

Written evidence submitted by The Local Government Association

(TH0029)

About the Local Government Association (LGA)

The Local Government Association (LGA) is the national voice of local government. We are a politically led, cross-party membership organisation, representing councils from England and Wales.

Our role is to support, promote and improve local government, and raise national awareness of the work of councils. Our ultimate ambition is to support councils to deliver local solutions to national problems.

Key messages

- Councils are determined to tackle the homelessness crisis, which represents many thousands of individual tragedies and a national emergency. Councils are house builders, support providers, responsible guardians to homeless people, and in a unique position to lead and shape local responses to homelessness. Our ambition is to end homelessness, by enabling councils to prevent it in the first place.
- In the Budget, the Chancellor announced that the government is providing £233 million of additional spending in 2025-26 on homelessness, taking total spending to £1 billion in 2025-26. This will help to prevent increases in the number of families in temporary accommodation and help to prevent rough sleeping.
- We are pleased the Government is providing additional financial support to councils to tackle homelessness; however councils are spending more than £1.74 billion to support the over 117,000 households in temporary accommodation in 2024.
- We are disappointed the Government did not use the Autumn Budget to address the temporary accommodation subsidy gap, currently stuck at 2011 levels, as this is driving ever higher-spend on temporary accommodation and limiting the resources available for homelessness prevention.

Actions needed to support councils:

In order to support councils to increase the supply of housing Government should:

- [Reform Right to Buy](#) to support 1:1 replacement of existing social housing to avoid continued net loss of stock. This should include allowing councils to retain 100 per cent of sales receipts; permanent flexibility to combine receipts with other government grants; the ability to set the size of discounts locally; and exempting new build homes.
- Provide further investment in social housing by allowing local government continued access to preferential borrowing rates through the Public Works Loan Board for housing, with each additional £5 million provided through this scheme [estimated](#) to provide up to £150 million in savings and additional investment into social housing.

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- Increase Affordable Homes Programme (AHP) grant levels per unit to deliver more new affordable homes and ensure inflationary pressures do not jeopardise continued delivery.
- Strengthen Housing Revenue Accounts via a long-term rent settlement of at least 10 years alongside restoration of lost revenue due to rent cap/cuts, to give councils certainty on rental income and support long-term business planning.
- The roll out of [five-year local housing deals](#) by 2025 to all areas of the country that want them – combining funding from multiple national housing programmes into a single pot. This will provide certainty and efficiencies and could support delivery of an additional 200,000 social homes in a 30-year period.
- Further investment in the Brownfield Land Release Fund and One Public Estate programmes, with the opportunity for speedy release of public land and housebuilding on smaller council, health and blue light sites.

In order to support councils to address homelessness Government should:

- Uprate temporary accommodation housing benefit subsidy rates to 90 per cent of 2024 LHA rates. This would help councils better manage the costs associated with temporary accommodation and create more resource for prevention.
- Ensure that LHA rates continue to be up-rated to the 30th percentile of local rents beyond 2025/26. This will help prevent a growing number of households from falling into homelessness due to the gap between LHA rates and actual rental costs.
- Introduce a flexible, multi-year, prevention funding settlement, routed through local homelessness strategies and underpinned by a multi-agency joint outcomes framework.
- Introduce a cross-government homelessness prevention strategy, including a commitment to assess the impact of policies on homelessness.
- Introduce a cross-departmental approach to the procurement of housing and support for cohorts including people experiencing homelessness, refugees and asylum seekers, or people leaving prison.
- Provide a further round of funding through the Local Authority Housing Fund, to enable councils to acquire empty properties for general needs accommodation, temporary accommodation, and asylum and resettlement cohorts, as well as fund the provision of support.
- Provide £1.6 billion of ringfenced grant funding for councils to commission supported housing, improving value for money and quality.

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Background

The extent, causes and costs of homelessness

Changes to the housing benefit regime, combined with the removal of the Supporting People programme in 2010, has meant that councils and government have very limited control and oversight over the quality and location of supported housing. [As set out in a 2022 Levelling Up, Housing, and Communities Committee report](#), the Government did not have any overall figure for the amount spent through Enhanced Housing Benefit on supported housing.

This means there is no overall figure for homelessness-related spending which includes temporary accommodation, exempt accommodation, and the costs incurred by the many public services which support people experiencing homelessness – or for other forms of temporary accommodation, e.g. for refugees.

There are opportunities to spend money more effectively. This will not be costless, but the upfront costs will be repaid over time through savings to health and social care budgets, improvements in educational attainment and reductions in short-term expenditure on temporary accommodation.

The LGA have warned that councils face a funding gap of £6.2 billion over the next two years. The £1.3 billion in extra funding for councils for the next financial year announced in the recent Autumn Budget will help to meet some, but not all, of the significant housing pressures facing councils. As councils bear the higher and higher proportion of the costs of temporary accommodation, this limits their ability to fund homelessness prevention services and the situation is exacerbated further. In addition to the economy-wide inflationary and wage pressures there are individual service areas with cost and demand dynamics that are exerting higher cost pressures, one of the most significant is temporary accommodation.

Increasing costs of homelessness services with multiple contributory cost and demand drivers, including asylum and resettlement issues and an insufficient supply of affordable housing. Government data shows that more than 117,000 households, including 151,630 children, were in temporary accommodation at the end of March 2024 – the highest figures since records began in 1998. Councils' budgeted net spend on homelessness services has increased by £604 million (77.4 per cent) in real terms from 2019/20 to 2024/25. Again, there is no sign of these cost pressures abating with £336 million of this increase taking place from 2023/24 to 2024/25.

We are pleased the Government is providing an additional £233million of financial support in 2025-26 to councils to tackle homelessness, this will help to prevent increases in the number of families in temporary accommodation and help to prevent rough sleeping; however, councils are spending more than £1.74 billion to support the over 117,000 households in temporary accommodation in 2024.

We are disappointed the Government did not use the Autumn Budget to address the temporary accommodation subsidy gap, currently stuck at 2011 levels, as this is driving ever higher-spend on temporary accommodation and limiting the resources available for homelessness prevention.

The current reimbursement process for residents living in temporary accommodation is capped at 90 per cent of 2011 LHA rates and has cost councils over £737 million over the last five years, according to new analysis from the LGA. This outdated reimbursement

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system has failed to keep pace with rising rental prices and the increased demand for temporary accommodation, resulting in a shortfall in available funding for councils. Local authorities are coping with the gap in funding by drawing on their reserves, cutting back on prevention services, and facing escalating financial commitments.

LGA analysis of the Department for Work and Pension's data shows that there was a £737.3 million gap between the amount that councils spent on temporary accommodation housing benefit payments, and the amount of reimbursement they received from the Government over the last five years. The data shows that the size of the subsidy gap in 2022/23 was double what it was in 2018/19 (£104.5 million in 2018/19 compared with £204.5 million in 2022/23).

Data availability and 'hidden homelessness':

The true numbers of people experiencing homelessness are unknown due to inadequate data and 'hidden homelessness', people sleeping in cars, squats, on the floors or sofas of family and friends or in unsafe or unsuitable accommodation.

The Local Government Association and St Basils [led a sub-group of the Rough Sleeping Advisory Panel on Monday 7 August 2023](#). The sub-group assess the progress made against the commitments made in the cross-government ['Ending Rough Sleeping for Good'](#) strategy and highlight future and wider delivery challenges.

The data and evidence-based, particularly on rough sleeping, available for institutions and organisations trying to prevent homelessness is inadequate. This includes sharing data between sectors and services, such as the NHS, and data on different demographics, such as non-UK nationals, women and LGBTQ+. There is a need to obtain more useful and targeted data, such as the Women's Rough Sleeping Census, and all partners need to fully utilise this when developing rough sleeping prevention policy.

The Duty to Refer has had some success in increasing collaboration but this has been limited. It was raised, for example, that if there was better knowledge of the outcomes once a Duty to Refer was applied then this would save capacity in the system to avoid following up referrals. Greater capacity building in local authorities could help with providing partners with greater information on the outcomes of referrals. It was also acknowledged that greater collaboration could be sought following referrals to better join up services in a similar way to safeguarding referrals.

Similarly, it was raised that greater capacity and capability building for skills and operational support in hospitals, particularly for clinicians, would support the use of the Duty to Refer in a preventative way. It has often been seen as a last resort at the point of discharge, rather than in anticipation of move-on.

Making a new statutory 'Duty to Collaborate', to named public bodies to collaborate to prevent homelessness would place less of a burden on homelessness services alone and widen access to preventative support, while encouraging partnership working across multi-disciplinary teams. This could include a requirement to collect and publish data of those who are at risk of homelessness and the action taken to prevent.

We are also calling on Government to urgently reconsider their decision to keep LHA rates frozen until at least April 2026, or risk pushing more councils to the brink of bankruptcy and more households into homelessness.

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The Government should also implement a cross-government homelessness prevention strategy which address the drivers of homelessness, including a lack of genuinely affordable homes, to tackle the rising tide number of people presenting to councils as homeless.

Delivery of system leadership on homelessness by the Department

Short term funding does not allow for effective support. WCC current RSI allocation was set on 3 years for around £21 million which allowed for better planning and commissioning to support than when it was set yearly. However, this ends in March 2025 and it is not clear what will happen after this period which makes the planning and delivery of services, particularly in partnership, difficult and puts stress on our own general fund.

Councils across the country face the same issues with a lack of long term certainty. Councils' ability to mitigate the funding and demand pressures they face has been hampered by short term funding settlements and continued uncertainty over funding reforms. These act as obstacles to councils making innovative and meaningful decisions, limit their ability to focus on long term strategic and economic planning, and undermine their financial sustainability. The potential to deliver maximum value for money is held back by uncertainty and a limited ability to plan for the future. For instance, councils may end up planning on the assumption that they will have less funding available to them than is the case, needlessly scaling back non-statutory services and making redundancies.

Preventative services – those that intervene earlier in people's lives and reduce the need for later acute and reactive spend - are vital to preventing rough sleeping before it becomes a problem. They are also vital to addressing the drag on our economy from socioeconomic inequality and poor health. The LGA wants to work with the Government to improve outcomes and increase the efficiency of public spending by intervening at the earliest practical opportunity to minimise preventable disadvantage. We are asking the Government to enable greater local flexibility and to take a more long-term, broad-based approach to spending decisions to ensure that short-term savings do not impair more enduring social and economic outcomes. We need a long-term multi-year funding pot that has sufficient flexibility to allow councils to use in a way that optimises their ability to prevent homelessness and rough sleeping. Piecemeal pots and top-ups affect ability to set up consistent service delivery and work with partners.

Key proposals include that Government should:

- Strengthen Housing Revenue Accounts via a long-term rent settlement of at least 10 years and restoration of lost revenue due to rent cap/cuts, to give councils certainty on rental income and support long-term business planning.
- [Reform Right to Buy](#) to support 1:1 replacement of existing social housing to avoid continued net loss of stock. This should include: allowing councils to retain 100 per cent of sales receipts, something we are encouraged that the Government has committed to; permanent flexibility to combine receipts with other government grants; and the ability to set the size of discounts locally; and exempting new build homes.
- Realigning temporary accommodation housing benefit subsidy rates to 90 per cent of 2024 Local Housing Allowance rates, so that councils have more resource to invest in homelessness prevention.

Rough sleeping winter pressures funding (2024/25):

One rough sleeper is one too many for councils, and we are pleased that the Government has announced funding which will help councils' efforts to get people off the streets and into safe accommodation, particularly over the winter period.

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Government should ensure that the potential long-term benefit of spending on prevention is routinely considered in both Treasury and departmental spending decisions and work with councils to strengthen cost-benefit analysis with an enhanced understanding of social return on investment and better tracking of long-term outcomes.

The response of and support for local authorities

The LGA and Local Partnerships worked with Leeds and Cornwall Councils during 2022 to build a case for investment in homelessness prevention. The work included starting to develop a clearer understanding of what approaches have worked in homelessness prevention, how much they cost, what costs may have been avoided, and some of the benefits accrued by their implementation. [See the full report here.](#)

The report drew the following conclusions:

Intervention is effective, both in human terms, and for the public purse. All of the services we modelled gave positive cost to outcome benefit ratios. While these benefits accrue across a local system, including different public and third sector agencies, and so may not be cashable savings to the council, they do represent a significant opportunity for using limited resource differently and more efficiently and as demonstrated by case studies, provide an effective means by which vulnerable people are able to turn around their lives.

Relatively small amounts of council investment can lead to significant benefits for the public purse. Although not all of the benefit will accrue to the council, PWC estimated that in the system benefits of preventing someone from rough sleeping, approximately 50 per cent will accrue to the local authority.

Projects offering wrap around services as well as housing support, and with a person-centred approach, can be particularly effective. We know that the causes of homelessness are complex and a person-centred approach, offering help to individuals with their specific, articulated needs, is more likely to be successful than a one size fits all intervention.

The results point to the merits of joint commissioning. Different individuals need help from different agencies, so beginning to understand the benefits accruing to a system of support to prevent homelessness can strengthen partnerships, lead to a more nuanced commissioning process, and maximise the benefits achieved through the use of the combined resources.

The success of the housing options service in promoting prevention and limiting the use of temporary accommodation frees up further resource to be used in prevention. Compared to other core cities Leeds is much more effective at preventing homelessness once a person has presented at the front door. Other councils can learn much from this approach.

Covid response and 'Everyone in':

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Councils acted instantly when the pandemic struck to address the immediate crisis of getting thousands of rough sleepers off the streets to protect them from the spread of coronavirus. Our 2021 report sets out how the sector support programme is sharing learning and good practice from the Everyone In initiative to help eliminate rough sleeping for good.

The report, *Voice of the sector: supporting rough sleepers at a time of national crisis* highlights what can be achieved when all parts of the public, voluntary and community sectors work together towards a common goal, as well as highlighting some of the key challenges that councils continue to face. When the COVID-19 pandemic hit, councils were required to act urgently and rapidly to support rough sleepers off the streets and into safe and suitable accommodation to protect them from the spread of the virus under the Government's Everyone In scheme.

Following the success of Everyone In, which saw over 37,000 vulnerable people supported, the LGA has worked with the Ministry of Housing, Communities and Local Government facilitated to facilitate a peer support process as part of the sector support programme. This has enabled lead council officers to reflect on their work supporting rough sleepers and share learning to help inform the next stage of their response through a programme of Delivery and Impact Panels. Between December 2020 and February 2021, the LGA facilitated 28 Delivery and Impact Panels involving 222 councils.

The report outlines the major issues, themes and learning from these panel sessions, capturing the voice of the sector as it carried out a crucial role at a time of national crisis.

Amongst the key themes to emerge were the commitment and dedication of frontline staff, opportunities for innovation, reframing relationships with partners, strengthened approaches to data sharing and welcoming of national focus and funding from government.

Councils also highlighted areas for improvement, including a need for long-term funding, sustaining the current rough sleeping approach, improving access to social housing and securing clarity of guidance for rough sleepers with no recourse to public funds.

Housing First:

Housing First is an approach to ending homelessness through housing and support provision. It prioritises access to permanent housing with tailored, open-ended, wraparound support for the resident that emphasises choice and control.

The intensive support is free from conditions, apart from the willingness to sustain a tenancy. Individuals are not required to be housing-ready before moving into their home; rather, secure housing is a stable platform from which to address other issues.

It focuses on a specific group of people with histories of repeat homelessness, very complex needs, experience of multiple disadvantages and for whom other services have not been successful in ending their homelessness. Evidence shows that the model helps these people housed and helps them to make improvements in their health, wellbeing and social and economic integration.

A [National Housing Federation \(NHF\) report](#) explored how housing associations are using the Housing First model as a means to address homelessness. It also gives recommendations for housing associations to be key delivery partners and effectively implement the model.

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Key findings:

- Housing First was an attractive model for housing associations because it aligned with organizational objectives notably on addressing all forms of housing need and included fully funded support.
- The main challenges were in finding suitable properties, the risks around short-term support funding, and the strength of partnership working (both internal and external).
- The participants also mentioned issues in ensuring fidelity to the Housing First model, responsive neighbourhood management, recruitment, the time it took to establish practice and procedures, the time needed to engage with clients, and restrictions from nomination rights.
- The success of the model was in the number of sustained tenancies, demonstrating its effectiveness in addressing homelessness, and associated support issues. As a result, many of the housing associations' who took part in the research planned to expand their involvement.

Based on the research findings, the NHF have made some recommendations for the implementation and delivery of the Housing First model, which include:

- The Government and commissioners should ensure contracts for support are long-term and funded as such.
- Housing associations should be involved in setting services up so that they can adapt policies and processes. This also means local authorities and support providers would know the number and location of homes provided and determine how Housing First fits with allocations and nominations.

Housing associations, commissioners and support providers should have clear and consistent lines of communication with external partners and internal teams to deliver Housing First.

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