet some of these needs and make decisions that will have effect for the long term, instead of the short term.

Q42 **Rebecca Paul:** We are seeing this issue with looked-after children who are out of area—exactly the same situation. It makes me wonder whether we should look at some kind of centralised co-ordination. I know that we have very much moved to this devolved model, but this can be the



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downside of that: when we do not have the central co-ordination to ensure that the outcomes we are getting are sensible and that local people are filling the local accommodation.

Sarah Healey: I would be cautious of too much central Government involvement in what ultimately needs to be a statutory responsibility of local government—one that is very much based on the individual circumstances and need that they see in front of them day by day. Clearly, Penny's team, who work closely with local government on trying to make this work better, will always look at ways in which they can improve co-ordination on the ground between local government and local authorities, and at how they work together.

Penny Hobman: One of the things we might do, for example, is share good practice between local authorities and facilitate conversations between local authorities if it is brought to our attention, or if we look at the data and we are aware that there seem to be issues in out-of-borough placements. That is something we could do.

Sarah Healey: Better linking data for that will obviously help to manifest to local authorities and to us where that is a particular problem.

Rebecca Paul: I have one last question—or would you like me to move on, Chair?

Chair: I want to get Rachel Gilmour in on this quickly.

- Q43 **Rachel Gilmour:** I keep on hearing the expression “anecdotal evidence” rather too often in front of this Committee. If you focused more on having data, case studies and strategies that were evidenced-based—if you had the proper data—you would not have to use the term “anecdotal evidence” all the time. May I suggest that that happens?

Sarah Healey: I think I said it once in relation to the fact that I agreed with Ms Paul—that I certainly hear the story that this is a problem. I think Catherine set out at length what we are doing to improve the data in this area precisely as recommended by the NAO Report.

Chair: Brilliant. Thank you.

- Q44 **Mr Betts:** Can we come on to the issue of co-ordination with Government Departments? Permanent secretary, obviously your Department leads on the issue of homelessness, but I understand that you have help from 15 cross-Government boards that have at least an element of interest in homelessness. What does all that talking in those offices add to the production of a better strategy and better outcomes?

Sarah Healey: Obviously the NAO Report reflected on the situation as it was at the time when it gathered its evidence. It is worth saying that the focus on the co-ordination of action on homelessness is really now the inter-ministerial group on homelessness, which the Deputy Prime Minister chairs, and the officials' group that supports that, which Catherine chairs. That is where the concentration of effort and energy is on a cross-

Government strategy involving a range of Departments to tackle homelessness.

Q45 Mr Betts: And are there projected outcomes that you want to see from that?

Sarah Healey: Yes. We are going to produce a long-term strategy, which the Government have committed to. It is precisely the one that the NAO made a recommendation should be produced, which involves the relevant Government Departments. It will be set out next year and will involve working through metrics and the ways in which we will measure our progress against them.

Q46 Mr Betts: Okay. We can come back to that in due course.

I have one further question. On the joined-up approach, one of the complaints that local authorities have made to me is that they realise that they have to put families in temporary accommodation, so they look for hotels, but they suddenly find that the Home Office has come in and bid even higher rates for the hotel that they were looking at. What is being done to stop that?

Sarah Healey: This is an issue that I discuss regularly with my counterpart at the Home Office. I hear the same thing that you do. It is clearly an issue, and we have recognised that it is an issue, because the Home Office has made a decision not to use accommodation in a particular area if local government is already using it. But you have here a situation where there are two sets of statutory duties and two organisations trying to meet them: local government, when it comes to people to whom it owes a homelessness duty, and the Home Office, with its own statutory duty to accommodate asylum seekers who would otherwise be destitute. This Report, plus the Report that the NAO did earlier this year on asylum accommodation, have pointed out that those can clash occasionally and that issues can therefore be raised.

Mr Betts: The Home Office has more money to offer higher rates, hasn't it?

Sarah Healey: I would also say that the co-ordination in the past between the Home Office and local government—and they have acknowledged this—has not been what it should be. They are working very actively to improve consultation with local government. They are producing a new strategy for asylum accommodation and a new approach that is more locally led and reduces competition, but also looks at how you provide more supply through the asylum accommodation system.

I recognise that people will have instances and examples where that has not worked as well as it should. We encourage local government always to flag both with us and the Home Office where it has not worked as it should, to try to eliminate examples of that. But inevitably, when you have a scarcity of accommodation, you will have some issues there.

Mr Betts: But in six months' time it will be better?



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Sarah Healey: That is the commitment.

Chair: We are always pleased to see that your Department follows up recommendations from our previous hearings, and we did draw attention to this issue of competition from the Home Office on asylum.

Sarah Healey: You did, yes.

Chair: You have said two things that I am sure will lead to further questioning—two bits of very interesting future policymaking. I will ask Anna Dixon to start that process.

- Q47 **Anna Dixon:** Before I do, let me refer to my entry in the register of interests: I am a landlord. Catherine, I gather you are the chair of the newly formed cross-Government taskforce—it has a slightly different name now. I am keen to hear what its priorities are going to be. Given that it is trying to cover some 15 cross-Government issues that were previously identified, will it have a similarly broad scope or a tighter focus?

Catherine Frances: The cross-Government ministerial group is chaired by the Deputy Prime Minister; I convene the official equivalent. The real task for these groups is to build towards the strategy to which Sarah has alluded, which we expect to produce next year. If you think about the Departments represented in that conversation—we have the Ministry of Justice, the DWP, the Department of Health, the Department for Education, the Home Office, the Office for Veterans' Affairs, the Treasury and the Cabinet Office—it is a proper cross-cutting group.

What we want to be able to do is address the underlying causes of homelessness and build a strategy that really addresses the Government's manifesto commitment to get back on track with dealing with homelessness. But we also want to synthesise departmental work so we can think about alleviation of homelessness and think about not only the underlying housing issues we have talked about, but how public services come together around individuals. The exact outcome is not yet set, but the aim of the group is to produce a proper joint strategy.

- Q48 **Anna Dixon:** You will not be surprised that I will follow up on health: data suggests that about 45% of homeless people also have a mental health diagnosis, for example. Do you see the ministerial taskforce coming up with recommendations for the NHS 10-year plan or the Department of Health and Social Care, recognising that they have a role in better support for mental health, for example? The same would be true of drug and alcohol services. About 20% of people starting treatment in drug and alcohol services have no home of their own. I am really trying to pick out an example of what difference the cross-departmental working will make.

Catherine Frances: I think the difference it will make is to have a conversation that is focused on the homelessness outcome, and to ask what is it that we can do across different agencies and Departments that alleviates and relieves homelessness. It will be a decision for Ministers exactly how questions about mental health or drug and alcohol interact



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with homelessness provision, but we have that range of actors round the table precisely so that they can have those conversations and have the evidence presented to them in a way that is directed towards homelessness, so that they can make those decisions collectively.

We have historically, of course, done lots with colleagues on the health side, including on drugs and alcohol, but for the future I anticipate some of what the NAO Report highlighted, which was, with us bringing homelessness through 15 different groups, the power of having everybody together to consider and make proper choices, which will be for Ministers and what they want to prioritise. That will be where the change lies.

- Q49 **Anna Dixon:** You sound confident that this might do a better job at tackling some of these issues than the previous, slightly more diffuse work across these different boards.

Catherine Frances: I am certainly confident that it can bring the right set of decision makers together to address the Government's priority in the manifesto.

- Q50 **Chair:** I suppose the acid test of Ms Dixon's question is whether this will do away with some of those 15 different cross-departmental Government bodies that Clive Betts was talking about.

Sarah Healey: The focus on 15 committees might be a teensy bit of a red herring. The point is that when you have a group that looks at asylum accommodation, you would actually want them to think about homelessness; it would be a bad thing if it did not think about the homelessness consequences of the work that it did. Equally, if you have a board that is governing the Department of Health and Social Care and cross-Government work on mental health, you want them to think about homelessness as part of that.

The point that Catherine is making is that the Government have a manifesto commitment on tackling homelessness, and this group is where all the work that is specifically focused on homelessness is coming together across Government.

- Q51 **Anna Dixon:** On the timing: would it be able to feed into the spending review?

Catherine Frances: We would certainly expect to have a proper cross-Government conversation, as we would about any policy area—not to belittle this at all—feeding into a multi-year spending review about what the best value for money and the best levers are. We would expect that to be decided in the usual way, feeding through to a multi-year SR.

- Q52 **Anna Dixon:** I see that the Report talks about the Centre for Homelessness Impact. Will it be drawing in data and evidence to inform what best buys there are in homelessness and what is actually effective?

Catherine Frances: I may bring Penny Hobman in on this, but we have a particular expert group that supports the cross-cutting policy group in order to bring in a range of real experts from the sector, ranging from



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those that we sponsor and have a direct relationship with at the moment to leading charities in the sector and academics.

Penny Hobman: In addition to the expert group that Catherine mentioned, we also have a lived experience forum to make sure that the development of the strategy is informed by those who experience it. In relation to the work that we have contracted out to the Centre for Homelessness Impact, they are doing two things for us. One is a system-wide evaluation, which should give us some of its first findings early next year, which we hope will therefore be fed into the development of the strategy. We have also contracted them to deliver a series of test-and-learn projects. The evidence from those will come over the next couple of years and can then also feed into the operational delivery of the future strategy.

Q53 **Chris Kane:** As a Scottish MP, and a Scottish council leader until the election, I am used to dealing with this with the Scottish Government through COSLA, so it is interesting to come down and see it with the UK Government. I note that each of the UK devolved Administrations has an overarching homelessness strategy or action plan, but by contrast there is not one in England. That seems to be despite the NAO talking about it and this Committee asking for it in 2017. Why is there not a strategy or a target for tackling statutory homelessness? When would you expect to have that in place?

Sarah Healey: As we have set out at this hearing, the Government are now committed to having a long-term strategy to tackle homelessness, and a set of metrics in that strategy. The NAO covers the background to the existence or otherwise of an England-based strategy in its Report, and I do not have anything to add to what it says.

Chris Kane: Sometimes it is important for us to look back. Why has there not been one?

Sarah Healey: I think the best place to go to is paragraph 2.13.

Chris Kane: 2.12 and 2.13.

Sarah Healey: Yes, I think they are your best descriptions. I do not have anything to add to them.

Q54 **Chris Kane:** That does not really give me an answer, but okay. I want to ask about interaction between the devolved Administrations in tackling homelessness. Penny has talked about sharing best practice among local authorities, but what lessons are you learning from the devolved Administrations? How is that all working? There are an awful lot of different approaches in the devolved nations. Hopefully there are things we can all learn together. Could you talk to that for a little while, please?

Penny Hobman: We talk regularly at official level with our counterparts in the devolved Administrations. As you know, the legislation and the legislative frameworks are different, but many of the drivers of homelessness are exactly the same things; housing affordability is one of



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the key drivers. We talk regularly to our colleagues to share good information. We have had meetings previously with Ministers responsible for homelessness across the UK Government and the devolved nations, to collaborate where there are shared challenges and think about how we can share best practice around solutions.

- Q55 **Chris Kane:** That is explaining what the ability to talk to one another is; I am just wondering what lessons you have actually learned. What have you got from these discussions with the devolved nations?

Penny Hobman: There are things that we have learned from each other—for example, in Scotland there are some things that they have implemented, and we have learned about what they have experienced. The Welsh, as you will know, have recently consulted on some amendments to their legislation. The sorts of things that we would understand from them are what they are experiencing from some of the things that they are doing differently from what we have done here.

- Q56 **Chris Kane:** Now that you have all that information, are you feeding it into a funnel to learn lessons and put them into practice here? Is that all happening, or is it just a talking shop? We have different approaches, and that can be helpful, so are we taking that learning and doing something with it?

Penny Hobman: It would certainly feed into all the evidence we are gathering, to consider and feed into the development of the strategy that we have discussed this afternoon.

- Q57 **Chair:** Ms Healey, can we take it as read that producing this strategy will be properly costed and funded by central Government? It would be intolerable to produce a strategy that put yet further pressure on local government finance.

Sarah Healey: Obviously I do not make the decisions about precisely what the content of a strategy would be or the precise timing in relation to the spending review, but our expectation is that the strategy would draw on the results of the spending review in setting out how we are going to address homelessness for the next few years.

Sarah Hall: Hello. I want to look at the 2022 rough sleeping strategy in a bit more detail—*[Interruption.]*

Chair: The bell is ringing, but there is no vote—let's just give it a minute. Right: Sarah Hall, your time has come.

- Q58 **Sarah Hall:** I want to look at the 2022 rough sleeping strategy and the cross-departmental activity between Government and the homeless sector. My question is to Penny—you knew this was coming. What is the evidence that your rough sleeping strategy is helping to focus activity across Government and within the homelessness sector?

Penny Hobman: The 2022 strategy, which was obviously the strategy of the previous Government, was focused on how the then Government could deliver their manifesto commitment to end rough sleeping. That manifesto



commitment and the work that went into the strategy were very useful, as we have been talking about, in focusing collective minds across Government on the shared interest and the shared contributions that Government Departments had to make to ending rough sleeping, recognising that the drivers of rough sleeping range across the remits of different Government Departments and thinking collectively about how the system comes together to address those drivers.

Sarah Healey: It is probably worth saying, however, that it is quite difficult to judge how the action that was set out in the rough sleeping strategy might have worked in different circumstances, but the winds driving increases in rough sleeping have been serious, so the numbers have obviously been going in the wrong direction.

Q59 **Sarah Hall:** I am interested in what we learn from that work. To what extent was there data sharing and monitoring systems? Was that shared across Departments? How often was progress tracked, and what was the frequency of the identification of emerging trends and where things were not working ahead of time? How frequently was that employed?

Penny Hobman: One of the things that the 2022 rough sleeping strategy introduced was the rough sleeping data framework. That was a set of eight indicators that relate to the definition of ending rough sleeping that was set out in that strategy: that it should be prevented where possible, and that it should be brief, rare and non-recurrent.

We developed a set of data indicators that map against those four elements of the definition, and we published those. We gathered management information from local authorities, and we published those. That was something that we then reviewed regularly in a cross-Government officials' group, which met quarterly. It could look at the data and what it was showing us across those indicators, but also at the delivery of the commitments that were set out in that strategy. That was the forum in which we took that forward; obviously that was under the previous Government and has now been succeeded by Catherine's group.

Q60 **Sarah Hall:** Did that capture the wider determinants, such as health, mental health and benefits issues? How interactive was it? You said you published the data; that is great, but are local authorities able to use that data, for example to home in on their specific patches?

Penny Hobman: I think the data is a really big step forward in helping local authorities to understand what is driving rough sleeping in their particular area. Some of the data points include where people have left hospital and have gone into rough sleeping, for example. That helps local authorities to understand rough sleeping, which is a combination of people who are new to rough sleeping, people who cycle and return to rough sleeping, and people who have been long-term rough sleeping and maybe have not accepted service offers in the past. The feedback from local authorities on that is that it has been really helpful in playing back to them and encouraging them to think about what they need to do differently.

Sarah Healey: Correct me if I am wrong, Penny, but the publication of this was something that was called for: even though it is not official statistics, we publish it because we think it is valuable information for people to use.

Penny Hobman: Yes, and the previous incarnation of this Committee was very keen for us to publish them.

Q61 **Sarah Hall:** How might your rough sleeping strategy inform a wider strategy on homelessness?

Penny Hobman: A lot of the things that Catherine talked about earlier—including making sure that across Government Departments we have a shared evidence base so that we are all starting from the same point of understanding the interactions between homelessness, rough sleeping and the various other responsibilities of Government—are things that we learned from that strategy and that we are taking forward in the work now. I do not know if there is anything you want to add, Catherine.

Catherine Frances: It is exactly that point: the opportunity to think about an issue in a focused way. Bringing all the parties together across Government is a very valuable learning point from that way of doing things.

Q62 **Sarah Hall:** How useful is the data? Is it real-time information that different Departments can draw upon and react accordingly, or is there a bit of a lag from when the data is published?

Penny Hobman: There is a mixture. The H-CLIC data are official statistics and they go through a very detailed quality-assurance process, so they are published with a slight lag, whereas the management information on rough sleeping goes through less of a quality-assurance process, so it is more timely. We use a mixture of both those sorts of data, but there are also other sources of information, which might include qualitative information that we gather from my teams who do externally facing work with local authorities.

Q63 **Sarah Hall:** Is there anything that you think did not work in the last strategy that you will not do next time, as we look to shape and improve it going forward?

Sarah Healey: The actual content of any future strategy is not a decision for us. I suppose we would reflect on the fact that there were a bunch of challenges with implementing the rough sleeping strategy, just from the context, so we would want to consider whether we have learned anything from that.

Q64 **Nesil Caliskan:** I want to focus on the supply of housing, beginning with a very open question. Do you agree that the housing crisis demonstrates a broken housing system nationally, and that it is fundamentally caused by the lack of supply of housing?

Sarah Healey: I do not think it is for me to describe the housing system as broken. I will point to what all the politicians we work for and the



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Ministers we work for have said about the housing crisis, and their ambition when it comes to housing supply. I think we have already said several times in this hearing that we think scarcity is clearly a contributory factor for the numbers who are currently homeless.

- Q65 **Nesil Caliskan:** I want to focus on the role that local authorities can play in housing supply. Over the last few months—probably 18 months—there seems to have been a particular challenge around the viability of the housing pipeline. I want to get a sense of your understanding of how many projects are being held up because of viability. I do not need numbers; I just want to get a sense of the degree to which it is a local authority problem, or whether it is actually a broader supply issue.

Sarah Healey: I think there is a range of issues with housing supply; I do not think I would ever point to one in particular. We are obviously aware of the issues on viability and are engaging very actively with local government about the areas where viability is getting in the way—for instance, we are working actively with local government on the use of section 106 money to develop sites. It is also something that is critical to making policy on social housing for the future and to the work that the other parts of my Department have done both on planning policy and on making changes on social housing to try to raise the percentage of the new supply the Government have committed to.

- Q66 **Nesil Caliskan:** Is it your understanding that projects that were viable a few years ago are now no longer viable, for a variety of reasons? It might be because interest rates have gone up, for example.

Sarah Healey: We have been engaging with local government about viability issues, yes.

- Q67 **Nesil Caliskan:** With that in mind, according to the LGA, local authorities have called for a variety of measures—for example, preferential rates from the Public Works Loan Board—that might help them to get viability in place for a number of their schemes. I mention that in particular because there are suggestions that the amount of money that is saved overall, over the long term, is far greater than what is spent through borrowing from the Public Works Loan Board. I want to get a sense from you of how much of that is being explored through the Department.

Sarah Healey: That is a kind of policy question that we will give advice on in the course of business. I know this is going to start to sound really annoying—it is partly a reflection of where we are in the Government's life and the time Ministers have had in post to work through these things—but it is probably worth saying that we have committed to a long-term housing strategy, specifically in the new year. I think that is the place in which all this will come together to explain how all the different changes the Government have made are going to be focused on driving growth in housing supply. That is not to say we have not taken action already; we absolutely have.

The Government has taken action on housing supply already, both with the consultation on the new national planning policy framework, which we



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consulted on—we announced that consultation at the end of July, in the weeks post the general election—and with the consultation we put out recently on social housing and on changes to, for instance, right to buy. I would point to those as areas where policy has already been announced. We will be working through everything else in preparing that strategy. Catherine, do you want to say something else about the Public Works Loan Board, or is that it?

Catherine Frances: *indicated dissent.*

Nesil Caliskan: I should acknowledge that the announcement on right to buy is really welcome. Particularly for local authorities that are losing their housing stock, being able to retain 100% of their supply will make a difference.

I will return to the point about viability, because it is fundamental to supply: the housing crisis will be solved through a multitude of different avenues, but it is a balance between long-term investment and short-term measures. Homelessness, which is what the Committee is focusing on today, is causing pressure at the moment on public finances, and I think you have acknowledged that. The point around having longer-term investment to help save money in the long term is one I would emphasise.

Q68 **Chair:** The only thing I would say, with all my experience as a chartered surveyor, is that you can have all these things, whether it is planning, viability or right to buy, but as the previous Government found out, if you do not have the skills to actually do the building—the bricklayers, the carpenters and so on—you are not going to produce the numbers. That is something critical that your Department needs to address if you want to get the housing numbers up.

Sarah Healey: Yes, I agree.

Chair: Those are the answer we like: “Yes”—nice short answers. Thank you very much. Nesil, have you finished?

Q69 **Nesil Caliskan:** I think you have probably answered this, but the question was, realistically, what needs to change for housing targets to be met?

Sarah Healey: I will point to the fact that we are getting a comprehensive housing strategy next year that will focus on both supply and quality. If you look at the evidence that the Housing Minister gave to the Housing, Communities and Local Government Committee last week or the week before, it points to the fact that it is very challenging to do this. It is about a whole range of action on issues across the supply chain, as Sir Geoffrey has pointed out: skills; planning; working with developers; breaking down barriers to development; building up the role of SMEs in developing property, so that we are not entirely dependent on a few large developers; our reforms to social housing; the new towns taskforce; building up the capacity of local planning authorities to work through cases faster; and the work we have done to set up a new homes accelerator to break through



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some of the barriers holding back stalled sites. So action on lifting housing supply is across the full policy spectrum.

Chair: Nesil, have you finished?

Nesil Caliskan: I do not think I have any further questions.

- Q70 **Mr Charters:** Are you as bamboozled as I am that some local authorities spend millions on temporary accommodation, yet are really slow when it comes to determining planning applications for social housing? How can you as a Department get local authorities thinking in a joined-up way?

Sarah Healey: Well, setting them compulsory planning targets as part of the new national planning policy framework obviously places extra pressure on local authorities to be meeting housing supply.

- Q71 **Mr Betts:** You mentioned the housing strategy, and I want to ask about that. You just mentioned the housing supply targets that local authorities will have to deliver on, but will the strategy also give clear targets for the number of social housing units that will have to be built during the period of the strategy?

Sarah Healey: Absolutely. I am afraid I cannot make a commitment about the content of a strategy that is ultimately for Ministers to decide on, but you have heard our Ministers say before how committed they are to social housing as part of this strategy. There is also the commitment to increasing the amount of social housing we will be building, and there is the money that is already being committed to the affordable homes programme.

- Q72 **Mr Betts:** Let us move on to the pressure on local authorities, although we have already dealt with it to some extent. I am not asking you to name authorities, but just to give some idea of the scale, can you tell us how many authorities are coming to you and saying that they will have real problems next year meeting their budgets for temporary accommodation, either as the key problem, or one of the key problems, in their financial situation?

Catherine Frances: I am very sorry, but I am not going to go through the details of how many conversations we are having. That is because, first, we have said to councils that our door is open, so they should talk to us. Historically, lots of people have talked to us about their finances. We do that all the time with them and we encourage them to do that. Secondly, it is just about confidentiality; I need to protect the space for that conversation with individual councils.

Thirdly, it is because of the basic factual point that councils, at this point of the year, will have had the statement that we made last week about local government policy design and the structure of the local government finance settlement, which described in words what we are going to do. They will now be waiting for their individual allocations on a provisional basis, which we will do in the usual way in December, and then they will know where they are. So I am really sorry, but I am not going to give a detailed commentary as we go through that process with them.



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What we have said is that we are expecting that some authorities will want to come to us. Ministers have been very clear that, in this context—while councils are rebuilding the bases of lots of local government finance—if local authorities need to come to us for help, our door is open.

Mr Betts: I am just trying to get some indication as to whether temporary accommodation spend is now one of the key issues driving—

Sarah Healey: I think we have already said that.

Catherine Frances: As I said earlier, I think if you had asked a few years ago about the sector in general and their level of pressure, you would have seen children's services and possibly special educational needs very high on their list—something that I know this Committee has already thought about so far this term. More recently, exactly following all the data about the increase in the number of people who are homeless, temporary accommodation is a more prominent part of the datasets that we publish and the conversations that we have.

Q73 **Mr Betts:** Right. This is probably more of a question for the DWP, but in terms of the pressures that local authorities have regarding temporary accommodation, is one of the problems that they are actually funded for their costs from grants that relate to the value of the local housing rate in 2011? That does not seem like a real calculation to use, does it?

Sarah Healey: I think we covered this earlier, and specifically referenced the fact that there are two different things: there is obviously the housing benefit that is available, but then there is also the funding for local government, and the pressure from that is what is reflected in the local government finance settlement.

Chair: Do you want to just comment on that, Mr Wolfe? My understanding is that it has just been uprated to the 2024 values for the 30% quartile.

Catherine Frances: I think that we are confusing two things—on the one hand, there is the LHA rate, which is the one that you alluded to around the 30% reference point, from a previous autumn statement, and then there is the temporary accommodation subsidy, which I think is the one that Mr Betts was alluding to.

Chair: Sorry, my fault.

Mr Betts: So, on the temporary accommodation subsidy, you are saying that that has been absorbed into the—

Sarah Healey: Well, no—I am happy for colleagues to comment on why that rate is as it is, but I think what we were discussing earlier was the fact that that is a pressure on local government and therefore something that we have to take into account.

Mr Betts: Okay, but surely, the DWP pays. Why is it paid at that rate? What is the technical reason for why it is paid at that rate?



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Jenan Hasan: The Secretary of State, at the Work and Pensions Committee on 13 November, talked about the LHA rates and the temporary accommodation rates, and said that there had been difficult choices as part of the Budget. The decision had been to continue with and extend the household support fund and discretionary housing payments; to change the deduction amounts in UC; and the LHA rates were left as they were—they were maintained this year.

Q74 **Mr Betts:** I do not want us to get confused again; those are issues about benefits for individuals, but local authorities are not getting the full cost of their temporary accommodation covered by DWP, are they? The reality is that it has some artificial rate related to 13 years ago. As temporary accommodation requirements go up, every person put in there costs the authorities money because DWP does not pay the full rate. That is the case, isn't it?

Jenan Hasan: Yes. In 2011—it always has been a subsidy; the temporary accommodation rate has never covered the full cost, so it was always a subsidy to incentivise local authorities to—

Mr Betts: And the amount that local authorities are putting in is getting bigger all the time.

Catherine Frances: That is correct and is set out in the NAO Report.

Q75 **Mr Betts:** Coming on to the issue of general funding for homelessness, there are so many funding streams—we have mentioned some of them. There is what the DWP provides, there is obviously money in the local government finance settlement, and there is the homelessness prevention grant. How many different funding streams are there that relate to homelessness?

Sarah Healey: Happily, we are able to point to the fact that in the local government finance policy statement, we have set out that we will actually be rolling together three of those funding streams, to run alongside the homelessness prevention grant, which is the main source of homelessness-specific funding from MHCLG to local government.

We are rolling together the rough sleeping initiative, the ex-offenders grant and housing first, in recognition of the fact that there are multiple funding streams coming from our Department that we want to try and consolidate.

Mr Betts: How many funding streams will be left then for local authorities?

Catherine Frances: Fundamentally, at the start of next year, 2025-26, we will have one big grant that covers the main rough sleeping services and the services for single homeless people. Then we will have the homelessness prevention grant. Additionally, we have some small pots of money, where we are contractually still obliged to continue, or just a couple of other pots like that.



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We have committed in the statement that we published last week to change the structure of the funding like that. We have also committed more generally to move, in local government funding in the following year, to synthesising more grants and pulling them together, because as we have discussed with you before, there are certainly many too many funding streams going into local government and you would not find any disagreement in MHCLG on the need to synthesise, wherever humanly possible.

Mr Betts: And are these all allocated grants, rather than grants to be bid for?

Penny Hobman: The homelessness prevention grant is an allocated grant. The rough sleeping grants that we have just talked about have previously been done on the basis of co-produced bids, but one of the changes going forward will be to simplify and do them on the basis of allocations, to reduce that burden on local authorities.

Mr Betts: And what is left for local authorities to bid for then?

Penny Hobman: In terms of—

Mr Betts: Any grants related to homelessness.

Penny Hobman: In terms of the MHCLG grants, there will not be any bid-for grants next year.

Mr Betts: Right. Is there anything in any other Department with regard to homelessness that has to be bid for?

Catherine Frances: I am not sure that we have a full list like that; they don't leap to mind.

Sarah Healey: We can't think of any.

Mr Betts: Can we have a note on that?

Sarah Healey: Yes.

Catherine Frances: The move towards not having competitive grants, but having allocations and synthesising wherever possible, is absolutely locked in to all our departmental planning.

Sarah Healey: It is a cross-Government commitment to move in that direction, so we would expect other Government Departments to be doing the same.

Q76 **Chris Kane:** You have talked about the homelessness prevention grant. When I look at paragraphs 3.9 and 15 in the Report, I wonder why local authorities are spending so much of this homelessness prevention grant on temporary accommodation. You have touched on that quite a bit, but I just want to ask that question and then I have a follow-up.



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Sarah Healey: Because fundamentally they have a statutory duty to provide temporary accommodation if somebody is in need. As more people have been identified as being in need and as homeless, local authorities have had to spend more on temporary accommodation.

Chris Kane: Thank you for clarifying that, but it also means that they are not getting to spend an awful lot on prevention activity.

Sarah Healey: That is right.

Q77 **Chris Kane:** So what can you do to incentivise more prevention activity when they are currently dealing with such a big problem? That is the bit that is getting squeezed.

Sarah Healey: Absolutely. In fact, I think I answered this question earlier when I talked about the fact that we obviously recognise that it would be better to spend a higher proportion on prevention and less on meeting the costs of people becoming homeless. That is something that we are actively considering as we move into allocations of funding for next year.

Q78 **Chris Kane:** "Actively considering" is one thing, but I would imagine that it has been on your radar for a while that the prevention side is getting squeezed. If you are going to incentivise local authorities to do this, the more you incentivise them, the more they will come up with interesting ideas; there are enough of them there that somebody will come up with something if they are existing in that space and exploring it. It is incumbent upon you to help them to make that time and space available to do it. So I wonder if you could talk about what you could do. What is the thinking in the Department in terms of getting them to spend some time, or more time, in that space?

Catherine Frances: There is possibly a limit to what we can say at this point. We will be working through and, as Sarah has said, we are thinking actively about how to promote prevention activity, for all the reasons you talked about, such as its importance, and because we have been aware of this change of behaviour over the last few years. We are also very sympathetic and understanding of local authorities in terms of why that is happening. I do not think we can get further into that at this point, because Ministers will have to make decisions and it is not for us to pre-empt those. What I would say is that I completely agree with you on both your point about the importance of prevention and, as Penny talked about earlier, the best-practice sharing that we think we can do, looking between different authorities and different strategies. It is certainly the case that different places have slightly different strategies and combinations of how to intervene in the housing market, and how they work across different agencies. That brings different strategies forward.

Sarah Healey: There are basically a number of different things that you can do here to try to create space for local government to spend more money on prevention. One is to reduce the numbers coming through presenting as homeless, which depends on a whole systemic set of changes that we have discussed in this Committee, including addressing scarcity. You can also reduce the cost of the temporary accommodation



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they are procuring, or look to do that—we have talked about that as well in this Committee. We have also talked about the work that Penny's team does to try to spread best practice in the procurement of temporary accommodation, and about the significance of local government having multi-year settlements, which enable them to plan better and therefore to potentially provide that temporary accommodation more cheaply. That will create extra space for some of the homelessness prevention grant to be spent on prevention instead. Then, there is also how we allocate the funding. All of those are under consideration or, as we have shown, they are things that we are taking active action on at the moment.

Q79 Chris Kane: How squeezed is this? It is more an opinion that I am asking you for, but how much is the ability to look at prevention being squeezed, given how big the scale of the homelessness problem is?

Catherine Frances: For local authorities financially, they will have the increased homelessness allocations from the Budget. That will be built on top of their wider local government finance settlement, which we have said goes up at 3.2% real in the core spending power. They will combine those income sources and work out how to look at them together, in addition to some other income sources that are going up. I think it will vary financially from authority to authority, and some of what we set out last week was on the Government's decision to start taking some decisions around moving more additional funding to different authorities than had been previously prioritised. For example, there is a new £600 million recovery grant going into the local government finance system, which is focused particularly on looking at need, and then it also considers a local area's ability to raise income through its tax base. The proxy that we use for need there is deprivation, so you can see that that may help an authority that has a high deprivation rate and a low tax base, which may affect their ability to deal with homelessness pressures, among other things. Obviously, in the round, the housing market is going to differ enormously place to place, which makes it yet more complex.

Q80 Chris Kane: I think it is important to protect the space to fix the dam, as opposed to plugging the dam, which seems to be what is happening an awful lot. I am getting an assurance that you are at least protecting that space for these conversations to happen.

Sarah Healey: We are highly aware of—as we answered earlier on value for money—the significance of making sure that we are preventing, rather than dealing with the consequences of, homelessness.

Q81 Nesil Caliskan: With your permission, Chair, I just want to make a point on value for money. Obviously, a huge amount of taxpayers' money is used to cover the cost of homelessness, but one reason why the public find it so difficult to accept that such an amount of money is spent is that the quality of the housing that it is spent on is just so poor. We are not spending taxpayers' money and funding landlords who are providing good accommodation; it is like the worst accommodation. I wanted to make that point, which I think officials would recognise. I also want to ask a question on the quality, but I do not know whether we are coming on to



that, Chair, or if we have covered it.

Chair: I am very happy for you to raise that.

Nesil Caliskan: I am interested in what officials think about that point. How can we use taxpayers' money to help drive up standards through either procurement or other legislative powers?

Sarah Healey: I am afraid I do not have anything to add to the answer I gave on this earlier, which was about the current responsibilities of local government when it comes to the procurement of temporary accommodation and the suitability of it, which are set out through the homelessness code of guidance, but also about the fact that we are actively taking through the Renters' Rights Bill at the moment. The Renters' Rights Bill has a relationship to issues to do with homelessness in a number of ways: the abolition of section 21 no-fault evictions, but also, crucially, the application of the decent homes standard to the private rented sector and the power that is being taken in that Bill to apply the decent homes standard to temporary accommodation. That is something we will need to consult on because of the wide range of accommodation that makes up temporary accommodation, but Ministers have been absolutely clear that their intention is for the decent homes standard to apply to temporary accommodation.

It is also worth saying that there are gaps at the moment in the regulation of the private rented sector, which forms part of what is provided as temporary accommodation, which the Renters' Rights Bill is addressing. But when it comes to temporary accommodation being provided in the form of social housing, there is a new regime for the regulation of social housing to look at the quality of it, and that would apply in those instances.

Q82 **Nesil Caliskan:** I am going to focus on procurement. Local authorities are encouraged to procure better and to get more value for money for the taxpayer, but what that really means, particularly for London authorities, is that they are being forced to look way outside London to procure—if they are lucky—in units of hundreds sometimes, because that is where they can get value for money. So it is really the case that, going forward, local authorities are going to be relocating en masse residents who find themselves homeless way outside the area that they are from.

Sarah Healey: We talked earlier about out-of-area placements and the kind of challenges that are faced. Obviously, we would not want to see them in future being as much the norm as they are at present.

Nesil Caliskan: That is what is happening, isn't it?

Sarah Healey: As we acknowledged earlier, there has been an increasing use of out-of-area placements, which is obviously really problematic for people's outcomes.

Nesil Caliskan: In order to achieve better value for money for local authorities, we would be encouraging them to do just that—to procure

outside very expensive areas?

Sarah Healey: Actually, what we are really focused on in policy terms is improving the supply of social and affordable housing in areas of need.

Nesil Caliskan: That takes a number of years, doesn't it?

Sarah Healey: It absolutely takes time, unfortunately; it is very, very difficult to do in the short term. We have had some success with the local authority housing fund in local government—local authorities being able to use that in order to bring former private rented sector properties into ownership for use for these purposes. But obviously there is more to do.

Catherine Frances: The only thing I would add is that one of the things the NAO Report picks up is that some authorities are procuring more temporary accommodation on a nightly basis or a high-cost basis, which we understand. So we are doing two things about this. First, just very practically, Penny's team do work with authorities sometimes on best practice and some of our test and learn—what really works practically locally. Also, as Sarah Healey was saying earlier, when we move to a multi-year settlement, which the Government has been very clear will happen—it cannot happen in the first year of the Parliament, but beyond that—that long-term planning horizon for local authorities financially will give them the tools they have certainly been asking us for for some time, to plan and procure as best as is possible.

Q83 **Nesil Caliskan:** Presumably, and hopefully, to borrow too, because while it takes a number of years to be able to add to the overall supply of housing, there are good examples of where local authorities have procured—they have bought property, essentially, whether it is in their own area or outside, and they have borrowed to do that. My understanding is that local authority finance legislation does not allow that, but there have been creative ways of being able to achieve it.

Catherine Frances: Many different regulations govern local authority finance. I probably should not go into too much detail here. Local authorities can borrow for certain purposes and not others. Lots of them are set out, and we are happy to clarify on that anything that is helpful.

Q84 **Anna Dixon:** If I may follow that up, I was very shocked recently to learn of a hotel in the Shipley constituency that is being used for temporary accommodation. I welcome the idea that we are going to have better standards, and under the Renters' Rights Bill, the Government are bringing forward the extension of the decent homes standard for the social rented sector to the private rented sector—I think, from the NAO Report, that about 10% of that private rented accommodation is B&Bs and hotels. But I just want to come back to this point. The example given to me was basically of a room that only had a kettle for tea and coffee making. Our local food bank is having to put together specifically designed food parcels for residents that do not require anything more than adding boiling water. These people are living with very restricted diets, so in terms of the idea that we will be able to up that to anything



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like a decent standard, is the truth not that we need to focus instead on putting an end to it? You talked about this team that goes in if there are a few families, but even for an adult with no children, those are not circumstances that we should be housing people in. I want reassurance that you will not just be looking for some fix that might find a way to apply decent standards to this, because basically B&B and hotel accommodation is never going to be fit for purpose, for anybody, never mind for families.

Sarah Healey: I think we said earlier that the legislation is clear on B&B accommodation. The position is that it should be absolutely minimal use—for emergency only.

Q85 **Anna Dixon:** What more progress and support is needed for local authorities to shift that?

Sarah Healey: I am really sorry to repeat myself, but it is basically all the range of policies that we have set out during this hearing. I do not think there is a quick fix here. I do not think local government would be using these B&Bs and hotel accommodation if they had alternative options. We would like as much as possible for authorities to be able to learn from each other where people have found solutions, but fundamentally we have scarcity of supply, and local authorities are not doing this by choice because they think that it creates good outcomes—we know that it does not.

Q86 **Anna Dixon:** It just feels that there are so many people in those circumstances right now. I totally appreciate that we have the ministerial taskforce coming and a long-term housing strategy. This is not only money wasted but terrible outcomes for people. There is no sense of more to be done. I realise that to solve the problem we have to do these bigger things.

Sarah Healey: Of course, the funding we are putting in is designed to both prevent this and enable local government to be able, where possible, to identify housing that is not this kind of housing. The extra funding is there for that purpose. You are absolutely not going to find us disagreeing with the point that this is a poor outcome.

Nesil Caliskan: So, Ms Healey, what is your message to local authorities—

Chair: Hang on, we must have a bit of order in this Committee.

Sarah Healey: Fundamentally, if our Ministers were here—they obviously are not, because they do not come in front of this Committee—they would be emphasising that we are doing everything we can in the short term, while wanting to fix this problem in the longer term.

Chair: The permanent secretary has been quite fair in her answers. We will look at them very carefully and reflect on them. I understand Members' frustration, and I share the same frustrations. We will reflect on that. Let us move to Sarah Hall—hopefully this time you will not be interrupted by the bell.



Q87 Sarah Hall: I would like to go back to the homelessness advice and support team and the kind of role that it has. Given the rising trend in using B&Bs, how successfully is this team supporting local authorities to move away from B&Bs? How effective is it in doing that? What kind of support is there? If a local authority comes to you and says, "This is the situation," what happens next? Are there any weaknesses in that system? In terms of the frequency, is there any measuring of whether this is a repeat issue in a particular area? Is there any mapping of frequent issues or people who are needing to use the B&Bs?

Penny Hobman: On the first part of the question, about what support the homelessness advice and support team provides, as I said earlier advisers are recruited who have deep experience of working in local authorities and sometimes in the voluntary sector. They have experience of the legislation and operating these kinds of services. They work individually with local authorities. They also have thematic expertise. That might be on ex-offending or TA procurement, for example, and they keep a regular dialogue with the local authorities for which they are responsible.

Sarah Hall: Where are they based? Are they based centrally and then sent out to the various areas where they are needed, or are they embedded in regions?

Penny Hobman: The advisers are divided geographically, north and south.

Sarah Hall: So they understand their areas?

Penny Hobman: Yes. They are based out of MHCLG offices all around the country, but they generally spend their time out and about working with local authorities. They will keep a regular contact with those local authorities. As I said, we review regularly—on a quarterly basis—the local authorities, to see which local authorities have more than five families in B&Bs for over six weeks, and that is what triggers the B&B elimination plan. There will then be a more detailed process to work with that local authority to develop and agree the B&B elimination plan.

Outside that, we do particular in-depth visits or deep dives with local authorities if there are particular issues we are concerned about, or that they have brought to us, and that will involve us maybe putting together a cross-disciplinary team to spend some time with them. That has been successful in helping some local authorities deal with particular issues. That might be procurement, or sometimes we will help them to move things up the agenda with their senior management and so on. I would not want to name specific local authorities, but we know that, for example, B&B elimination plans are successful and have helped local authorities to reduce their usage of B&Bs over particular periods. Sorry, I think you asked a question about repeat homelessness as well.

Sarah Hall: Yes, so the team goes in when this is triggered, but if it keeps happening—

Penny Hobman: In the local authority?

Sarah Hall: Exactly.

Penny Hobman: That would be one of the things we monitor within the team—whether there are recurring issues with a local authority. As we have discussed at this Committee today, a lot of this is driven by particular housing market dynamics. We would seek to identify what things are within the scope of the local authority to improve in terms of performance management or TA procurement. Obviously, there will be wider economic drivers, which would not be within their specific scope.

Q88 **Sarah Hall:** I know that with local authorities, there might be additional roles that they think the team could offer—for instance, support with funding applications. Is there a dialogue going on between the team itself and local authorities to see what the right level of support is?

Penny Hobman: The point that the NAO Report mentions about funding applications, I think, was specific to the single homelessness accommodation programme, which was a capital and revenue grant scheme we have run over the last couple of financial years. We have come to the end of that co-production process, but in general, we would always look at what local authorities need. It is a mixture of support and challenge, but the team is not there to replicate or to case manage. It is sort of an external support and challenge function.

Q89 **Sarah Hall:** What about best practice examples? Does sharing best practice between local authorities happen quite a lot?

Penny Hobman: Yes. For example, we ran a series of roadshows earlier this year, which bring local authorities together to share best practice. We have a regular quarterly meeting with the core cities, which brings them together to facilitate sharing information. We do thematic, as I said, so we have done a series of roadshows and events with the Ministry of Justice and the Prison and Probation Service to bring local authorities together to look at the end-to-end pathway through to out of prison, and the support that both MOJ and my team provide through CAS3 and the accommodation for ex-offenders programme. We do a whole range of things that we think can help and support them.

Q90 **Sarah Hall:** Is that being fed back by the team to you guys as well, so it is being factored into whatever you are doing?

Penny Hobman: Yes. The benefit of this external-facing team is that they can feed back into the Department's policymaking what they are seeing on the ground. It is a circular process.

Q91 **Chair:** If colleagues do not have any more questions, I have one sweeping up question for Ms Healey, if I may. We have had evidence from Mr Nigel Cook, who says in relation to veterans that the Prime Minister stated, "We will repay those who served us and house all veterans in housing need", but there is a lack of housing for veterans, as homelessness among veterans rose by 14% from 1,850 households in '21-22 to 2,110 in '22-23. He says that there is a risk of not meeting the Prime Minister's aspirations in this. Do you have anything that you could



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usefully tell us about that? If not, I am very happy for you to write to us.

Sarah Healey: I don't; I don't know whether Penny does.

Penny Hobman: You will know that the Department recently laid some regulations to exempt veterans from the local connection test for social housing. That is a major new step forward, and there is a range of other support that we and the Office for Veterans' Affairs provide specifically for veterans. Some of those things come out of our Department, and some come out of the Office for Veterans' Affairs, including some specific housing and Operation FORTITUDE, which is a telephone helpline and resource for veterans. The Office for Veterans' Affairs also provides additional funding and, of course, veteran-specific help with housing.

Sarah Healey: As Catherine mentioned earlier, the MOD and the Office for Veterans' Affairs are part of the cross-Government working group specifically because of the importance that the Government attach to preventing veteran homelessness.

Chair: We look forward to what you will have to say on that in the future.

Sarah Healey: I should say that you so bamboozled me by asking for the data at the beginning that I failed to say congratulations on becoming Chair of the Committee. I also congratulate Mr Betts on becoming deputy Chair. I will say that now.

Chair: He may in due course.

Mr Betts: If you are nominating me—

Sarah Healey: Do I have that power?

Chair: The Chair has the power. I gather that Luke Charters would like to chip in on question 20.

Q92 **Mr Charters:** Sorry, I will skip that one. I was just going to ask about the use of B&Bs. It is a classic economics problem: it is not clear, on the supply side, whether you would rather build a house or purchase one, but B&Bs plug an immediate supply-side deficit. Does the Department go into local authorities and help them do that kind of forward demand-side forecasting? You could almost look back over three or four years and say, "Had you actually procured your own reserve property in the private rented sector and kept that on the balance sheet, that would have been better value for money." Have you got financial demand and supply-side modelling?

Sarah Healey: We do not go into local authorities and tell them how to do their own financial planning. They do that themselves. Obviously, I don't think you would find a local authority that would not prefer to be spending the money on a longer-term investment than on shorter-term B&B funding. As we have discussed in the Committee, there is a fundamental challenge about the length of time they are funded for and the fact that we have been doing single-year settlements so they have not been able to



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plan ahead. That is the kind of thing we are trying to address through the multi-year settlements.

Mr Charters: It wasn't so much about the financial planning side; it was about the forecasting of demand for temporary accommodation. You could look back over three years and say, "Had you anticipated that level of demand and actually bought a property or two"—

Sarah Healey: If you had had the funding to so do, yes.

Mr Charters: I suppose all roads lead back to that. There is an element of resource forecasting of demand. I just think that some of the local authorities that I have worked with do not always have the level of skill.

Chair: Nothing more to add? No. If colleagues have no further questions, I thank our witnesses very much. We have given you a fairly comprehensive grilling this afternoon, I feel. You have been very good at answering those questions, and we have kept within the three-hour—I mean two-hour—time window. *[Laughter.]* I am threatening you with three hours next time. I thank my colleagues for co-operating with that.