



BRIEFING PAPER

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Households in temporary accommodation (England)

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Inside:

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Summary

Local housing authorities in England have a duty to secure accommodation for unintentionally homeless households in priority need under Part 7 of the *Housing Act 1996* (as amended). Households might be placed in temporary accommodation pending the completion of inquiries into an application, or they might spend time waiting in temporary accommodation after an application is accepted until suitable secure accommodation becomes available.

Authorities use a range of types of temporary accommodation, the most controversial of which is bed and breakfast (B&B) accommodation. The number of homeless households placed in B&B accommodation by English local authorities reached 13,550 in September 1991. This figure fell during the early to mid-1990s to less than 5,000 by the end of 1993. The numbers started rising again after 1996, prompting the Labour Government to announce specific initiatives to tackle this issue. On 13 March 2002, the Government made a commitment to ensure that, by March 2004, no family with children would have to live in a B&B except in an emergency and for no more than six weeks.

Official statistics published in December 2011 marked the end of the long-term downward trend in the number of households in temporary accommodation; seasonally-adjusted figures had fallen in each successive quarter since peaking in 2004. The most recent quarterly statistics recorded 86,130 households in temporary accommodation at the end of June 2019. This represents a 79% increase since December 2010, where the use of temporary accommodation hit its lowest point since 2004.

The quarterly statistics for June 2019 mark the thirty-first time that the number of households in temporary accommodation is higher than in the same quarter of the previous year. The 86,130 households include 127,370 children. Of these households, 56,950 (66% of the total) were placed in temporary accommodation by London local authorities. The number of families with dependent children placed in B&B-style accommodation increased from 630 at the end of March 2010 to 1,990 at the end of June 2019, although this figure is 42% lower than its recent peak in September 2016.

Various initiatives have been pursued to try to limit the use of unsuitable B&B-type temporary accommodation. For example, local authorities have focused on securing private rented housing through lease agreements with private landlords. Authorities, particularly in areas of high housing demand, argue that their ability to do this has been affected by Housing Benefit reforms which mean that landlords can secure higher returns from letting their properties on the open market to non-Housing Benefit claimants, although not all homeless applicants are in receipt of Housing Benefit. One response has been for authorities to seek temporary accommodation outside their own areas. There was a 316% increase in the number of households placed in temporary accommodation outside of their local authority between the end of June 2010 and June 2019. Local authority expenditure on homelessness services, including temporary accommodation, has “steadily increased since 2010”.

On 17 December 2015 the Communities and Local Government Select Committee launched [an inquiry into the causes of homelessness](#), as well as the approach taken by national and local government to prevent and tackle homelessness. Some respondents submitted evidence calling for more flexibility in providing temporary accommodation outside of their local areas. The Committee’s [report](#) was published on 18 August 2016. The Committee called on the Government to initiate a “renewed, cross-Departmental Government strategy”.

February 2016 saw the publication of [research commissioned by London Councils](#) which identified specific issues for London authorities in securing temporary accommodation:

A perfect storm of market conditions and policy changes means that providing temporary accommodation for homeless individuals and families is increasingly challenging for London boroughs.

London Councils' [submission to the Autumn Statement 2016](#) said that placing 50,000+ households in temporary accommodation was placing financial pressure on London boroughs:

...who we estimate are spending an additional £170 million per annum on TA from their general funds.

The National Audit Office (NAO) published a report on [Homelessness](#) in September 2017 in which it observed that of the £1.1bn spent by English local authorities in 2015-16, £845 million was spent on temporary accommodation:

Three-quarters of this spending – £638 million – was funded by housing benefit, of which £585 million was recovered from the Department for Work & Pensions. Spending on temporary accommodation has increased by 39% in real terms since 2010-11. There is also a wider cost stemming from the impact of homelessness on public services such as healthcare. The Department does not have a robust estimate of this wider cost.

The NAO recommended:

The Department should work with local authorities to ensure that they are making the most effective use of temporary accommodation. This work should include enabling local authorities to increase their use of the innovative short-term solutions that they are taking.

The Public Accounts Committee's December 2017 report, [Homeless Households](#), observed that temporary accommodation is "often of a poor standard and does not offer value for money". The Committee recommended:

The Department should take steps to eliminate the use of non-decent temporary accommodation and to enable local authorities to replace this supply with local alternatives that offer better value for money.

The [Government's response](#) to the PAC report (March 2018) agreed with this recommendation.

An analysis of expenditure by local authorities conducted by Crisis and BBC's Panorama and reported in *Inside Housing* on 3 February 2020, found that "English councils paid £939m in temporary accommodation costs to private accommodation providers in 2018/19, up 48% from the £490m spent in 2013/14." [Research by Shelter](#), published in February 2020, suggests that a lucrative private market has developed in which brokers are exploiting the difficulties authorities' face in sourcing temporary accommodation.

Other relevant Library Papers

Time-series data on the number of households in different types of temporary accommodation can be downloaded from the [landing page for this briefing](#) or by using [this link to the Excel file](#). For information on wider Government initiatives to tackle homelessness, see Library Briefing Paper 01164, [Statutory Homelessness in England](#). For local authority level statistics, see the Library's [Local authority homelessness statistics](#) tool. There are now significant variations in approaches to homelessness in Scotland and Wales – these variations are outlined in Library Briefing Paper 07201 [Comparison of homelessness duties in England, Wales, Scotland and Northern Ireland](#).

1. Local authorities' duties and the use of temporary accommodation

The *Housing (Homeless Persons) Act 1977* placed a duty on local housing authorities to secure permanent accommodation for unintentionally homeless people in priority need. Authorities' duties towards homeless people are now contained in Part 7 of the *Housing Act 1996* (as amended).

Authorities do not have a duty to secure accommodation for all homeless people. If an applicant has become homeless unintentionally the authority must assess whether they, or a member of their household, falls into a priority need category. These categories are set out in section 189 of the 1996 Act and include:

- a. People with dependent children who are residing with, or might reasonably be expected to reside with them, for example, because the family is separated solely because of the need for accommodation;
- b. People who are homeless or threatened with homelessness as a result of any emergency such as flood, fire or any other disaster;
- c. Where any person who resides or who might reasonably be expected to reside with them, is vulnerable because of old age, mental illness, handicap or physical disability or other special reason;
- d. Pregnant women, or a person who resides or might reasonably be expected to reside with a pregnant woman;
- e. All 16 and 17-year-olds;
- f. 18 to 20 year-old-care leavers;
- g. Vulnerable care leavers;
- h. Vulnerable former members of the armed forces;
- i. Vulnerable former prisoners; and
- j. People who are vulnerable because they are fleeing violence.

When a household makes an application to a local authority for assistance with homelessness, the authority is under a duty to carry out inquiries in order to satisfy itself as to what level of duty is owed to a homeless applicant. If an authority has reason to believe that a homeless applicant has nowhere to stay and is in priority need, there is an immediate duty to make suitable temporary accommodation available pending further inquiries.

After the completion of inquiries local authorities must inform applicants of their decision. The type of help that an authority might be under a duty to offer to a homeless household under the 1996 Act ranges from a main duty to secure suitable accommodation (which may be a private rented tenancy), to providing advice and assistance. Authorities have an absolute duty to secure accommodation only for

households who are deemed to be unintentionally homeless and in priority need.

Where an absolute duty to secure accommodation exists, a household may have to spend time in temporary accommodation before a final offer of accommodation is made.¹ The length of time spent in temporary accommodation will largely depend on the availability of suitable accommodation in the authority's area.

The *Localism Act 2011*² has, since 9 November 2012, enabled local authorities to discharge their duty towards homeless households in priority need by using privately rented housing, irrespective of whether the household agrees with this.³

The *Homelessness Reduction Act 2017*, which came into force in England on 3 April 2018, placed additional duties on local authorities to work to prevent and relieve homelessness for all eligible homeless applicants. The new duties stop short of placing a duty on local authorities to provide accommodation for all eligible applicants, but the duty to secure interim/permanent accommodation for those in priority need continues. There is an expectation that placing increased focus on preventing/relieving homelessness at an earlier stage will ultimately reduce the numbers placed in temporary accommodation. In March 2019, the Local Government Association (LGA) reported on a survey of authorities which sought information about their experience of implementing the 2017 Act. 151 authorities responded – the LGA reported that:

- 8 in 10 councils have seen an increase in homelessness presentations since the introduction of the Act.
- 6 in 10 councils said it had increased the number of people being housed in temporary and emergency accommodation. The same number of councils say the length of time people spend in temporary and emergency accommodation has increased.⁴

Thus, the people represented in the Ministry of Housing, Communities and Local Government's statistics on temporary accommodation usage are either awaiting the outcome of a homeless application under section 188 of the 1996 Act (an interim duty to accommodate) or are waiting for an offer of suitable accommodation. Up-to-date statistics can be found in section 2 of this briefing and downloaded from the [briefing paper landing page](#).

¹ Measures in the *Localism Act 2011* have given local authorities the option of offering "flexible" tenancies to households applying for social housing. These tenancies, where implemented, are fixed term tenancies for a minimum of two years.

² *Localism Act 2011 (Commencement No.2 and Transitional Provisions) (England) Order 2012*, (S.I. 2012/2599)

³ For more information see Library Briefing Paper CBP01164, Statutory Homelessness in England

⁴ LGA, [Councils warn of rise in temporary accommodation use since Homelessness Reduction Act](#), 23 March 2019

The cost of temporary accommodation

The National Audit Office (NAO) published a report on [Homelessness](#) in September 2017 in which the cost of temporary accommodation was highlighted:

In 2015-16, local authorities spent £1,148 million on homelessness services. The single largest component of this spending was on temporary accommodation, which increased by 39% in real terms between 2010-11 and 2015-16, from £606 million to £845 million. Three-quarters of the spending in 2015-16 – £638 million – was funded by housing benefit, of which £585 million was recovered from the Department for Work & Pensions. Over the same period spending on other components of homelessness services – mainly prevention, support, and administration – fell by 9% in real terms from £334 million to £303 million. The overall increase in spending on homelessness services has an impact on spending on other elements of housing services.⁵

The NAO found a significant increase in spending on nightly paid accommodation:

Spending on nightly paid accommodation increased fourfold between 2010-11 and 2015-16. Nightly paid accommodation is different from bed and breakfast accommodation because the household has sole use of kitchen and bathroom facilities. A quarter of families in temporary accommodation were in nightly paid accommodation at the end of 2016-17. As the use of this type of temporary accommodation has increased, there has been a fall in the use of accommodation held on a lease from the private sector.⁶

An analysis of expenditure on temporary accommodation by local authorities was conducted by Shelter and the Guardian and featured in an article of 1 January 2019. The analysis found that councils across England spent £997 million on temporary accommodation in 2017-18, representing a 71% increase on £548 million in 2012-13.⁷ The London Assembly's Housing Committee published [Living in Limbo: London's Temporary Accommodation Crisis](#) in May 2019. Using data on local authority spending gathered by *Inside Housing* under Freedom of Information legislation, the report identified those London boroughs with the most significant increases in spending on temporary accommodation between 2013 and 2018:

Newham spends the most on temporary accommodation, £61.1 million in 2017-18, but the largest increase in spending was in Hackney where spending more than doubled from £25.6 million in 2013-14 to £54.8 million in 2017-18. Westminster came third, spending £48 million on temporary accommodation in 2017-18.⁸

Analysis by the Local Government Association on expenditure over 2018/19, published on 29 January 2020, shows that:

⁵ [HC 308 Session 2017-19](#), September 2017, para 1.27

⁶ *Ibid.*, para 2.6

⁷ *Guardian*, "[Councils 'ripped off' by private landlords experts warn](#)", 1 January 2019

⁸ London Assembly Housing Committee, [Living in Limbo: London's Temporary Accommodation Crisis](#), May 2019, pp15-16

69.3 per cent (226) of councils responsible for housing in England (326) overspent their homelessness budgets. Councils planned to spend a total of £502.7 million in 2018/19. Yet they ended up overspending by a combined total of £140 million – almost a third more than they had budgeted for.⁹

A key pressure on funding is identified as the increased use of temporary accommodation.

Further analysis of expenditure by local authorities conducted by Crisis and BBC's Panorama and reported in *Inside Housing* on 3 February 2020, found that "English councils paid £939m in temporary accommodation costs to private accommodation providers in 2018/19, up 48% from the £490m spent in 2013/14."¹⁰

Shelter's June 2004 report, *Living in Limbo*, which was based on a survey of more than 400 homeless households living in temporary accommodation in England at that time, found that it had a "devastating impact on the health, education and job opportunities of the homeless." What is described as the "further unquantified cost of homelessness to wider public services" was considered by the NAO:

This includes the additional burden on public services of homeless people who experience poorer health outcomes, or require more public sector intervention than the average person. It includes admissions to hospital and outpatient services, policing, and costs to the justice system. Because the Department does not have a robust estimate of these costs, and therefore does not currently know the full cost of homelessness, it is unable to fully quantify the benefit of a reduction in homelessness.¹¹

The Children's Commissioner for England published [Bleak Houses – Tackling the crisis of family homelessness in England](#) in August 2019. In the foreword to the report the Children's Commissioner describes much of the temporary accommodation in which children are placed as "simply inappropriate places for a child to be growing up."¹²

The Local Government Association responded to the December 2019 homelessness statistical release with the following comments:

Homelessness is a tragedy for every individual who experiences it and one of the most pressing issues facing councils and the Government.

To reverse rising levels of homelessness, which represents huge human consequences and financial costs, the Government needs to invest in homelessness prevention.

Councils want to work with government to be able to prevent homelessness before it happens, but as a result of unprecedented funding pressures, they are becoming increasingly limited in what they can do.

⁹ LGA, "[Over two-thirds of council homelessness services pushed into the red](#)", 29 January 2020

¹⁰ *Inside Housing*, "Almost 90% of £1.1bn spent on temporary accommodation went to private companies" 3 February 2020

¹¹ [HC 308 Session 2017-19](#), September 2017, para 1.29

¹² The Children's Commissioner for England, [Bleak Houses – Tackling the crisis of family homelessness in England](#), August 2019

9 Households in temporary accommodation (England)

We desperately need to be able to build more social housing to reduce the number of families being placed in temporary accommodation and bed and breakfasts.

With adequate funding and powers, councils can boost efforts to prevent homelessness and get back to building the affordable homes the country needs.¹³

¹³ LGA, "[Over two-thirds of council homelessness services pushed into the red](#)", 29 January 2020

2. The numbers in temporary accommodation

MHCLG publishes quarterly statistics on the number of households in temporary accommodation. In April 2018, a new statistical system was introduced for local authorities to report temporary accommodation data back to MHCLG. Data quality issues arising from the change mean that temporary accommodation data has been imputed for many local authorities based on past trends. 14 local authorities have had all of their data imputed, while a further 3 provided totals but have had breakdowns estimated. MHCLG says that **caution should be used when comparing the latest data with previous quarters.**¹⁴

The chart below shows the number of households in temporary accommodation from 1998 onwards. Use of temporary accommodation peaked in 2004, then fell year-on-year until 2011. Since then it has increased each year.



Source: MHCLG, [Temporary accommodation live table TA1](#), 18 December 2019

The table below shows the number of households in temporary accommodation at the end of June 2019. There were **86,130 households in temporary accommodation**, of which 66% were London households. The households included **127,370 children**.

HOUSEHOLDS IN TEMPORARY ACCOMMODATION
England, at end of June 2019

	Total	% change on year before ^a
England	86,130	+4.5%
London	56,950	+1.1%
<i>% of England total</i>	66%	
Rest of England (without London)	29,180	+12.0%
<i>% of England total</i>	34%	

^a This figure may also be affected by changes in the statistical reporting system.

Source: MHCLG, [Temporary accommodation live table TA1](#), 18 December 2019

¹⁴ MHCLG, [Statutory homelessness: technical note](#), 17 December 2019, p.4

11 Households in temporary accommodation (England)

Local authorities use a variety of types of accommodation as temporary housing for homeless households, including:

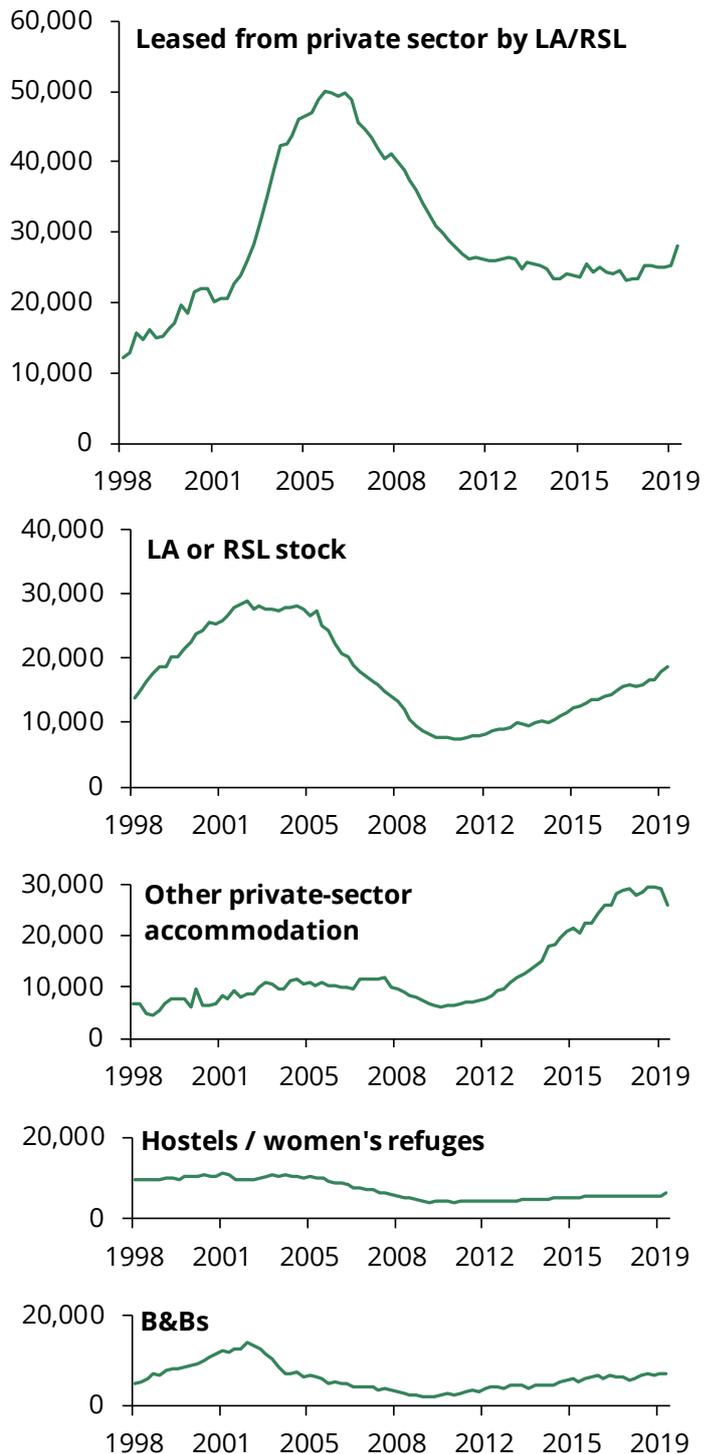
- private sector rented housing;
- social housing let on short-term tenancies;
- hostel/refuge accommodation (sometimes with shared cooking/washing facilities);
- bed and breakfast accommodation; and
- others, such as supported lodgings and mobile homes.

During the early 1990s the use of bed and breakfast (B&B) establishments as accommodation for homeless households fell from a peak of 13,550 in September 1991 to under 5,000 at the end of 1993. The mid-1990s saw authorities manage to restrict their use of B&Bs to around this level. The late 1990s and early 2000s again saw a sharp rise in the number of households in all types of temporary accommodation, including B&Bs.

The charts on the right break down the type of accommodation used by local authorities. Housing leased from the private sector by a local authority (LA) or registered social landlord (RSL) has been the most common single type used since 2003, although it has declined over the last 13 years. Use of other private sector accommodation, including private landlords, is increasing. Hostels, women's refuges and B&Bs have typically made up a smaller proportion of accommodation, although use of both has increased in recent years following a decline in the mid-2000s.

The Labour Governments of 2001 to 2010 focused on reducing the number of homeless households placed in B&B accommodation, particularly those with children. It is acknowledged that the use of B&B accommodation is primarily, but not solely, a London problem and that it is expensive, inadequate and has unacceptable long-term effects on homeless people.

HOUSEHOLDS IN TA BY ACCOMMODATION TYPE England: quarterly to end of June 2019



Source: MHCLG, [Temporary accommodation live tables](#), 18 December 2019

Data is available for download from [the landing page for this briefing paper](#).

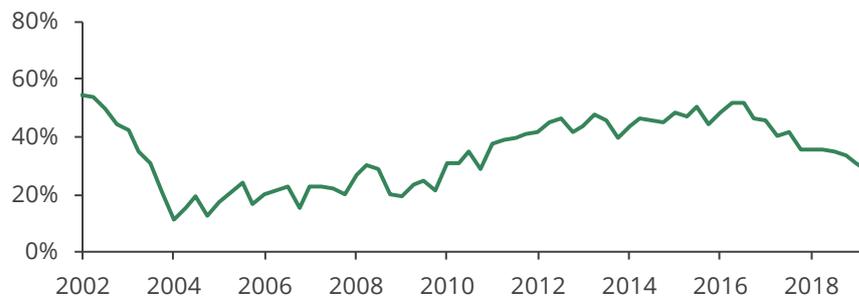
In March 2002 the then Secretary of State for Transport, Local Government and the Regions, Stephen Byers, described the figure of 12,290 households (at the end of September 2001) placed in B&B accommodation by local authorities as "unacceptably high."¹⁵ This figure represented a rise of 24% on September 2000. By the end of the fourth quarter of 2002 the number of families with children or expectant mothers in B&B stood at 5,600, representing 44% of all households in B&B.¹⁶

The Government laid *The Homelessness (Suitability of Accommodation) (England) Order 2003* (SI 2003/3326) which came into force on 1 April 2004. **The Order provides that homeless families with children or where a member of the household is pregnant should not be placed in B&B accommodation except in an emergency, and even then only for a maximum of six weeks.** Chapter 17 of the [Homelessness Code of Guidance](#) provides guidance for local authorities on implementing and interpreting the Order. Failure to comply with the Order can put local authorities at risk of judicial review.

The chart below shows the proportion of households in B&B-style accommodation with dependent children or pregnant women since 2002. The percentage increased between 2004 and 2016 (subject to some seasonal variation), reaching a peak of 52% before declining again. The proportion was 28% at the end of June 2019.

PROPORTION OF HOUSEHOLDS IN B&B ACCOMMODATION THAT INCLUDE CHILDREN

England, quarterly to end of June 2019



Source: MHCLG, [Temporary accommodation live table TA1](#), 18 December 2019

¹⁵ HC Deb 5 March 2002 c146

¹⁶ ODPM Statistical Release SH-Q4, 13 March 2003

13 Households in temporary accommodation (England)

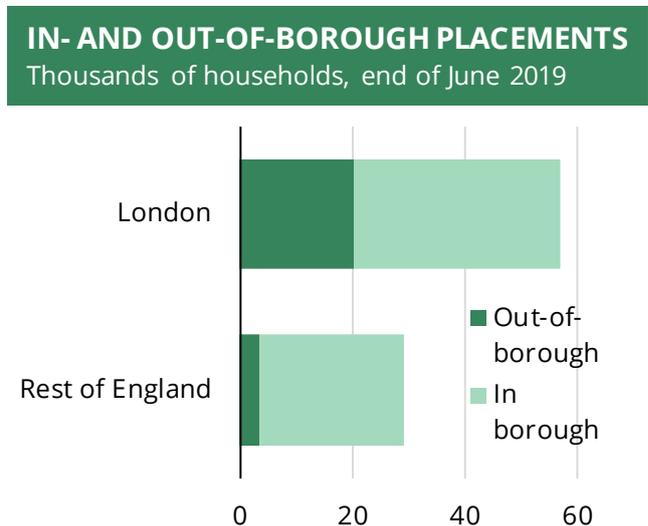
The table below shows the number of households with dependent children and pregnant women in temporary accommodation, including B&B-style accommodation. At the end of June 2019, this type of household made up 28% of all households in B&B-style accommodation. The number was around 19% lower than a year previously **690 of these households had been in B&B-style accommodation for more than six weeks**, around 20% fewer than a year previously.

HOUSEHOLDS IN B&B-STYLE TEMPORARY ACCOMMODATION				
England, at end of June 2019				
	Total households	Households with dependant children		
		Number of households	% of total	% change on year before
Number in TA	86,130	61,800	72%	+ 4.5%
Number in B&B-style TA	7,110	1,990	28%	- 18.8%
Of which, for more than 6 weeks	..	690	..	- 19.8%

Source: MHCLG, [Temporary accommodation live table TA1](#), 18 December 2019

Notes: .. indicates that data is not available. 'Households with dependent children' includes households with expectant mothers.

At the end of June 2019, 23,430 households in temporary accommodation were placed in another local authority's area, 7% more than at the end of June 2018 and 316% higher than June 2010. This is primarily a London phenomenon: 35% of households accepted as homeless by a London borough were housed in a different borough, compared to 11% in the rest of England. In total, 86% of all out-of-borough placements at the end of June 2019 involved London authorities.¹⁷



Source: MHCLG, [Temporary accommodation live table TA1](#), 18 December 2019

¹⁷ MHCLG, [Statutory homelessness in England: April to June 2019](#), 18 December 2019

3. Temporary accommodation: initiatives and issues

3.1 The Homelessness (Suitability of Accommodation) (England) Order 2003

On 3 December 2002 Barbara Roche, the Minister responsible for tackling homelessness that time, announced the Government's intention to outlaw the use of B&B hotels for homeless families except in emergencies by strengthening the homelessness legislation. She also announced that £350,000 would be used to finance new services for homeless families placed in temporary accommodation and to help them resettle into permanent housing. Research was to be carried out to assess the impact of temporary accommodation on health and education.¹⁸

The press release accompanying the announcement said that the Government would consult in 2003 on options for strengthening the homelessness legislation. Lord Rooker, then Minister of State at the ODPM, announced the publication of a consultation paper on 13 May 2003.¹⁹ The Labour Government published a summary of responses to the consultation paper on 17 November 2003.²⁰

The Homelessness (Suitability of Accommodation) (England) Order 2003 (SI 2003/3326) came into force on 1 April 2004. The Order provides that homeless families with children, or where a member of the household is pregnant, should not be placed in B&B accommodation except in an emergency and even then only for a maximum of six weeks. Chapter 17 of the [Homelessness Code of Guidance](#) provides guidance for local authorities on the implementation and interpretation of the Order. Failure to comply with *The Homelessness (Suitability of Accommodation) (England) Order 2003* puts local authorities at risk of judicial review proceedings

In May 2004 the Labour Government announced a "significant achievement" against its B&B reduction target.²¹ A total of 16 authorities failed to meet the B&B reduction target by the end of March 2004. Until 2003, reductions in B&B usage took place against a background of increased homeless acceptances and increased placements in other types of temporary accommodation.

Official statistics demonstrate the difficulties local authorities face in moving on homeless households from B&B-style accommodation. Of the 61,800 households with children or expected children placed in temporary accommodation at the end of June 2019, 1,990 were in

¹⁸ ODPM press release 2002/0379, 3 December 2002

¹⁹ HL Deb 13 May 2003 WA28 - The consultation document, [Improving Standards of Accommodation for Homeless Households Placed in Temporary Accommodation](#), is on the DCLG's website (now archived).

²⁰ The [summary of responses](#) can be found on the CLG website (now archived).

²¹ HC Deb 4 May 2004 c70WS

B&B-style accommodation. Of these 1,990 households, 690 had been in B&B-style accommodation for six or more weeks – this represented a reduction of 19.8% on the number in June 2018 (see also pp11-12).²²

3.2 B&B accommodation: a last resort

In performing their duties to homeless people under Part 7 of the *Housing Act 1996* (as amended) local authorities are obliged to have regard to the [Homelessness Code of Guidance for Local Authorities](#).

Where an authority is providing interim accommodation for a homeless household pending a decision on their application under section 188 of the 1996 Act, the Guidance states that the use of B&B accommodation should be avoided where possible:

Bed and breakfast (B&B) accommodation caters for very short-term stays only and affords residents only limited privacy, and may lack or require sharing of important amenities, such as cooking and laundry facilities. Wherever possible, housing authorities should avoid using B&B accommodation as accommodation for homeless applicants, unless, in the very limited circumstances where it is likely to be the case, it is the most appropriate option for the applicant.

Living in B&B accommodation can be particularly detrimental to the health and development of children. Under section 210(2), the Secretary of State has made the *Homelessness (Suitability of Accommodation) (England) Order 2003* (SI 2003 No. 3326) ('the 2003 Order'). The 2003 Order specifies that B&B accommodation is not to be regarded as suitable for applicants with family commitments provided with accommodation under Part 7.

Housing authorities should, therefore, use B&B accommodation to discharge a duty to secure accommodation for applicants with family commitments only as a last resort and then only for a maximum of six weeks.²³

Where an authority accepts a duty to secure accommodation for an unintentionally homeless household in priority need, **the accommodation provided must be "suitable."** The Code of Guidance states that B&B accommodation is never suitable for 16 and 17-year-olds, even on an emergency basis.²⁴

The ODPM: Housing, Planning, Local Government and the Regions Select Committee carried out an inquiry into homelessness in 2004, the report of which was published in January 2005. The Committee recommended that the Government should set a target to end the use of B&B for *any* homeless household except as an emergency short-term response.²⁵ The Labour Government concluded that a national target was "not necessary at present."²⁶

In September 2013, Westminster Council faced criticism from the Local Government Ombudsman (LGO) for keeping around 40 families in B&B

²² MHCLG, [Statutory homelessness in England: April to June 2019](#), 18 December 2019

²³ MHCLG, [Homelessness Code of Guidance for Local Authorities](#), paras 17.31-33

²⁴ *Ibid.*, para 17.40

²⁵ Third Report of Session 2004-05, *Homelessness*, HC 61-I, para 25

²⁶ ODPM, January 2005, Cm 6424

for longer than six weeks. Westminster offered to pay the affected families £500 each.²⁷ In October 2013, the LGO published [No place like home: Councils' use of unsuitable bed & breakfast accommodation for homeless families and young people](#) which set out lessons councils can learn from complaints on the use of inappropriate B&B accommodation.

December 2017 saw a further [report](#) from the Local Government and Social Care Ombudsman which highlighted that issues identified in 2013 had not been addressed:

The Ombudsman shared its findings on councils' inappropriate use of bed and breakfast accommodation to house families and children in a national report in 2013. It is worrying that, four years on, many of the problems identified in that report persist today.

It continues to see too many cases where councils are acting unlawfully by placing homeless households in bed and breakfast accommodation for lengthy periods of time. Today's report shows the challenges faced by families who have been stuck for significantly longer than the six-week legal limit— some for more than two years.

Those families are increasingly having to stay in conditions where damp or infestation is a problem, often affecting their physical and mental health.

The report gives local authorities best practice guidance to help councils get things right. It also offers councillors and scrutiny chairs a number of questions they can ask of their own authorities to ensure they challenge the number of families left in unsuitable accommodation for too long.²⁸

Initiatives aimed at reducing B&B use

Authorities have used a variety of methods to reduce the use of B&B accommodation, including:

- Controlling repeat homelessness by putting additional staff time into supporting people in their tenancies.
- Appointing a family mediator to work with single people experiencing difficulties at home to promote reconciliation and prevent eviction.
- Developing "tenancy sustainment" officers to work with families in the private rented sector to ensure Housing Benefit is paid on time.
- Fostering a culture change in private sector procurement.
- Organising inter-borough landlords' days to provide information and advice, improve standards and generate new lettings.
- Establishing landlord and tenant matching services.
- Converting underused garage sites into affordable housing.
- Developing front-line prevention services.
- Operating a "spend to save" policy using the B&B budget on prevention of homelessness.²⁹

²⁷ BBC news London, [Westminster homeless put in B&Bs for too long](#), 24 September 2013

²⁸ Local Government & Social Care Ombudsman, [Still no place like home](#), December 2017

²⁹ 'Winning the B&B battle,' *London Housing*, December 2003

17 Households in temporary accommodation (England)

Authorities interviewed by the NAO for its 2017 report on homelessness provided the following examples of innovations aimed at reducing B&B use and controlling the cost of temporary accommodation:

- Lewisham is using an off-site construction method to provide self-contained temporary accommodation on brownfield land. Lewisham considers this method to be ground breaking and will provide cost-effective and high-quality accommodation. The construction method is intended to allow for speedy delivery and to enable the building to be moved once permanent development plans for the land are in place;
- Bristol is making use of its vacant housing stock that requires renovation before it is available for a social tenancy; and
- Birmingham has converted a former residential care home into accommodation for families.³⁰

The Government response to the Public Accounts Committee report, [Homeless Households \(December 2017\)](#) outlined action to reduce the use of B&B accommodation:

To support the implementation of the Homelessness Reduction Act, the Department has set up a team of advisors who will work directly with local authorities – the Homelessness Advice and Support Team (HAST). An initial priority for these advisors has been providing targeted support for local authorities who have families in Bed and Breakfast accommodation beyond the statutory limit of 6 weeks. This work is already underway, and has included targeted visits, as well as a workshop involving authorities who use Bed and Breakfast to share best practice and experiences from authorities who have successfully tackled the problem. The HAST's work will continue for an initial period of two years.³¹

A 2017 LGA report [Housing our Homeless Households](#) describes some innovative approaches used by councils to reduce the use of B&B-style temporary accommodation. The Children's Commissioner for England report, [Bleak Houses – Tackling the crisis of family homelessness in England](#) (August 2019) and research by LSE London [The Cost of Homelessness Services in London](#) (September 2019) both contain examples of innovative practices by local authorities.

3.3 Use of private rented housing

The main alternative to B&B accommodation is privately-owned housing. This can be leased to housing associations or local authorities for use as temporary accommodation. The private landlord in this arrangement receives a regular income while the social landlord is responsible for managing the property and collecting rent/Housing Benefit payments from the residents. In the case of accommodation leased to housing associations, local authorities can nominate homeless households for temporary placement in these properties. The

³⁰ [HC 308 Session 2017-19](#), September 2017, para 2.10

³¹ [Cm 9575](#), March 2018, para 3.4

[Homelessness Code of Guidance for Local Authorities](#) encourages authorities to enter into leasing arrangements:

Accommodation leased from a private landlord can provide housing authorities with a source of good quality, self-contained accommodation which can be let to applicants. When entering into leases, as when borrowing, local authority capital finance rules require authorities to be satisfied that the associated liabilities are affordable.

Housing authorities may wish to consider contracting with private registered providers for assistance in discharging their housing functions under arrangements whereby the private registered provider leases and/or manages accommodation owned by private landlords, which can be let to households to prevent or relieve homelessness or as temporary accommodation. A general consent under section 25 of the Local Government Act 1988 (The General Consent under section 25 of the Local Government Act 1988 for Financial Assistance to Registered Social Landlords or to Private Landlords to Relieve or Prevent Homelessness 2010) allows housing authorities to provide private registered providers with financial assistance in connection with such arrangements. Housing authorities must reserve the right to terminate such agreements, without penalty, after 3 years.³²

In London, where the use of temporary accommodation is most concentrated, provision has gradually shifted away from longer-term leased accommodation towards the use of accommodation let on a nightly rate, with associated cost increases. This is discussed in section 3.6 below. Housing associations have tended to move out of the long-term leasing of private housing for temporary accommodation lets due to a reduction in the level of subsidy available to support management costs.³³

The NAO's September 2017 report, *Homelessness*, noted that authorities were facing difficulty in sourcing private sector accommodation for use as temporary accommodation:

They reported that those providing accommodation are less willing to lease it to local authorities because they can achieve a better return if the same accommodation is let nightly. Some reported that the reduction in accommodation providers had led to an extremely limited supply of private landlords willing to house homeless families.³⁴

The NAO also found evidence of a very competitive market in inner London amongst authorities trying to source temporary accommodation:

Local authorities on the outskirts of London that we interviewed for this study (Bexley, Luton, and Medway) reported that inner London boroughs are buying property in these areas to use as temporary accommodation, or are offering local private landlords incentive payments of up to £4,000 to accommodate their households. Local authorities that we interviewed in central London (Westminster and Tower Hamlets) confirmed that they make these incentive payments. This is often because the up-front

³² MHCLG, [Homelessness Code of Guidance for Local Authorities](#), paras 16.25-16.26

³³ Social Housing Magazine, "Temporary housing – the case for investment", 10 June 2019

³⁴ [HC 308 Session 2017-19](#), September 2017, para 2.8

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costs of payments to prevent homelessness are less than the cost of placing these households in temporary accommodation. Local authorities in central London are therefore able to reduce their spending on temporary accommodation, but these placements further reduce supply for the local authorities that receive these households, who can in turn seek to place their own homeless households out of borough.³⁵

The Coalition Government's emergency Budget of June 2010 included a series of announcements in respect of Housing Benefit/Local Housing Allowance rates which came into effect on 1 April 2011. Authorities expressed concerns about the impact that these changes would have on their ability to secure private rented accommodation for homeless households. The increased number of households placed in B&B-style accommodation in London is felt by some to reflect the impact of LHA restrictions on authorities' ability to access private housing for use as temporary accommodation.³⁶ The decision to freeze LHA rates for four years between 2016-17 and 2019-20 (with some exceptions for areas with the highest private sector rents) is thought to have exacerbated the difficulties that authorities, particularly in London, are facing in accessing suitable private sector accommodation.³⁷

LHA rates are set to rise by inflation from 1 April 2020 (1.7%). Bodies such as the LGA, Crisis and Shelter have called on the Government to restore LHA rates to cover "at least the lowest third of market rents."³⁸

The Government response to the Public Accounts Committee report, [Homeless Households \(December 2017\)](#) referred to joint work with London Councils to improve the quality of temporary accommodation in the capital:

In April 2017, the Department commissioned a joint study, with London Councils and the Greater London Authority, to consider options. The Department is currently considering the recommendations, which it expects to take forward this year. The Department will report back on progress to the Committee by December 2018.³⁹

The Housing Committee of the London Assembly considered the use of temporary accommodation at a meeting on 22 January 2019. The pack prepared for the meeting set out some of the challenges facing London authorities.⁴⁰ The pack contained information on investment to procure private rented housing in London:

The Mayor of London announced in February 2018 that he was investing £15 million in a new scheme run by Resonance Limited and homeless charity St Mungo's. The Real Lettings Property Fund will buy 330 existing private properties in good condition and let them at affordable rents to individuals and families who are

³⁵ Ibid., para 2.12

³⁶ [Westminster hit by soaring housing costs](#), 8 June 2013

³⁷ [Summer Budget 2015](#), July 2015, para 1.137

³⁸ [Crisis responds to the announcement that the benefit freeze will end in 2020](#), 3 November 2019

³⁹ [Cm 9575](#), March 2018, para 3.7

⁴⁰ Housing Committee, London Assembly, Temporary Accommodation in an Era of Welfare Reform, 22 January 2019

homeless or at risk of homelessness. The aim is to provide stable, affordable homes and to provide wider support to help people to move into training and employment.⁴¹

See section 3.5 below for more information on these London initiatives.

Private rented sector access fund

The Ministry of Housing, Communities and Local Government is funding 54 projects through this £20 million fund over 2018/19 and 2019/20.

The aim is to increase access to new private rented sector tenancies, or to provide support in sustaining existing tenancies for those who are, or at risk of becoming, homeless:

This targeted fund will be focussed on schemes that will provide additional support for single homeless people and/or reduce the numbers of households in temporary accommodation through delivery of the below outcomes, in order to support the government's ambition of preventing and reducing homelessness and rough sleeping.⁴²

3.4 Use of out-of-borough temporary accommodation

Of the 86,130 households in temporary accommodation at the end of June 2019, 23,430 were in accommodation in another local authority's district. This is and over four times as many as in March 2010 (see p12).⁴³

Several media reports in April/May 2012 referred to certain councils in London seeking accommodation outside of the capital for use as temporary and permanent housing for households to whom they owed a statutory housing duty.⁴⁴ These councils argued that a combination of the Olympics, Housing Benefit restrictions and high demand for privately rented housing had made it very difficult to find suitable temporary accommodation in London. Part two of the Government's consultation paper, [*Homelessness \(Suitability of Accommodation\) \(England\) Order 2012*](#), said:

It has come to light that some local authorities are seeking accommodation for households owed the main homelessness duty far outside their own district. Government is willing to explore whether protections around location of accommodation need to be strengthened and how this might be done. We expect that any measures adopted following this consultation process would apply to any accommodation offered by authorities in discharge of their duties under Part VII of the Housing Act 1996, including temporary accommodation, private rented sector offers and social housing.⁴⁵

The [*Homelessness \(Suitability of Accommodation\) \(England\) Order 2012*](#) was brought into force on 9 November 2012. The statutory guidance on

⁴¹ Ibid.

⁴² MHCLG, [Private Rented Sector Access Fund – Bidding Prospectus](#), October 2018

⁴³ MHCLG, [Statutory homelessness live tables: temporary accommodation tables](#), 18 December 2019

⁴⁴ See for example *Guardian*, "[London looks to export council tenants](#)", 27 April 2012

⁴⁵ DCLG, [*Homelessness \(Suitability of Accommodation\) \(England\) Order 2012*](#), May 2012, paras 38-39

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the Order, to which local authorities must have regard when discharging (ending) their duties to homeless households by using private rented accommodation, has been included chapter 17 of the revised [Homelessness Code of Guidance for Local Authorities](#). The guidance describes situations in which private rented housing should be regarded as unsuitable; the location requirements of the Order also extend to any accommodation secured under Part 7 of the 1996 Act, including temporary accommodation.

The then Minister met with 18 London authorities reporting high homelessness numbers, including households in temporary accommodation, on 4 December 2012. Representatives of the local authorities highlighted the following challenges:

- difficulties in procuring private rented housing at affordable rates;
- private landlords are less inclined to lease properties to councils or let to tenants in receipt of LHA as they have access to alternative tenants willing to pay higher rents.⁴⁶

DCLG officials suggested a new procurement model for private rented accommodation with councils adopting a strategic partner role and acting in collaboration.⁴⁷

Inside Housing reported on evidence given to the London Assembly's housing committee by Councillors from Croydon and Hackney in February 2014 claiming that the London boroughs were gazumping each other in order to secure private sector temporary accommodation.⁴⁸ In [Homelessness Monitor: England 2016](#)⁴⁹ (January 2016) the authors referred to an increase in out of district placements "linked closely with the broader 'displacement' effects of welfare reform."

In a judgment handed down on 2 April 2015, the Supreme Court considered the circumstances in which it would be lawful to place a homeless family in temporary accommodation outside of the authority's area and a long way from where they were previously living.⁵⁰ The Court concluded that there is a statutory duty to accommodate in borough, where reasonably practicable, failing which authorities are under a duty to try to place the household as close as possible to where they were previously living. The Court considered the needs of children in determining the suitability of out-of-borough accommodation:

The question of whether the accommodation offered is "suitable" for the applicant and each member of her household clearly requires the local authority to have regard to the need to safeguard and promote the welfare of any children in her household. Its suitability to meet their needs is a key component

⁴⁶ DCLG, Homelessness Roundtable, 4 December 2012.

⁴⁷ Ibid.

⁴⁸ *Inside Housing*, "Boroughs gazumping each other for temporary accommodation," 14 February 2014.

⁴⁹ This report is the fifth of a five-year project (2011-2016) which is tracking the impact on homelessness of economic and social policy developments. The research is being conducted by Heriot-Watt University and the University of York on behalf of Crisis.

⁵⁰ [Nzolamesco v Westminster City Council](#) [2015] UKSC 22

in its suitability generally. In my view, it is not enough for the decision-maker simply to ask whether any of the children are approaching GCSE or other externally assessed examinations. Disruption to their education and other support networks may be actively harmful to their social and educational development, but the authority also have to have regard to the need to promote, as well as to safeguard, their welfare. The decision maker should identify the principal needs of the children, both individually and collectively, and have regard to the need to safeguard and promote them when making the decision.⁵¹

The Supreme Court went on to set out how local authorities should address the burden of accounting for their actions in each case:

Ideally, each local authority should have, and keep up to date, a policy for procuring sufficient units of temporary accommodation to meet the anticipated demand during the coming year. That policy should, of course, reflect the authority's statutory obligations under both the 1996 Act and the Children Act 2004. It should be approved by the democratically accountable members of the council and, ideally, it should be made publicly available. Secondly, each local authority should have, and keep up to date, a policy for allocating those units to individual homeless households. Where there was an anticipated shortfall of "in borough" units, that policy would explain the factors which would be taken into account in offering households those units, the factors which would be taken into account in offering units close to home, and if there was a shortage of such units, the factors which would make it suitable to accommodate a household further away. That policy too should be made publicly available.⁵²

Written evidence submitted by some London authorities to the Communities and Local Government Committee's 2015-16 inquiry into homelessness called for greater flexibility to house homeless families in cheaper areas without the threat of legal challenge. For example, [Westminster Council - written evidence](#) said:

Suitability of accommodation - we aim to place homeless households in private rented accommodation which they can afford. However the law requires local authorities to offer housing 'in borough' where it is 'reasonably practicable'. While every effort is made to do this, we simply cannot procure enough affordable TA or PRS accommodation in-borough (or even very close to the borough). The expectation that homeless families should be placed 'in borough', or very close to the borough, also applies to those who do not have longstanding connections to Westminster. Many of our out of borough placements are challenged. While we acknowledge that some households need to be able to remain in Westminster – we suggest that the law or code of guidance should be changed so that affordability is a key issue when making placements and offers, so that people can live in good quality private rented homes which they can afford in areas where they can set down roots. Currently a number of households can only remain in Westminster as they receive Discretionary Housing Payment which is not a long term solution. The offer of private rented housing in an area which is affordable

There is support amongst some local authorities for more flexibility to place households in temporary accommodation in cheaper areas.

⁵¹ [Nzolamesco v Westminster City Council](#) [2015] UKSC 22 (para 27)

⁵² [Nzolamesco v Westminster City Council](#) [2015] UKSC 22 (para 39)

in the long term is often preferable to a wait of many years for a social home.⁵³

3.5 Joint working in London

Research conducted by LSE London for London Councils, [The Cost of Homelessness Services in London](#) (September 2019), identified particular pressures faced by London authorities:

Availability of temporary accommodation (TA): Interviewees said it was a constant—often daily—struggle to find enough accommodation for households needing TA. Many boroughs placed almost all such households in private accommodation including hostels, bed and breakfast (B&Bs) and private rented sector (PRS) units often leased by the boroughs. Over 40% of family households accepted in London are now placed outside their own borough. Across London there is huge variation in the amount of local-authority housing boroughs have available and in their criteria for allocating it. Some boroughs have themselves become private landlords so they can accommodate more households in their own (nonsocial) stock.⁵⁴

The following sections identify attempts to address these issues.

Modular units

PLACE (Pan-London Accommodation Collaborative Enterprise) was established in May 2018 to tackle homelessness through acquiring modular temporary accommodation:

PLACE is being delivered by London's boroughs, supported by the Greater London Authority, London Councils and London Ventures. Tower Hamlets is the lead borough for the programme.

This is the first time UK local authorities are joining forces to acquire modular temporary accommodation. The accommodation will be placed on land which is currently under-used and is restricted by long-term development plans (these are known as 'meanwhile' sites).

The GLA is providing £11million from its innovation fund to support PLACE's work and Capital Ambition provided seed funding through the [London Ventures](#) programme.⁵⁵

Tower Hamlets is lead borough for this initiative. PLACE hopes to build 200 units across London with the first being available in 2021.⁵⁶

There is more information on PLACE in the London Assembly's Housing Committee's report [Living in Limbo: London's Temporary Accommodation Crisis](#) (May 2019).⁵⁷

Capital Letters

Capital Letters is a not-for-profit company, set up through London Councils in response to concerns about the availability of affordable,

⁵³ [Westminster City Council - written evidence](#), February 2016

⁵⁴ Scanlon K; Whitehead C: [The Cost of Homelessness Services in London](#), LSE London, September 2019, p3

⁵⁵ [London Council's website](#), [accessed on 26 July 2018]

⁵⁶ Housing Committee, London Assembly, Temporary Accommodation in an Era of Welfare Reform, 22 January 2019

⁵⁷ London Assembly Housing Committee, [Living in Limbo: London's Temporary Accommodation Crisis](#), May 2019, pp27-28

good quality temporary accommodation. Capital Letters leases homes from owners across London to rent them out to boroughs as temporary accommodation, or longer-term accommodation:

The intention is to charge rents in line with local housing allowance levels, avoiding the gap that can lead into debt and rent arrears. This would depend on the company's ability to agree incentive payments with landlords within those levels, but it is hoped that the promise of longer leases and good management would entice landlords. An important benefit of this pan-London organisation would be to prevent the costs paid by councils for temporary accommodation in the private rented sector continuing to rise exponentially, as boroughs would not be competing with each other to rent these homes. However, Mark Baigent recognised that payments might have to vary in different parts of London.⁵⁸

On 31 December 2018, the then Secretary of State, James Brokenshire, announced £38 million in funding (over three years) for the Capital Letters scheme:

Through an innovative new scheme – the first of its kind – London boroughs join forces to provide safe accommodation for families on the edge of homelessness, backed by almost £38 million of funding from the government's £1.2 billion overall investment in tackling homelessness.⁵⁹

On 26 June 2019, London Councils announced that the scheme had procured its first home in Tower Hamlets.⁶⁰

Real Lettings

This is a partnership between the homelessness charity St Mungo's and the social investment body Resonance to buy homes across London "with the aim of ensuring that the properties are of a good standard and to let them to households who would otherwise be homeless, charging rent at Local Housing Allowance rates." The Mayor of London has invested £15 million in Real Lettings – Croydon, Lambeth and Westminster councils have joined Resonance as limited partners and committed a total of £45 million to "purchase, refurbish, let and manage around 330 affordable homes." Other authorities and investors are expected to join.⁶¹

3.6 Funding temporary accommodation

Self-contained units meet households' need for space and privacy but rent levels for this type of accommodation are generally high as they usually incorporate a market rent plus an allowance for voids, bad debts and management charges. In the early 2000s difficulties with the administration of Housing Benefit were identified as one of the main barriers to the further development of privately leased accommodation by housing associations.⁶²

⁵⁸ Ibid., pp28-29

⁵⁹ [MHCLG Press Release](#), 31 December 2018

⁶⁰ [London Councils Press Release](#), 26 June 2019

⁶¹ Ibid., p30

⁶² Shelter, *Bed and Breakfast – the way forward*, 19 November 2001

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On 13 March 2002 the Labour Government announced the provision of extra funding for local authorities in the form of Housing Benefit subsidy to encourage the use of privately leased accommodation as opposed to B&Bs.⁶³ In subsequent years Governments sought to bear down on the cost of temporary accommodation by reducing subsidy levels.

Separating out the management fee: April 2017

As part of the Autumn Statement 2015 the then Chancellor announced changes to the future funding of temporary accommodation:

The temporary accommodation management fee is payable with Housing Benefit in respect of households placed in temporary accommodation. This measure removes this additional payment from April 2017.

Local authorities will be given more than equivalent funding directly, to enable them to manage temporary accommodation and homelessness pressures as they see fit.⁶⁴

On 17 December 2015 the Government reiterated the intention to decouple the management fee funding and announced that an additional £10 million a year would be allocated between 2017 and 2018 to areas under the most pressure from homelessness, “to give them more flexibility and choice in how they respond.”⁶⁵

[HB Circular S9/2016](#) provided information on £1.5 million in New Burdens funding allocated to 109 authorities in 2016/17 to “mitigate the absence of a management fee under Universal Credit.” The Circular advised that New Burdens funding could be used flexibly by authorities to help them cope with temporary accommodation funding pressures until the new fund came into play in April 2017.

The Government published [Flexible homelessness support grant - funding allocations](#) on 15 March 2017, this set out each authorities’ allocation of funding from April 2017. The funding covered two years and was made up of £186 million in 2017/18 and £191 million in 2018/19. A further £25 million was set aside for London boroughs “to work together to provide accommodation for homeless families in the capital.”⁶⁶ Authorities can use the funding to support a full range of homelessness services. A note on the calculation advised:

The funding has been allocated according to a formula which reflects relative homeless pressures, while at the same time aiming to protect local authorities which currently have high levels of Temporary Accommodation.⁶⁷

Local authorities had sought a review of the level of LHA subsidy in relation to temporary accommodation:

⁶³ HC Deb 13 March 2002 c1123W

⁶⁴ [Autumn Statement and Spending Review 2015: Policy Costings](#), November 2015, p15

⁶⁵ DCLG, [Radical package of measures announced to tackle homelessness](#), 17 December 2015

⁶⁶ [DCLG Press Release](#), 15 March 2017

⁶⁷ DCLG, [Flexible homelessness support grant – funding allocations formula](#), March 2017

A higher priority is to address the restricted level of LHA subsidy, which affects all households in TA. The statement made on TA in the Comprehensive Spending Review signals the possibility of change in the administration of the subsidy, but does not mention an increase in the overall level of LHA payable on TA tenancies.⁶⁸

[Allocations of the flexible homelessness support grant and homelessness reduction grant for 2020/21](#) were published on 23 December 2019.

Shortfall between cost and support for temporary accommodation in London

London Councils commissioned research from the Centre for Housing Policy at the University of York which was published in February 2016: [Temporary Accommodation in London: Authorities Under Pressure](#). The research found evidence of a “substantial under-estimation of the cost of temporary accommodation to London boroughs:”

This cost is largely hidden, as TA expenditure is spread across a number of budget headings. Irrespective of the degree of that expenditure being met by London councils, the research provokes questions on the value for money represented by TA costs in London which were in excess of £663m in 2014/15.⁶⁹

The report contained several recommendations concerning the funding of temporary accommodation, for example:

Central Government needs to acknowledge the substantial shortfall that now exists between support for TA available through the housing benefit system and the actual cost of service delivery. A reduction in the level of LHA has not led to a reduction in rental costs in this part of the market. More sophisticated interventions are required at central Government level in order to reduce cost pressures on London boroughs.⁷⁰

The Work and Pensions Select Committee relaunched its inquiry into Universal Credit (UC) with a deadline for submissions of 20 March 2017. London Councils’ written evidence highlighted significant issues with rent collection rates in respect of emergency temporary accommodation for claimants:

Particularly in full service areas, Universal Credit has led to dramatic reductions in rent collection. While this is most severe for emergency accommodation cases, rent collection rates among general needs tenants have also fallen under Universal Credit. This is due to policies such as the seven day waiting period and the six-week wait before first payment, which results in many tenants immediately falling into rent arrears due to their lack of financial security.⁷¹

On 23 November 2017, the Secretary of State announced changes to the payment of housing costs for those in temporary accommodation:

In April, as a short-term measure, we will change how claimants in temporary accommodation receive support for their housing

⁶⁸ Julie Rugg, [Temporary Accommodation in London: Authorities Under Pressure](#), February 2016, p50

⁶⁹ Julie Rugg, [Temporary Accommodation in London: Authorities Under Pressure](#), February 2016

⁷⁰ Ibid., p13

⁷¹ London Councils, [Written evidence for the inquiry into Universal Credit](#), 2017

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costs to ensure that local authorities can recover more of their costs and can therefore continue to offer this valuable support to those who need it most. We will also consider longer-term solutions.⁷²

If someone is claiming UC while living in temporary accommodation, then the housing costs claim will be transferred to Housing Benefit. Any new tenants will claim Housing Benefit from April 2018.

Nightly rate accommodation (London)

[Temporary Accommodation in London: Authorities Under Pressure](#) explains the growth in the use of nightly rate accommodation in London:

The nature of procurement of property to meet TA need underwent substantive change in 2013. In August of that year, the Government introduced new funding to support a reduction in the number of households in B&Bs. Local authority demand for emergency TA escalated, and in response the TA market increased the supply of 'nightly rates' accommodation. This accommodation was made available on a nightly-use basis, rather than leased by boroughs over longer time periods. A nightly rates arrangement was more lucrative to the supplier and, since that time, there has been substantial growth in this component of the TA market.

Development of the nightly rates market enhanced competition for property and the incidence of widely divergent rents for similar properties. Attempts to contain costs in the nightly rates market led London boroughs to establish an agreement around the nightly rates payable. This measure has reported some degree of success in slowing the upward trajectory of costs. However, not contravening the agreement remains challenging for local authorities and, anecdotally, there has been an increase in the short-term emergency use of B&Bs as a consequence of an inability to find accommodation at the agreed nightly rate.⁷³

Official statistics show that over 22,360 households were placed in nightly paid, privately managed accommodation at the end of June 2019.⁷⁴

The Public Accounts Committee's December 2017 report, [Homeless Households](#), observed that temporary accommodation is "often of a poor standard and does not offer value for money". The Committee recommended:

The Department should take steps to eliminate the use of non-decent temporary accommodation and to enable local authorities to replace this supply with local alternatives that offer better value for money.⁷⁵

As noted previously, the Government set aside funding from the Flexible Homelessness Support Grant to assist in developing improved temporary accommodation procurement:

⁷² [HC Deb 23 November 2017 cc1200-02](#)

⁷³ Julie Rugg, [Temporary Accommodation in London: Authorities Under Pressure](#), February 2016, p19

⁷⁴ MHCLG, [Temporary accommodation live tables](#), 18 December 2019

⁷⁵ [HC 462](#), 20 December 2017

In recognition of the particular pressures which London councils face, we are also setting aside £25 million of the funding across the 2 years while we work with the Greater London Authority and London boroughs to look at how we might help councils collaborate in the procurement of accommodation for homeless families in London.⁷⁶

Research published by Shelter in February 2020, [Cashing in – how a shortage of social housing is fuelling a multi-million-pound temporary accommodation sector](#), suggests that brokers have taken up the opportunity to source this type of accommodation and extract maximum rates from local authorities:

Our investigation reveals that most of the highest earning private providers do not own their own accommodation, but instead act as brokers between councils and private investors. It appears that their profits come from the margin between the guaranteed rents to investors and the nightly rates they charge local councils.⁷⁷

Shelter comments “There has been no published government assessment of the major players [*in the temporary accommodation market*], how much money they receive or how they operate.”⁷⁸

The Benefit Cap

As the *Welfare Reform Act 2012* progressed through Parliament specific concerns were raised in relation to the impact of the household benefit cap on people placed in temporary (leased) accommodation. The benefit cap was piloted in four London local authorities and was rolled out across the country over the summer of 2013.

The cap meant that families could not receive more than £500 per week in benefits (£350 for single people).⁷⁹ The cap was reduced with effect from 7 November 2016 – the maximum a family can receive outside London is £384.62 per week (£442.31 in London) and £257.69 for a single person (£296.35 in London). Because the rents in privately leased accommodation can be very high, there is a view that the cap could leave households in temporary accommodation with very little to cover their living expenses once the rent is paid. Lord Best moved an amendment to exclude families placed in temporary accommodation from the benefit cap as the 2012 Act progressed through Parliament.⁸⁰

Lord Freud responded for the Government:

I have already said in my response to Amendment 58D that it is too early to say how we are going to treat people in temporary accommodation for housing costs purposes in 2013 and beyond. Following our informal consultation with key stakeholders last year, we are considering the policy design for temporary

⁷⁶ [DCLG Press Release](#), 15 March 2017

⁷⁷ Shelter, [Cashing in – how a shortage of social housing is fuelling a multi-million-pound temporary accommodation sector](#), February 2020, p6

⁷⁸ *Ibid.*, p3

⁷⁹ There are some exemptions to the application of the cap, for example people in receipt of Disability Living Allowance – for more information see Library note SN/SP/6294. The cap was introduced in four London Boroughs in April 2013 and was phased in for all other authorities between 15 July and September 2013.

⁸⁰ HL Deb 23 January 2012 c884

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accommodation and will share more details about our plans before too long.⁸¹

The Government subsequently confirmed that the cap *would* apply to households in temporary accommodation:

What impact will the benefit cap have on those in temporary accommodation?

The benefit cap will apply to people in temporary accommodation whether claiming through HB subsidy or Universal Credit. However, any discretionary housing payments (DHPs) they might receive will not be taken into account, meaning they will be on top of their benefit entitlement under the cap.⁸²

Lord Freud expanded on this during consideration of the *Benefit Cap (Housing Benefit) Regulations 2012*:

On temporary accommodation, a point raised by the noble Lord, Lord McKenzie, that is again an area where we will use DHP. I know that the noble Lord, Lord Best, did some sums, but clearly this will be a huge incentive to move people very quickly to something much more permanent rather than staying for the full year in temporary accommodation, which, as he rightly said, is very expensive. Under universal credit, there are likely to be changes. We are looking at how we deal with temporary accommodation—especially the division between the management costs to which he referred and the actual housing payment element. We are out to consultation on that area and there will be more developments.⁸³

Statistics released in March 2012 recorded a decrease in the use of self-contained accommodation by local authorities:

At the end of December 2011, 85 per cent of households in temporary accommodation were in self-contained accommodation - a decrease from 87 per cent on the same date last year. The decrease in the use of self-contained accommodation is largely due to a decline in the use of accommodation leased from the private sector by local authorities and housing associations, which decreased by 6 per cent from 27,730 to 26,080 households.⁸⁴

This decrease continued according to statistics released in September 2012:

At the end of June 2012, 83 per cent of households in temporary accommodation were in self-contained accommodation - a decrease from 85 per cent on the same date last year.⁸⁵

However, the March 2014 statistical release recorded 85% of households in temporary accommodation as placed in self-contained accommodation.⁸⁶ Numbers have remained around the 84-85% level in all subsequent statistical releases.

⁸¹ HL Deb 23 January 2012 c893

⁸² See DWP Circular HB/CTB G6/12 – Annex A, June 2012

⁸³ HL Deb 6 November 2012 GC101

⁸⁴ CLG Statistical Release, Statutory Homelessness: England 4th Quarter 2011, 8 March 2012

⁸⁵ CLG Statistical Release, Statutory Homelessness: England 2nd Quarter 2012, 6 September 2012

⁸⁶ DCLG Statistical Release, Statutory Homelessness: England 4th Quarter 2013, 6 March 2014

[Tracking Welfare Reform: Meeting the financial challenge](#) (September 2013) assessed the potential impact of the household benefit cap on families placed in leased accommodation in London:

In some cases in London, housing benefit entitlement is reduced to 50p per week meaning that there is effectively no tenure or part of the country that would provide affordable accommodation and consequently no reasonable housing offer that can be made to them by the local authority. The entire shortfall of a household in temporary accommodation is effectively transferred from central government (through housing benefit), to the affected household and then, where the household cannot pay the rent, to the local authority through the subsidy of temporary accommodation.

If it is assumed that the 4,600 capped London households in temporary accommodation lose the average amount identified in government's impact assessment (£105 per week), London local authorities would be faced with an additional, non-recoupable financial burden of more than £25,000,000 per year; equal to around half of the savings to central government the benefit cap is expected to produce in London.⁸⁷

In 2014 the Work and Pensions Select Committee called on the Government to exempt households in temporary accommodation from the benefit cap:

110. Local authorities often have no option but to use more expensive temporary accommodation to house homeless households. These households often then fall within the scope of the Benefit Cap. We recommend that the Government exempt households in temporary accommodation from the Benefit Cap because these claimants have no choice about where they are housed and few options for reducing their housing costs. Moreover, local authorities often then have to fund the difference between the capped benefit paid and the rent due, and so there is likely to be no overall saving in public funds from the inclusion of these claimants in temporary accommodation within the scope of the Cap.⁸⁸

Amendments to dis-apply the cap to households placed in temporary accommodation were also moved during the passage of the *Welfare Reform Act 2016* through Parliament without success.⁸⁹

⁸⁷ London Councils, [Tracking Welfare Reform: Meeting the financial challenge](#), September 2013, p6

⁸⁸ HC 720, Fourth Report of Session 2013-14, [Support for housing Costs in a reformed welfare system](#), April 2014, para 110

⁸⁹ HL Deb 21 December 2015 cc2354-61

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