

Submission

# Public Accounts Committee Inquiry: COVID-19: Housing rough sleepers

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Shelter helps millions of people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

The logo for Shelter, featuring the word "Shelter" in white lowercase letters on a red rectangular background.

Shelter

## Summary

We welcome the opportunity to give evidence to this inquiry. Throughout the COVID-19 pandemic, we have been contacted by over 13,000 people seeking temporary accommodation and facing eviction.

The government has introduced welcome financial interventions to accommodate street homeless people and to prevent further street homelessness as a result of COVID-19 pandemic. Though not comprehensive, the swift action to accommodate people sleeping rough via the Everyone In initiative, the temporary uplift to the standard allowance of Universal Credit, and the restoration of Local Housing Allowance (LHA) to the 30<sup>th</sup> percentile were hugely welcome and vital steps in protecting those at the sharpest end of the housing emergency throughout the pandemic.

But to meet its manifesto commitment to end rough sleeping by 2024, the government must address the structural causes of homelessness. Currently, government has focused on initiatives and limited funding pots to tackle the ‘blight of rough sleeping’, which has resulted in costly, crisis-point interventions and created a two-tier system of:

- statutory homelessness assistance, based on rights, with an emphasis on prevention, and
- funding initiatives to alleviate rough sleeping, which do nothing to prevent more people flowing onto the streets, and are accessed according to funding criteria, rather than rights.

The pandemic has thrown into sharp relief the gaps between these two systems – which people on the streets have often fallen through. This is not sustainable for the long term and systemic issues with our housing system need to be addressed.

To protect all street homeless people from both the virus and freezing weather during and beyond this national lockdown, we are calling on the government to:

- 1. Direct councils to accommodate everyone at risk of the street, by providing not only adequate funding but robust guidance, clarifying the basis on which everyone at risk of the street should be accommodated.**

A sustainable long-term solution to ending homelessness would see the government:

- 2. Introduce a dedicated pot of funding for private renters who have fallen into “COVID” arrears.**
- 3. Suspend the benefit cap for at least one year, keep Local Housing Allowance (LHA) in line with at least the 30<sup>th</sup> percentile of market rents for future years, and suspend No Recourse to Public Funds conditions.**
- 4. Invest in a new generation of social housing, to provide families with stable, permanent and affordable homes.**

## Everyone In

We welcomed the government's decisive action to protect street homeless people via the 'Everyone In' approach, which directed councils to accommodate people sleeping rough and those at risk during the national lockdown.<sup>1</sup> The swift action from government and local authorities is estimated to have prevented at least 21,000 infections and 266 deaths.<sup>2</sup>

However, despite its overall success our services have been contacted by people at risk of the streets who have been turned away by councils without emergency accommodation. Some were advised to bed down in order to be 'verified' by StreetLink to access accommodation. Even in cases where Shelter challenged the decision, councils maintained they had no legal duty to accommodate. **This lack of clear guidance from government had the effect of "a lottery", with some people being accommodated and others refused, even within the same council area.**

### The move from 'Everyone In'

As lockdown restrictions eased over the summer, MHCLG effectively ended 'Everyone In' for new cases:

- In May, the Minister's letter restated the government's position on eligibility relating to immigration status, including for those with no recourse to public funds (NRPF), reminding councils that "the law regarding that status remains in place". This confirmed to councils that it was unlawful for them to accommodate those not eligible under homelessness legislation.
- In June, it published amended statutory guidance for housing authorities. This clarified that only those 'extremely clinically vulnerable'<sup>3</sup> to COVID-19 were to be regarded as 'priority need' for accommodation, with councils asked to "*consider*" whether those who are 'clinically vulnerable'<sup>4</sup> or have a history of rough sleeping are vulnerable enough to have priority need.<sup>5</sup>

Subsequently, people were increasingly turned away from councils, and many of those who had initially been accommodated were asked to leave because there was no legal duty to accommodate.

### The Protect Programme

In November, in response to the new national lockdown, the government launched the £15m Protect Programme in 10 areas with high numbers of people sleeping rough, asking these local authorities "to make sure every rough sleeper [is] offered somewhere safe to go, as new national restrictions start".<sup>6</sup>

On 8 January 2021, the government announced a further £10m to extend the Protect Programme to every local authority in England, asking them to "redouble their efforts to help accommodate all those currently sleeping rough".<sup>7</sup>

We welcomed these announcements because they referred to '*every rough sleeper*' and '*all those currently sleeping rough*'. But the fact is that councils' legal duties to accommodate remain unchanged from June.

**Recommendation: If the government intends to offer accommodation to all on the streets during the pandemic, it must clearly state this by publishing unequivocal guidance to councils on the legal duties and powers they should be using to accommodate.**

<sup>1</sup> Hall, L. "[Correspondence \(COVID-19\): Letter from Minister Hall to local authorities on plans to protect rough sleepers](#)", Ministry for Housing, Communities and Local Government, (March 2020).

<sup>2</sup> Lewer, D. et al. "[COVID-19: Emergency homeless accommodation saved hundreds of lives](#)", University College London, (September 2020).

<sup>3</sup> [Who's at higher risk from coronavirus](#), National Health Service (Accessed: January 2021).

<sup>4</sup> [Stay at Home guidance: National lockdown](#), Cabinet Office (January 2021).

<sup>5</sup> [Homelessness code of guidance for local authorities](#), MHCLG, (June 2020).

<sup>6</sup> '[Jenrick launches "Protect Programme": the next step in winter rough sleeping plan](#)', MHCLG, (Nov 2020).

<sup>7</sup> [Extra COVID protections for rough sleepers and renters. MHCLG](#), (January 2021).

## Funding transparency

MHCLG has made several funding announcements to help accommodate the street homeless in this pandemic (see appendix). It is not clear which money is 'new', which has been 'reallocated', which has been brought forward and which has been 're-announced'. It has also not clarified how money is allocated in most cases.

**Recommendation: The committee should clarify how much additional funding was provided by HM Treasury to MHCLG and how much was brought forward by MHCLG, as well as how this was allocated to, and spent by, local authorities.**

Rates paid for emergency accommodation should be compared to the average rates covered by Local Housing Allowance (LHA) for a self-contained studio or one-bedroom flat. This will help to establish value for public money, as well as helping many people with lower support needs directly into settled accommodation.

**Recommendation: The committee should ascertain the average rates (national, regional and local) paid for emergency accommodation and support, so that these can be compared to the potential cost of alternative, and more sustainable, interventions.**

Looking beyond Everyone In, we are concerned by the government's proposals to remove the 'Visible Lines' allocations from the core funding settlement for local authorities. These include current notional spending lines for un-ring-fenced homelessness funding.<sup>8</sup>

**Recommendation: The visible lines on homelessness spending in the local authority settlement should be retained. Government should improve the consistency of local authority revenue expenditure data, to enable data to be broken down more consistently by spending on local homelessness services, and whether these are statutory or non-statutory.**

This will allow a better assessment of the effectiveness of homelessness funding announcements, help future inquiries assess how much non-ring-fenced funding allocated by MHCLG to local authorities to tackle homelessness is spent on homelessness services, and what type of services they deliver and their outcomes. For example, how effective it is in rehousing homeless people into settled accommodation, with adequate support, to prevent repeat homelessness.

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<sup>8</sup> [Core spending power: Final visible lines of funding 2020 to 2021](#), MHCLG, (February 2020).

## Beyond 'Everyone In': Sustainable solutions to the housing emergency

A key determinant of the effectiveness and value for money of the government's Everyone In scheme is whether people were helped from it into long-term accommodation. A poor outcome would be if street homeless people were only helped for the duration of the pandemic. HMG has published scant information about where the 23,000 people moved on from emergency accommodation are now, including how many have returned to the streets. MHCLG has only reported that they have moved into 'settled accommodation'<sup>9</sup> or 'supported housing'<sup>10</sup>, but it is unclear how settled the accommodation actually is.

For example, in a letter sent to councils in May 2020, then Homelessness Minister, Luke Hall, suggested that: 'in terms of move-on accommodation all options need to be considered, we ask that: you seek to encourage people, where appropriate and possible, to return to friends and family'.<sup>11</sup> It is likely that at least some of those who were encouraged to move back in with family and friends over the summer have been forced to leave again, as the more contagious variant of the virus started to spread in autumn 2020 and we entered further regional and national lockdowns.

Furthermore, a significant number of those accommodated under 'Everyone In' should have received help to secure accommodation anyway, via council duties to 'take reasonable steps to help applicants to secure suitable accommodation' under the Homelessness Reduction Act 2017 (HRA17).<sup>12</sup> These duties apply to all street homeless people who are eligible for homelessness assistance, although they stop short of legally requiring councils to offer accommodation in every case.

As councils are duty-bound by HRA17 to assess and record all those eligible, they may also have been recorded in the statutory homelessness statistics, published quarterly by MHCLG.<sup>13</sup> So far, we have only one quarter's statistics (April – June 2020) since the pandemic took hold. In these, MHCLG confirm that the 13.9% increase in people who were owed the homelessness relief duty is driven by single households, increasing by 6,680, and will likely reflect the response to 'Everyone In'.

Ultimately, to end homelessness for good issues with affordable housing supply and the affordability of the private rented sector must be addressed.

'Everyone In' was needed because the HRA17 was largely failing to help people into accommodation.<sup>14</sup> It was a policy response to make up for a failure of existing policy. For sustainable solutions the government should look to the following:

### **Local housing allowance (LHA) and avoiding eviction**

In March, the government's decision to realign Local Housing Allowance (LHA) with the 30<sup>th</sup> percentile (cheapest 30%) of local market rents was a significant step in assisting homeless people in emergency and temporary accommodation to access a suitable private rental – as well as preventing homelessness.

The rates had previously fallen so far behind rents that by 2019 the average shortfall for claimants with no or low-income was over £100 a month.<sup>15</sup>

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<sup>9</sup> Settled accommodation is defined by MHCLG as a tenancy of at least 6 months either in the private sector or a tenancy with a housing association or the council.

<sup>10</sup> Supported housing is defined by MHCLG as any housing scheme where housing, support and sometimes care services are provided in one package depending on the individual needs of the person. Some of these housing schemes are long-term and are designed for people who will need ongoing support to be able to live independently. Others are short-term, designed to help people develop the emotional and practical skills needed to move into more mainstream housing.

<sup>11</sup> Hall, L, [Correspondence \(COVID-19\): Letter from Minister Hall to local authorities on next phase of accommodating rough sleepers](#), MHCLG, (May 2020).

<sup>12</sup> [Homelessness Reduction Act](#) (2017), c. 17, Section 5.

<sup>13</sup> [Official Statistics: Statutory homelessness in England: April to June 2020](#), MHCLG (October 2020).

<sup>14</sup> Rich, H. and Garvie, D., [Caught in the Act: A review of the new homelessness legislation](#), Shelter, (April 2020).

<sup>15</sup> Pennington, J., Kleynhans, S., [Briefing: Local Housing Allowance Impact Assessment](#), Shelter, (February 2020).

While the restoration of the LHA rates was welcome, it is important to note that this intervention only makes the cheapest 30% of homes affordable in each rental market. Even before the pandemic, 31% of private renters in England relied on LHA.<sup>16</sup> This has risen sharply since the start of the first lockdown, and in August 2020, an estimated 42% of private tenants now rely on LHA.<sup>17</sup> In a quarter of England, data suggests that more than half of private renters now claim LHA.<sup>18</sup>

A system where more than four in ten households need support in paying the rent, but where support covers the rent of just three in ten homes in each area is clearly not going to help homelessness. It makes it difficult for people to move on from emergency accommodation unless they can find a landlord willing to rent them a home above the LHA rates on the basis they make up the shortfall from other limited income. But this is unlikely because there's a risk they could accrue arrears – and face repeat homelessness.

It is therefore also essential that government takes further steps to prevent eviction of people who can afford their rent but have fallen into arrears due to COVID-19. **Recommendation: In addition to changes to strengthening the welfare safety net, we are also calling for the government to introduce a dedicated pot of funding to support tenants that have accrued rent arrears during the pandemic.**

### ***Household benefit cap***

The welcome restoration of LHA rates is undermined by the benefit cap, which caps the amount out-of-work claimants can receive.<sup>19</sup> Households affected by the cap are losing an average of £247 a month, which is deducted from housing benefit or from Universal Credit. This is having a devastating impact on low-income households across the country - particularly in areas where housing costs are high.<sup>20</sup> For reference, £247 a month is the equivalent to the average amount spent by a UK household on food.

The number of benefit capped households has more than doubled since the start of the first lockdown, from 79,000 in February to 170,000 in August.<sup>21</sup> The government insisted that the grace period, a 9-month exemption from the benefit cap, would protect new claimants from being instantly hit by the cap. But the pandemic and resultant economic crisis has made it much harder to meet the exemptions needed to escape the benefit cap after the grace period ends. Further national lockdowns, a lack of job opportunities and high unemployment rates makes it unfeasible to expect every claimant to swiftly find permanent work to escape the cap. Many who lost their jobs as a result of the pandemic will soon be unfairly penalised by the benefit cap if they have failed to find a new job within the 9-month grace period. Analysis of DWP data by the Child Poverty Action Group suggests that a further 76,000 households may be capped by March 2021 as the grace period ends for households who lost work at the start of the pandemic.

### ***No recourse to public funds (NRPF)***

Suspending the NRPF condition would enable everyone who needs it access to the welfare safety net during the pandemic. Those in emergency accommodation who have NRPF struggle to access move-on accommodation because they cannot claim any housing benefit to pay the rent. Therefore, no landlord requiring rent is likely to let to them. Some people are street homeless in the first place because they have NRPF. Available data suggests that 1 in 10 people helped through 'Everyone In' had no recourse to public funds. In May 2020, the Homelessness Minister wrote to all local authorities in England asking them to set out their 'next steps' plan of support for all rough sleepers accommodated in hotels and other

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<sup>16</sup> This includes the housing element of Universal Credit

<sup>17</sup> Pennington J., Trew C., Kleynhans S. "[New Universal Credit statistics show impact on private renters](#)", Shelter, (November 2020).

<sup>18</sup> Ibid.

<sup>19</sup> The benefit cap is currently set at £23,000 per year in London and £20,000 outside of London, if a claimant is working less than 16 hours a week, or, if on Universal Credit, earning less than £640 a week.

<sup>20</sup> [Official Statistics: Benefit cap: number of households capped to August 2020](#), Department for Work and Pensions, (November 2020).

<sup>21</sup> Ibid.

forms of emergency accommodation during the response to the pandemic. Shelter requested these plans from every local authority and received responses from 272. There are 314 local an 87% response rate). These 272 local authorities were accommodating a total of 11,681 people in June. Out of the 272 authorities, 90 confirmed they were accommodating at least one person who had NRPF. Together these authorities were accommodating 1,150 people who had NRPF. This figure was made up of: 793 EEA nationals with no access to public funds and 357 other non-UK nationals with no recourse to public funds by condition of their immigration status. This means that people who are EEA nationals with no access to public funds, or people with NRPF made up 10% of those accommodated by all local authorities in June. **Recommendation: Suspend the benefit cap for at least one year, keep Local Housing Allowance (LHA) in line with at least the 30<sup>th</sup> percentile of market rents for future years, ensure rent arrears do not lead to eviction and suspend No Recourse to Public Funds conditions.**

## ***Social Housing***

Homelessness, in all its forms, including rough sleeping, is a symptom of England's national housing emergency. At the core of this emergency is a simple reality: for 40-years we have failed to build the homes we need. In particular, we have failed to build the social rented homes that are at the heart of any long-term solution to ending homelessness.

Last year, MHCLG announced that they would provide 3,300 new homes for rough sleepers and those at risk of sleeping rough, in order to rehouse them in secure, long-term accommodation by March 2021.<sup>22</sup> Shelter welcomed the government's recognition that tackling any form of homelessness is not possible without homes, but in order to truly address the scale of the housing emergency and end rough sleeping for good, small funding commitments like this will not be enough. Only commitment to widescale, long-term social house investment will provide stable and affordable homes on the scale that we need them.

Social rent – unlike other affordable tenures – is affordable by design. Social rents are calculated using a formula that takes into account local incomes, not just market prices. In addition, social housing provides individuals and families with the security and stability they need to build a foundation and prosper. However, despite these obvious benefits, successive governments over the last 40-years have failed to adequately prioritise this tenure and the past decade in particular has been marked by its failures in this area.

Since 2010, the numbers of social rented homes being delivered each year has fallen dramatically with 2019/20 seeing just 6,566 new social homes completed.<sup>23</sup> This is despite having housing waiting lists in England that total more than one million.<sup>24</sup>

For any government looking to implement a sustainable solution to ending homelessness the need to ensure an adequate supply of long-term housing is an inevitability. However, the options for achieving this are limited and the government must decide whether it will rely on private sector provision secured via the use of public funding in the form of Local Housing Allowance and other benefits or whether it will invest in the provision of affordable, high quality, social housing via local authorities and housing associations.

To realise the opportunity that a social housing programme can provide government will need to take action now. This must include:

- 1. A two-year £12.2 billion New Homes Rescue Fund that replaces the existing plans for the new Affordable Homes Programme.**

<sup>22</sup> [Funding allocated for 3,300 new homes for rough sleepers](#), MHCLG, (October 2020).

<sup>23</sup> [MHCLG Live Table 1006C](#), MHCLG, (December 2020).

<sup>24</sup> [MHCLG Local Authority Housing Statistics](#), Section C, MHCLG, (December 2020).



England has a tradition of looking to investment in social housing as a tool for providing emergency housebuilding support. The Conservative government of John Major did this in 1992 and the Labour government of Gordon Brown followed the example in 2007. On both occasions, this investment led to an increase in the delivery of social rent housing.

- 2. A new ten-year Level-Up Housing Programme that invests £12.8 billion per year from 2023/24, with an aim to deliver at least 90,000 new social homes per year, to be announced at the next full spending review.**

The New Homes Rescue Fund should be followed with a long-term grant programme of sustained, substantial, investment. This programme will deliver an average of at least 90,000 social rented homes per year, to fundamentally reset the country's level of social housebuilding and end the housing emergency for good.

# Appendices

## Appendix 1: The difference between rough sleeping and street homelessness

It is important to establish the difference between rough sleeping and street homelessness as this becomes important in relation to who has been offered help. This submission uses the following definitions.

### Rough sleeping

MHCLG define people sleeping rough as<sup>25</sup>:

- People sleeping, about to bed down (sitting on/in or standing next to their bedding) or actually bedded down (lying down or sleeping) in the open air, such as on the streets, in tents, doorways, parks, bus shelters or encampments.
- People in buildings or other places not designed for habitation, such as stairwells, barns, sheds, car parks, cars, derelict boats, stations, or 'bashes' which are makeshift shelters, often comprised of cardboard boxes.
- The definition does not include people in hostels or shelters, people in campsites or other sites used for recreational purposes or organised protest, squatters or travellers.

### Street homelessness

However, not everyone of no fixed abode actually beds down. We know that women<sup>26</sup>, people of colour and young people are often too afraid to because they feel vulnerable to assault or criminal activity. Instead, they will sit on night buses, in stations, hospital A&E departments or anywhere they feel safe – or simply walk the streets at night. Others may spend nights sofa surfing or in a night-shelter, but have nowhere to go in the day. So, we prefer to use the term 'street homeless' when referring to people on the streets. This includes those who are routinely on the streets because they have no fixed abode, even though they may not bed down in the open air.

## Appendix 2: Funding announced by MHCLG in response to COVID-19 (between March 2020 and January 2021).

17 March 2020	<b>Secretary of State swiftly <a href="#">announces dedicated £3.2m fund</a> to reimburse local authorities for emergency accommodation and support provided to street homeless people.</b>	This was ahead of the first national lockdown on <a href="#">23 March</a> , so very swift.
19 March 2020	MHCLG <a href="#">announces £1.6bn funding</a> for local authorities to help them respond to coronavirus pressures, including ' <i>for services helping the most vulnerable, including homeless people</i> '.	Given to county councils, when districts have the homelessness duty. <b>No ringfencing</b> for homelessness. Most was likely to have been used by counties to procure PPE and other social

<sup>25</sup> [Rough sleeping snapshot in England: Autumn 2019](#) (para 1.4: Definitions), MHCLG, (February 2020).

<sup>26</sup> [Impact Report: Women and Homelessness](#), Brighton Housing Trust, (2017).

		care costs.
18 April 2020	Secretary of State <a href="#">announces</a> a further <b>£1.6bn funding</b> for local authorities to respond to the pandemic, including ‘ <i>getting rough sleepers off the street</i> ’.	Again, awarded to county councils.  Appears to be <b>no ring-fencing</b> for homelessness.  Again, a great deal was likely to be spent by counties on social care.
2 May 2020	Secretary of State and Chancellor <a href="#">announce</a> <b>£76m extra funding</b> to ensure survivors of domestic abuse, sexual violence, vulnerable children and their families and victims of modern slavery ‘ <i>get the support they need during the pandemic</i> ’. This includes ‘ <i>£10 million for safe accommodation services</i> ’ (e.g. refuges).	Some of this money may have been used to provide accommodation to women fleeing domestic abuse or modern slavery, who would otherwise have been street homeless.
24 May 2020	Secretary of State <a href="#">announces</a> an ‘accelerating’ and ‘extending’ of the existing <b>Move-On Fund</b> .  <b>£160m will be spent this year (2020/21)</b> to back a commitment that <b>3,300</b> homes will be ‘made available’ for former rough sleepers <b>in the next 12 months</b> .	The Move-On Fund was originally allocated £381m in the <a href="#">Budget</a> but was extended to £433m over 4 years. It was originally intended to build 6k homes.  Previous <a href="#">move-on funding</a> has been allocated for: <ul style="list-style-type: none"> <li>• new-build,</li> <li>• acquisition/repair of existing homes or</li> <li>• long lease from PRS</li> </ul> to be let on Affordable Rent or Social Rent tenancies (so could be permanent or fixed-term).
24 June 2020	Secretary of State and HM Treasury <a href="#">announce</a> <b>additional £85m</b> (£105m in total) to keep off the streets the 15k people they claim have been ‘offered’ accommodation under Everyone In.	£20m of the £105m announced described as a ‘refocusing’ of existing homelessness and rough sleeping budgets.  So £85m appears to be new funding.
18 July 2020	Secretary of State <a href="#">launches</a> the £266m <b>Next Steps Accommodation Programme</b> to help councils and their local partners to “ <i>cover property costs and support new tenancies for around 15,000 vulnerable people who were provided with emergency accommodation during the pandemic</i> ”.	<b>This was not additional funding.</b>  The £266m is made up of: <ul style="list-style-type: none"> <li>• £161m Move-on Funding for 2020/21 announced on 24 May</li> <li>• £105m announced on 24 June.</li> <li>• MHCLG later <a href="#">confirmed</a> (17 September) that, of the £105m, £91.5m had been allocated to 274 councils and that the remaining £13.5 million would be used “<i>to tackle new and emerging challenges</i>”.</li> </ul>
5 November	Secretary of State <a href="#">launches</a> £15m Protect Programme to “ <i>make sure every rough</i> ”	Funding awarded to London and nine other local authority areas:

2020	<i>sleeper offered somewhere safe to go, as new national restrictions start</i> ”.	<ul style="list-style-type: none"> <li>• City of Bristol</li> <li>• Brighton and Hove</li> <li>• Cornwall</li> <li>• Bournemouth, Christchurch and Poole</li> <li>• Manchester</li> <li>• Salford</li> <li>• Oxford</li> <li>• Leicester</li> <li>• Birmingham</li> </ul>
8 January 2021	Secretary of State <a href="#">launches</a> “an additional £10 million in funding to house rough sleepers across all councils in England”.	Available to all local authorities in England