



National Audit Office



REPORT

The effectiveness of government in tackling homelessness

The Department for Levelling Up,
Housing & Communities

SESSION 2024-25
HC 119



We are the UK's independent public spending watchdog.

We support Parliament in holding government to account and we help improve public services through our high-quality audits.

The National Audit Office (NAO) scrutinises public spending for Parliament and is independent of government and the civil service. We help Parliament hold government to account and we use our insights to help people who manage and govern public bodies improve public services.

The Comptroller and Auditor General (C&AG), Gareth Davies, is an Officer of the House of Commons and leads the NAO. We audit the financial accounts of departments and other public bodies. We also examine and report on the value for money of how public money has been spent.

In 2022, the NAO's work led to a positive financial impact through reduced costs, improved service delivery, or other benefits to citizens, of £572 million.



National Audit Office

The effectiveness of government in tackling homelessness

**The Department for Levelling Up,
Housing & Communities**

Report by the Comptroller and Auditor General

Ordered by the House of Commons
to be printed on 23 July 2024

This report has been prepared under Section 6 of the
National Audit Act 1983 for presentation to the House of
Commons in accordance with Section 9 of the Act

Gareth Davies
Comptroller and Auditor General
National Audit Office

3 July 2024

Value for money reports

Our value for money reports examine government expenditure in order to form a judgement on whether value for money has been achieved. We also make recommendations to public bodies on how to improve public services.

The material featured in this document is subject to National Audit Office (NAO) copyright. The material may be copied or reproduced for non-commercial purposes only, namely reproduction for research, private study or for limited internal circulation within an organisation for the purpose of review.

Copying for non-commercial purposes is subject to the material being accompanied by a sufficient acknowledgement, reproduced accurately, and not being used in a misleading context. To reproduce NAO copyright material for any other use, you must contact copyright@nao.org.uk. Please tell us who you are, the organisation you represent (if any) and how and why you wish to use our material. Please include your full contact details: name, address, telephone number and email.

Please note that the material featured in this document may not be reproduced for commercial gain without the NAO's express and direct permission and that the NAO reserves its right to pursue copyright infringement proceedings against individuals or companies who reproduce material for commercial gain without our permission.

Links to external websites were valid at the time of publication of this report. The National Audit Office is not responsible for the future validity of the links.



Contents

Key facts 4

Summary 5

Part One

Trends and patterns
in homelessness 14

Part Two

The Department for Levelling Up,
Housing & Communities' work to
tackle homelessness 27

Part Three

The Department for Levelling Up,
Housing & Communities' support
for local authorities 33

Appendix One

Our audit approach 45

This report can be found on the
National Audit Office website at
www.nao.org.uk


If you need a version of this
report in an alternative format
for accessibility reasons, or
any of the figures in a different
format, contact the NAO at
enquiries@nao.org.uk


The National Audit Office study
team consisted of:


Fiorella Colonio-Salazar,
Phil Hyde, Jack Morgan,
Gemma Reed, Shivam Sood and
Lance Urwin, under the direction
of Vicky Davis.

For further information about the
National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

 020 7798 7400

 www.nao.org.uk

 @NAOorguk

Key facts

£2.44bn

spent by local authorities in 2022-23 on homelessness services

60%

proportion of local authorities' 2022-23 total gross expenditure on housing services (excluding that relating to their own housing) that was used to deal with homelessness, up from 25% in 2010-11

15

cross-government boards that have a remit relevant to homelessness

23%

proportion of households owed a homelessness prevention or relief duty by their local authority in Quarter 3, 2023-24 whose reason for needing support was the ending of an assured shorthold tenancy in the private rented sector

112,660

number of households in some form of temporary accommodation in Quarter 3, 2023-24

42%

increase, between Quarter 3, 2018-19 and Quarter 3, 2023-24, in the number of households in temporary accommodation outside their own local authority area, from 23,450 to 33,350

2,960

number of households with children, in Quarter 3, 2023-24, who had been living in bed and breakfast accommodation for longer than the statutory six-week maximum period

65,000

shortfall in the number of new homes built in 2022-23, against the then government's ambition, announced in 2017, to build 300,000 each year by the mid-2020s

1.6 million

number of households expected to benefit from the restoration of Local Housing Allowance (which sets the maximum level of help with housing costs for households in the private rented sector) to the 30th percentile of local market rents from April 2024

Summary

1 The Department for Levelling Up, Housing & Communities (DLUHC) has policy responsibility for tackling homelessness and leads on implementing homelessness policies across government.¹ Part 7 of the Housing Act 1996 defines someone as 'homeless' if there is no accommodation available for them to occupy, or if it is not reasonable for them to continue occupying the accommodation they have.

2 DLUHC also distributes homelessness funding to local authorities, who have statutory duties to assist people who are homeless or threatened with homelessness. In 2022-23, local authorities spent £2.44 billion on delivering homelessness services. Prior to 2018, their key duty was to provide temporary accommodation to homeless households considered to be in priority need and therefore entitled to it in law. However, the Homelessness Reduction Act 2017 (HRA 2017), which came into force in April 2018, extended local authorities' statutory duties, which now cover the following.

- **Prevention duty:** Taking reasonable steps to prevent homelessness, for example by negotiating with a landlord or family member, providing mediation, helping to reduce rent arrears, or securing alternative accommodation.
- **Relief duty:** Taking reasonable steps to relieve homelessness, for example by helping an applicant to secure housing in the private rented sector, placing them into supported housing, or helping them bid for social housing.
- **Main duty:** Providing temporary accommodation, which can be shared or self-contained, and for many households entails living in a single room. It includes: private rented sector accommodation; local authority or housing association properties; bed and breakfast (B&B) accommodation; hostels; and refuges.

¹ On 9 July 2024, DLUHC was renamed the Ministry of Housing, Communities & Local Government (MHCLG). However, we refer to DLUHC throughout this report, as that was the name in use at the time of our fieldwork.

3 Not having a secure home significantly affects individuals' quality of life and imposes strain on public services, both in the short and long term. While cause and effect are difficult to disentangle, homelessness is associated with a range of vulnerabilities. For example, the health of people experiencing homelessness is significantly worse than that of the general population, and a much greater proportion of the prison population reports being homeless before custody than the wider population reports ever having been homeless. Homelessness can have a particularly detrimental effect on children, in terms of increased stress and anxiety, which can result in behavioural issues. Children who are homeless or living in poor housing may miss school, arrive at school hungry, or be tired during the school day due to inadequate sleep.

The scope of our work

4 Our last report on homelessness in 2017 – around six months before HRA 2017 came into force – found that, despite rising levels of homelessness, the then Department for Communities and Local Government did not have a published strategy, took a light-touch approach to working with local authorities, and was only beginning to put in place the measures that would allow it to maximise the effectiveness of resources deployed.²

5 We are returning to this topic now that the HRA 2017 changes have had time to take effect. We assess value for money in terms of whether DLUHC is working with government departments and local authorities in a way that maximises government's ability to tackle homelessness. Specifically, we look to establish whether DLUHC: has a good understanding of the nature of homelessness; is delivering appropriate system leadership; and supports local authorities well. This report follows on from our 2017 report – particularly on strategy, quality of data, and engagement with local authorities. Its structure is as follows.

- Part One sets out the main trends and patterns in homelessness.
- Part Two examines how well DLUHC is executing its policy responsibility for tackling homelessness and leading on implementing it across government.
- Part Three assesses whether DLUHC is supporting local authorities to deliver their statutory duties efficiently and effectively.

6 This report focuses on statutory homelessness duties in England, and does not comment in detail on the causes, treatment and routes out of rough sleeping. Homelessness policy is devolved, and there are different legal definitions and government responses in Northern Ireland, Scotland and Wales.

² Comptroller and Auditor General, *Homelessness*, Session 2017–2019, HC 308, National Audit Office, September 2017.

Key findings

Trends and patterns in homelessness

7 There are many inter-related factors associated with homelessness in recent years. Welfare reforms, including periodically capping and freezing the Local Housing Allowance (LHA), have reduced the amount of income in real terms that households can receive from benefits, while rents have increased faster than wages and LHA rates in much of the country. New housing supply in England is falling below the then government's ambition, announced in 2017, of building 300,000 new homes each year by the mid-2020s. In particular, a lack of housing for social rent (that is, at a cost well below typical market prices) is a driver of homelessness, since households are instead pushed into the private rented sector which is typically more expensive and provides a less secure tenancy. The ending of a private rented sector assured shorthold tenancy is one of the biggest drivers of homelessness, accounting for around 23% of households owed a prevention or relief duty in Quarter 3, 2023-24 (paragraphs 1.10 to 1.12).

8 A shortage of available housing, and the relatively high cost of the housing that is available, make it expensive for local authorities to house people in temporary accommodation, and harder for people to find a home. A lack of housing for social rent limits the routes out of homelessness for households who find themselves in temporary accommodation, as local authorities often cannot find them private rented sector properties in the local area that are affordable. In October 2023, the Committee of Public Accounts also warned that competition between the Home Office and local authorities was "driving up prices and exacerbating the homelessness challenges that local authorities already face". The Home Office is responsible for providing accommodation for asylum seekers who are destitute, while it processes their claims. In December 2023, around 100,000 asylum seekers were being housed in hotels, houses or flats within local authority areas (paragraphs 1.12, 1.15 and 1.16).

9 Homelessness has increased in recent years and is now at the highest level since comparable data collection began in the early 2000s. The extent of 'hidden' homelessness – such as people who stay with family or friends, or have otherwise not come to the attention of the local authority – is unknown. But, focusing on the period since 2018-19, soon after the implementation of HRA 2017, some headline figures are as follows.

- The number of households who applied to their local authority for help, and to whom the local authority owed a prevention or relief duty, rose from 64,080 in Quarter 3, 2018-19 to 78,980 in Quarter 3, 2023-24, an increase of 23%.
- Some 22% of those to whom local authorities owed a homelessness prevention or relief duty in Quarter 3, 2023-24 were in full-time or part-time work, down from 27% in Quarter 3, 2018-19.
- The number of households in temporary accommodation rose from 83,540 in Quarter 3, 2018-19 to 112,660 in Quarter 3, 2023-24, an increase of 35%.
- The number of children in temporary accommodation rose from 124,330 in Quarter 3, 2018-19 to 145,800 in Quarter 3, 2023-24, an increase of 17%.
- The number of households in temporary accommodation in a different local authority area from where they applied rose from 23,450 in Quarter 3, 2018-19 to 33,350 in Quarter 3, 2023-24, an increase of 42% (paragraphs 1.3, 1.5, 1.17 and 1.19 to 1.21, and Figures 2 and 4).

10 Local authority spending on homelessness services has more than doubled since 2010-11, and is putting a strain on some authorities' overall finances.

Spending on homelessness services increased in real terms from £1.14 billion in 2010-11 to £2.44 billion in 2022-23, an increase of 113%. It now makes up 60% of total gross expenditure on housing services, up from 25% in 2010-11.³ In 2022-23, local authorities spent over £1.6 billion on temporary accommodation. The District Councils' Network has warned that, for some of its members, spending on temporary accommodation represents up to half of their total net budget. Some local authorities told us that meeting their duty to provide temporary accommodation could result in them issuing a Section 114 notice, meaning they believe they will exceed their resources in a financial year (paragraphs 1.24, 1.25 and 3.13, and Figure 5).

³ Housing services spending excludes the Housing Revenue Account, which is a ring-fenced account intended to record expenditure and income on running a council's own housing and closely related services or facilities.

DLUHC's work to tackle homelessness

11 DLUHC has significantly improved its understanding of the nature and causes of homelessness, although some gaps remain that make it harder to direct resources effectively.

Soon after the implementation of HRA 2017, DLUHC introduced a new Homelessness Case Level Information Collection, which captures detailed information on households. This allows DLUHC to understand homelessness levels and patterns in much more granular detail than before. DLUHC publishes headline data on the characteristics of households presenting as homeless. However, DLUHC could get more from the data by breaking it down at case level in different ways. For example, it does not currently, but could, show multiple applications from a household in the same local authority and applications across local authority boundaries. In addition, DLUHC does not routinely collect data on the quality of temporary accommodation, but can make an assessment on suitability based on how many families are placed in B&Bs beyond the six-week limit. At the time of the COVID-19 pandemic, DLUHC developed a model to illustrate a range of homelessness scenarios which, it explained, it uses to inform future fiscal events and spending reviews. It has since updated the model to account for high levels of inflation, energy price rises, possible future unemployment rates, and projected real-terms wage growth (paragraphs 2.2, 2.4, 2.7 and 2.10, and Figure 6).

12 DLUHC still does not have a strategy or published target for statutory homelessness, which makes it more difficult to coordinate the government's response.

In September 2022, DLUHC published a rough sleeping strategy setting out the steps required to meet the 2019 Conservative Party manifesto commitment to end rough sleeping (which is a part of the wider homelessness issue) by the end of the last Parliament. Each of the UK administrations except England has an overarching homelessness strategy or action plan. In internal advice, DLUHC officials presented potential options to reduce homelessness. These options included having a public target for reducing homelessness, increasing affordable housing supply in the long-term, and making potential changes to welfare arrangements in the short-term. In setting out the options, DLUHC officials proposed that any long-term plan should be considered alongside associated funding for local authorities for temporary accommodation and homelessness services. However, any such decisions would rest with ministers, and require input from other government departments, including HM Treasury, to come to a collective agreement (paragraphs 2.11 to 2.14).

13 DLUHC has limited power to influence other government departments' decisions on cross-cutting matters that can affect homelessness services, particularly where departments have competing priorities.

DLUHC has clear internal governance arrangements to ensure it considers the interactions between homelessness and related matters. It participates in 15 cross-government boards, across nine policy areas, whose remit is relevant to homelessness. However, other government policies can have practical impacts on local authorities' housing and homelessness services. For example, one local authority explained how it was outbid by the Home Office on a building for temporary accommodation, and believed these situations could constrain many local authorities' negotiating positions, especially where they have previously agreed maximum prices with neighbouring authorities.⁴ Other examples included a local authority no longer having access to case-level data, as responsibility for delivering the housing element of Universal Credit has moved from local authorities to the Department for Work & Pensions (DWP); and another having to significantly limit the number of new social housing units built because of government rules on water demand (paragraphs 2.15 to 2.18).

14 The availability of housing, and particularly affordable housing, is a key factor in homelessness, but the supply of housing is falling behind targets.

One of DLUHC's priority outcomes is to "regenerate and level up communities to improve places and ensure everyone has a high quality, secure and affordable home". DLUHC plans to achieve this outcome through its affordable housing programmes and supporting the creation of new homes. However, economic changes, including inflation, a tight labour market and materials shortages, continue to pose a major risk to successful delivery. In 2022-23, around 235,000 net additional dwellings were built – a shortfall of 65,000 against the then government's ambition, announced in 2017, of building 300,000 new homes each year by the mid-2020s. Homes England, which is sponsored by DLUHC, fell below its central targets in 2022-23 in terms of starts, completions, unlocked housing capacity and households supported into home ownership. It largely attributed the shortfalls in starts and completions to its affordable housing programmes. In June 2024, Homes England released data on the number of starts and completions it achieved in 2023-24. When compared with 2022-23, the overall number of starts fell by 4%, while the number of completions fell by 3%. Within these overall figures, the number of affordable housing starts fell by 0.5%, but the number of completions rose by 3% (paragraphs 1.11, 2.19 and 2.20).

⁴ We reported on the Home Office's management of asylum accommodation in March 2024. Comptroller and Auditor General, *Investigation into asylum accommodation*, Session 2023-24, HC 635, National Audit Office, March 2024.

DLUHC's support for local authorities

15 Central government funding arrangements for local authorities' homelessness services remain complex, fragmented and sometimes uncertain.

Local authorities mainly fund their statutory homelessness duties through a combination of the Homelessness Prevention Grant, Housing Benefit Temporary Accommodation Subsidy reimbursed by DWP, and the Local Government Finance Settlement. Smaller, additional pots of funding, which may be delivered by other departments, are often for specific purposes with conditions attached, and some are short-term. Local authorities told us that the short-term nature of funding makes it difficult to plan services strategically, optimise their use of temporary accommodation, and spend the allocated funding in the given timeframe. The Temporary Accommodation Subsidy for local authorities is based on Housing Benefit rules and the LHA rate from January 2011, and has not kept up with rising costs. This gap in funding, commonly known as 'Temporary Accommodation Subsidy loss', is generating significant and increasing financial pressures. In 2022-23, local authorities in England experienced a subsidy loss of £204.5 million, compared with £41.4 million in 2012-13 (both expressed in 2022-23 prices). In practice, a significant portion of the Homelessness Prevention Grant is used to fund the provision of temporary accommodation, particularly in areas of poor affordability, rather than being spent on prevention work (paragraphs 3.7 to 3.9, 3.12 and 3.13, and Figure 8).

16 DLUHC is working with local authorities to address concerns about the quality and suitability of some temporary accommodation, but results so far have been limited.

Statutory guidance states that temporary accommodation must be suitable for the needs of the household. However, an increasing number of households are being placed in unsuitable accommodation due to a lack of housing options, which means local authorities are having to rely on poorer quality accommodation such as B&Bs and hotels. The guidance states that local authorities should use B&Bs for households with children only as a last resort, and even then, for a maximum of six weeks. However, in Quarter 3, 2023-24 around 2,960 households with children had been resident in a B&B for more than six weeks. The temporary accommodation regulatory framework is complex and there are some gaps, because regulations are based on the type of tenure (such as private rented accommodation, social rented properties or B&Bs) and temporary accommodation is not a specific type of tenure in itself. While the previously proposed Renters Reform Bill included a clause for the Decent Homes Standard to apply to all temporary accommodation, the Bill was not passed during the last Parliament (paragraphs 3.16 to 3.23, and Figure 9).

17 DLUHC has enhanced its arrangements for providing advice and support, but local authorities have mixed views on it. In response to the introduction of HRA 2017, DLUHC established a Homelessness Advice and Support Team (HAST) and allocates every local authority an adviser. HAST aims to communicate regularly with all local authorities, but particularly targets those with extensive use of B&Bs. Local authorities we spoke to generally recognise the professionalism and experience of HAST advisers and are positive about DLUHC engaging with them in a more proactive and structured way. However, they told us there are not enough HAST resources, and some local authorities would like more support on funding applications. Some would like HAST to take a more supportive role in offering potential solutions, informing them of innovative practice from elsewhere, and facilitating greater interaction between local authorities (paragraphs 3.24 to 3.27).

Conclusion on value for money

18 Homelessness is a highly complex issue affected by a wide range of social and economic factors, and by government policy in areas such as housing, welfare and asylum. Statutory homelessness has increased significantly in recent years, meaning that more people are finding themselves either with no stable place to live or in temporary accommodation provided by their local authority. Providing temporary accommodation alone cost local authorities over £1.6 billion in 2022-23, but it varies in quality and there are gaps in regulation, while some of it – such as B&Bs being used for households with children – is unsuitable. Dealing with homelessness is creating unsustainable financial pressure for some local authorities.

19 The situation has worsened since we last examined the issue in 2017. Despite the introduction of HRA 2017, homelessness numbers are at a record level and expected to increase. While DLUHC has developed much better homelessness data and stronger links with local authorities, the government still has no strategy or public targets for reducing statutory homelessness, and DLUHC is falling behind on key programmes to improve housing supply. Funding remains fragmented and generally short-term, inhibiting homelessness prevention work and limiting investment in good-quality temporary accommodation or other forms of housing. Until these factors are addressed across government, DLUHC will not be able to demonstrate that it is delivering optimal value for money from its efforts to tackle homelessness.

Recommendations

- 20** We recommend that DLUHC should lead on:
- a** adopting a genuinely cross-departmental approach to tackling homelessness, which might involve establishing a dedicated joint unit to oversee the implementation of the approach; and
 - b** producing a long-term strategy, and associated public targets, with regard to statutory homelessness.
- 21** We recommend that DLUHC should:
- c** explore how it can provide local authorities with greater predictability of funding for homelessness, within a spending review period;
 - d** consider how it can support local authorities to focus more on homelessness prevention;
 - e** consider how the quality of B&B accommodation could be improved;
 - f** establish a way for local authorities to more easily understand innovative practice and potential solutions in homelessness services from other authorities; and
 - g** consider how it might enhance its analysis function to improve its understanding of, and publish data on, repeat homelessness and out-of-area temporary accommodation placements.
- 22** As part of the next spending review, and to support a cross-cutting approach to tackling homelessness, we recommend that HM Treasury should:
- h** review and seek to simplify cross-departmental funding for homelessness; and
 - i** consider ways to incentivise government departments to support homelessness prevention, to deliver better outcomes and improved value for money.

Part One

Trends and patterns in homelessness

1.1 This part of the report sets out the main definitions and responsibilities relating to homelessness. It examines the context for rising homelessness in recent years, explores the number of people affected, and summarises local authority spending on homelessness.

Legal definitions and responsibilities

1.2 Part 7 of the Housing Act 1996 defines someone as homeless if there is no accommodation available for them to occupy, or if it is not reasonable for them to continue occupying the accommodation they have. The Department for Levelling Up, Housing & Communities (DLUHC) has policy responsibility for tackling homelessness in England, and leads on implementing homelessness policies across government.⁵ Several other departments have responsibilities that affect the ability of individuals and households to acquire and retain a settled home. These departments include the: Department for Education (with regard to care leavers); Department of Health & Social Care; Department for Work & Pensions (DWP); Home Office (with regard to asylum and immigration); and Ministry of Justice (with regard to those with a history of offending).

1.3 DLUHC distributes homelessness funding to local authorities, who have a statutory duty to assist people who are homeless or threatened with homelessness. Prior to 2018, local authorities' core duty was to provide temporary accommodation to homeless households considered to be in priority need and therefore entitled to it in law. However, the Homelessness Reduction Act 2017 (HRA 2017), which came into force in April 2018, extended local authorities' statutory duties, requiring them to do much more to "prevent" and "relieve" homelessness, as well as providing temporary accommodation. These duties are explained more fully in **Figure 1**.

1.4 Temporary accommodation is emergency accommodation that local authorities provide to homeless households in priority need, while they await permanent housing. It can be shared or self-contained and, for many households, it entails living in a single room. It includes: private rented sector accommodation; local authority or housing association properties; bed and breakfast (B&B) accommodation; hostels; and refuges.

⁵ On 9 July 2024, DLUHC was renamed the Ministry of Housing, Communities & Local Government (MHCLG). However, we refer to DLUHC throughout this report, as that was the name in use at the time of our fieldwork.

Figure 1

Summary of local authorities' statutory duties towards those who apply for help with regard to homelessness

Local authorities have a series of prevention and relief duties before they consider providing households with temporary accommodation

Prevention duty

Local authorities have a duty to take reasonable steps to prevent an applicant's homelessness.

The prevention duty is owed to all eligible applicants threatened with homelessness in the next 56 days, irrespective of 'local connection', 'priority need' or 'intentional homelessness'.

The duty is also owed where a valid Section 21 eviction notice has been served which expires within 56 days.

The prevention duty may mean, for example, negotiating with a landlord or family member, providing mediation, helping to reduce rent arrears, or securing alternative accommodation before a household becomes homeless.

Relief duty

Local authorities have a duty to take reasonable steps to relieve an applicant's homelessness.

The relief duty is owed to all eligible applicants who are homeless, irrespective of 'priority need' or 'intentional homelessness'.

If the local authority has reason to believe the applicant is in priority need, it has a duty to provide interim accommodation during the relief duty.

The duty lasts up to 56 days but may be extended if no main duty is owed.

The relief duty may mean, for example, helping an applicant to secure housing in the private rented sector, placing them in supported housing, or helping them to bid for social housing.

Main duty

The main duty is owed to applicants whose homelessness has not been prevented or relieved, who are homeless through no fault of their own, and who are in priority need.

The main duty is to provide temporary accommodation until such time as the duty ends, which is when the applicant: refuses an offer of suitable temporary accommodation; accepts or refuses a suitable offer of social or private rented sector housing; abandons or loses their temporary accommodation; or ceases to be eligible.

Applicants who are in priority need but are intentionally homeless may receive advice and assistance, and temporary accommodation for a short period of time.

Notes

- 1 A Section 21 eviction notice is a legal route through which landlords can evict tenants who have an assured shorthold tenancy.
- 2 People in priority need include those who are: pregnant or have children in their care; care leavers aged 18 to 21; aged 16 or 17 and not owed a Children Act duty; homeless as a result of domestic abuse; homeless due to flood, fire or other disaster; and 'vulnerable' including due to mental illness, disability, time spent in care, violence or threat of violence, or having been in custody or the armed forces.
- 3 Supported housing is accommodation provided alongside support, supervision or care to help people with specific needs to live as independently as possible in the community.

Source: National Audit Office analysis of material provided by the Department for Levelling Up, Housing & Communities

1.5 Other people without a settled home – sometimes referred to as the 'hidden' homeless – stay with family or friends, or have otherwise not come to the attention of the local authority. An evidence review in March 2023 by the Office for National Statistics noted there is no common definition of hidden homelessness, and it is not possible to estimate the numbers of people involved.⁶ However, it suggested that women, young people and ethnic minority groups are more likely to experience hidden homelessness than others.

6 Office for National Statistics, "Hidden" homelessness in the UK: evidence review, March 2023.

The impact of homelessness on individuals and public services

1.6 Not having a secure home significantly affects individuals' quality of life, and puts strain on public services in the short and long term. Being homeless can make it harder for people to find a job, stay healthy and maintain relationships. The longer someone is homeless, the more complex their problems are likely to become and the more difficult it can be for them to get back on their feet.

1.7 While cause and effect are difficult to disentangle, homelessness is associated with a range of vulnerabilities. For example, the health of people experiencing homelessness is significantly worse than that of the general population. Homelessness, and the fear of becoming homeless, can cause new health concerns and exacerbate existing health conditions. A much greater proportion of the prison population reports being homeless before custody than the general population reports ever having been homeless.⁷

1.8 Homelessness can have a particularly detrimental effect on children. Starting life in temporary accommodation may limit access to universal health care and is associated with greater rates of infection and accidents. Homeless children are more likely to experience anxiety, which can result in behavioural issues and place increased demands on children's services. Research by Shelter, based on evidence from teachers, sets out the educational challenges for children who are homeless or living in poor housing:

- missing school, often because they face significant difficulties with their journey to school if they become homeless and are accommodated a long way from their former home;
- coming to school hungry, as B&Bs and hostels are often not equipped with suitable cooking facilities; and
- being tired in school because they may struggle to sleep in overcrowded accommodation.⁸

Factors making homelessness more likely and harder to address

Affordability and availability of accommodation

1.9 There is evidence that households are finding it increasingly challenging to afford accommodation in the private rented sector. Housing is considered affordable when households can access a property of reasonable quality at a price that leaves enough income for other necessary non-housing related costs. The OECD estimates that around a quarter of private renters in the UK spend more than 40% of their disposable income on housing costs. This is a higher proportion than in any other European country for which data are available.

⁷ Local Government Association, *The impact of homelessness on health: a guide for local authorities*, September 2017.

⁸ Shelter, *The impact of homelessness and bad housing on children's education*, November 2020.

1.10 Since 2011, DWP has introduced welfare reforms designed to reduce overall welfare spending and incentivise benefit recipients to take up employment. These reforms, including periodically capping and freezing the Local Housing Allowance (LHA), have reduced the income households can derive from benefits in real terms.⁹ At the same time, rents in the private rented sector have increased faster than wage growth and LHA rates in much of the country.

1.11 The supply of new housing in England is falling below the then government's ambition, announced in 2017, of building 300,000 new homes each year by the mid-2020s. In 2022-23, around 235,000 net additional dwellings were built (a shortfall of 65,000), and since 2001-02 the annual number of net additional dwellings has not exceeded 250,000. In December 2022, the Committee of Public Accounts raised particular concerns that the number of homes built for social rent (that is, at a cost well below typical market prices) was insufficient to meet demand.¹⁰

1.12 A lack of housing for social rent results in households being pushed into the private rented sector, which is typically more expensive and provides a less secure tenancy than the social rented sector. The ending of a private rented sector assured shorthold tenancy is one of the biggest drivers of homelessness, accounting for around 23% of households owed a prevention or relief duty in Quarter 3, 2023-24. Just as significantly, a lack of housing for social rent limits the routes out of homelessness for households in temporary accommodation, as local authorities often cannot find them private rented sector properties in the local area that are affordable within LHA rates.

1.13 Some stakeholders suggested they had identified a rise in the number of households presenting as homeless due to landlords leaving the private rented sector. Common reasons might include rising mortgage costs, increased profitability in the short-term letting market, and uncertainty around proposed new housing legislation such as the Renters Reform Bill and potential changes to landlords' eviction rights. Demand in the sector has also increased due to high levels of net migration and an increase in the number of households since 2013.

1.14 Additionally, many households in the private rented sector are struggling with rising household costs caused by the cost of living crisis and high levels of inflation. Research commissioned by Shelter in November 2023 found that 3.5 million private tenants in England were worried about becoming homeless due to housing costs.

9 Local Housing Allowance sets the maximum amount of housing support that claimants of Housing Benefit and Universal Credit can usually receive, to help with housing costs in the private rented sector.

10 Committee of Public Accounts, *The Affordable Homes Programme since 2015*, Twenty-Ninth Report of Session 2022-23, HC 684, December 2022.

Asylum policy and practice

1.15 In August 2023, the Home Office updated its process on the notice period for successful asylum seekers to leave the accommodation that they had been provided with while their claim was being considered if they had been previously destitute. Before this, they were given a minimum of 28 days of support to source permanent housing, from the date they received their biometric residence permit. The updated process gave them a minimum of 28 days from when they were notified of their successful claim. For some people, this reduced the window for securing new accommodation to seven days, as they could not secure accommodation until they received their biometric residence permit. In September 2023, the Home Office reversed this decision. London Councils reported a 234% increase (from 93 to 311 people) in the number of refugees sleeping rough in London in January 2024 compared with September 2023.

1.16 In October 2023, the Committee of Public Accounts warned that competition between the Home Office and local authorities was “driving up prices and exacerbating the homelessness challenges that local authorities already face”.¹¹ We have found that, as at December 2023, the Home Office was housing around 100,000 asylum seekers in hotels, houses or flats within local authority areas.¹²

The number of people affected by homelessness

1.17 Across all main measures, homelessness has increased since HRA 2017 was implemented. A key statistic is the number of households who apply to their local authority and are owed a homelessness prevention or relief duty. The number of such households rose from 64,080 in Quarter 3, 2018-19 to 78,980 in Quarter 3, 2023-24, an increase of 23% (**Figure 2** on pages 19 and 20). Some 22% of those owed a homelessness prevention or relief duty in Quarter 3, 2023-24 were in full-time or part-time work, down from 27% in Quarter 3, 2018-19. Of the 78,980 households owed a homelessness prevention or relief duty, 43,080 (55%) had one or more support needs.

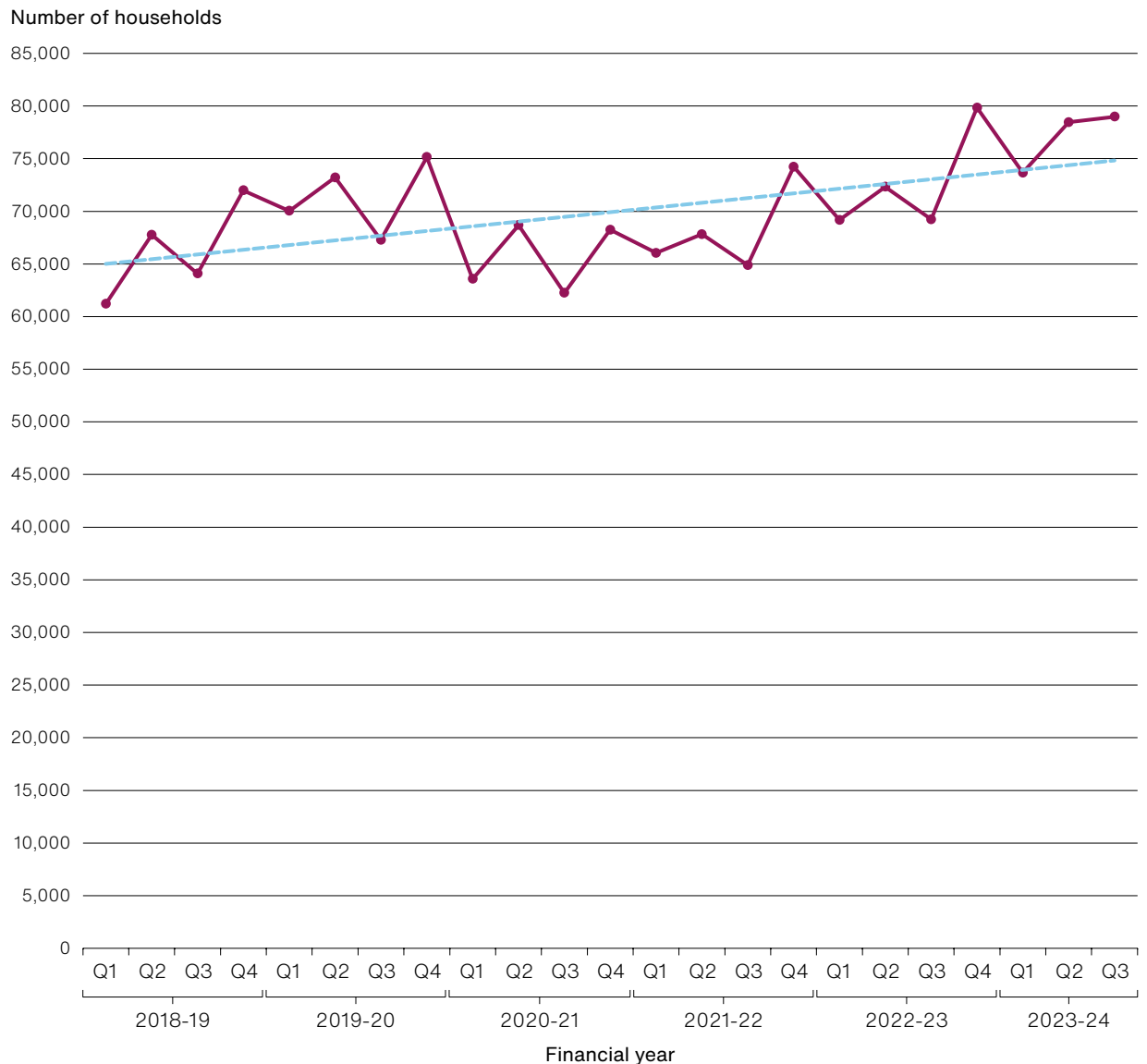
¹¹ Committee of Public Accounts, *The Asylum Transformation Programme*, Seventy-Sixth Report of Session 2022-23, HC 1334, October 2023.

¹² Comptroller and Auditor General, *Investigation into asylum accommodation*, Session 2023-24, HC 635, National Audit Office, March 2024.

Figure 2

The number of households owed a homelessness prevention or relief duty, 2018-19 to 2023-24

The number of households owed a homelessness prevention or relief duty rose from 64,080 in Quarter 3, 2018-19 to 78,980 in Quarter 3, 2023-24, an increase of 23%



	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Q1	61,210	70,030	63,570	66,040	69,180	73,660
Q2	67,770	73,210	68,680	67,820	72,320	78,460
Q3	64,080	67,280	62,250	64,890	69,230	78,980
Q4	71,980	75,140	68,250	74,230	79,840	-

● Number of households owed a prevention or relief duty
 -- Trendline

Figure 2 *continued*

The number of households owed a homelessness prevention or relief duty, 2018-19 to 2023-24

Notes

- 1 Data are taken from the Homelessness Case Level Information Collection (H-CLIC), which captures detailed information on households as they progress through the different stages of the statutory homelessness system.
- 2 The Department for Levelling Up, Housing & Communities (DLUHC) releases H-CLIC data on statutory homelessness for each quarter. Comparable data on the number of households owed a prevention or relief duty are available between Quarter 1, 2018-19 and Quarter 3, 2023-24.
- 3 To account for seasonality in the data, the subtitle compares data from Quarter 3, 2018-19 with Quarter 3, 2023-24.
- 4 The line of best fit (trendline) shows the trend in the number of households owed a prevention or relief duty between 2018-19 and 2023-24. The line of best fit was plotted using the linear trendline function built-in to Excel.
- 5 Local authorities have a duty to take reasonable steps to prevent an applicant's homelessness. This is known as a prevention duty. It is owed to all eligible applicants threatened with homelessness in the next 56 days.
- 6 Local authorities have a duty to take reasonable steps to relieve an applicant's homelessness. This is known as a relief duty. It is eligible to all applicants who are homeless, irrespective of need.
- 7 Data for Quarter 3, 2023-24 are provisional and are then revised in the next quarter.
- 8 Data for all quarters in 2023-24 may be revised when DLUHC releases homelessness statistics for the entire financial year 2023-24.

Source: National Audit Office analysis of published Department for Levelling Up, Housing & Communities data

1.18 The data also show why households who are owed a homelessness duty lost their last settled home. The number of households who lost their home due to domestic abuse rose from 5,580 in Quarter 3, 2018-19 to 8,870 in Quarter 3, 2023-24, an increase of 59%. Over the same period, the number of households required to leave accommodation provided as asylum support by the Home Office rose from 860 to 6,970, an increase of 710% (**Figure 3** on pages 21 and 22).

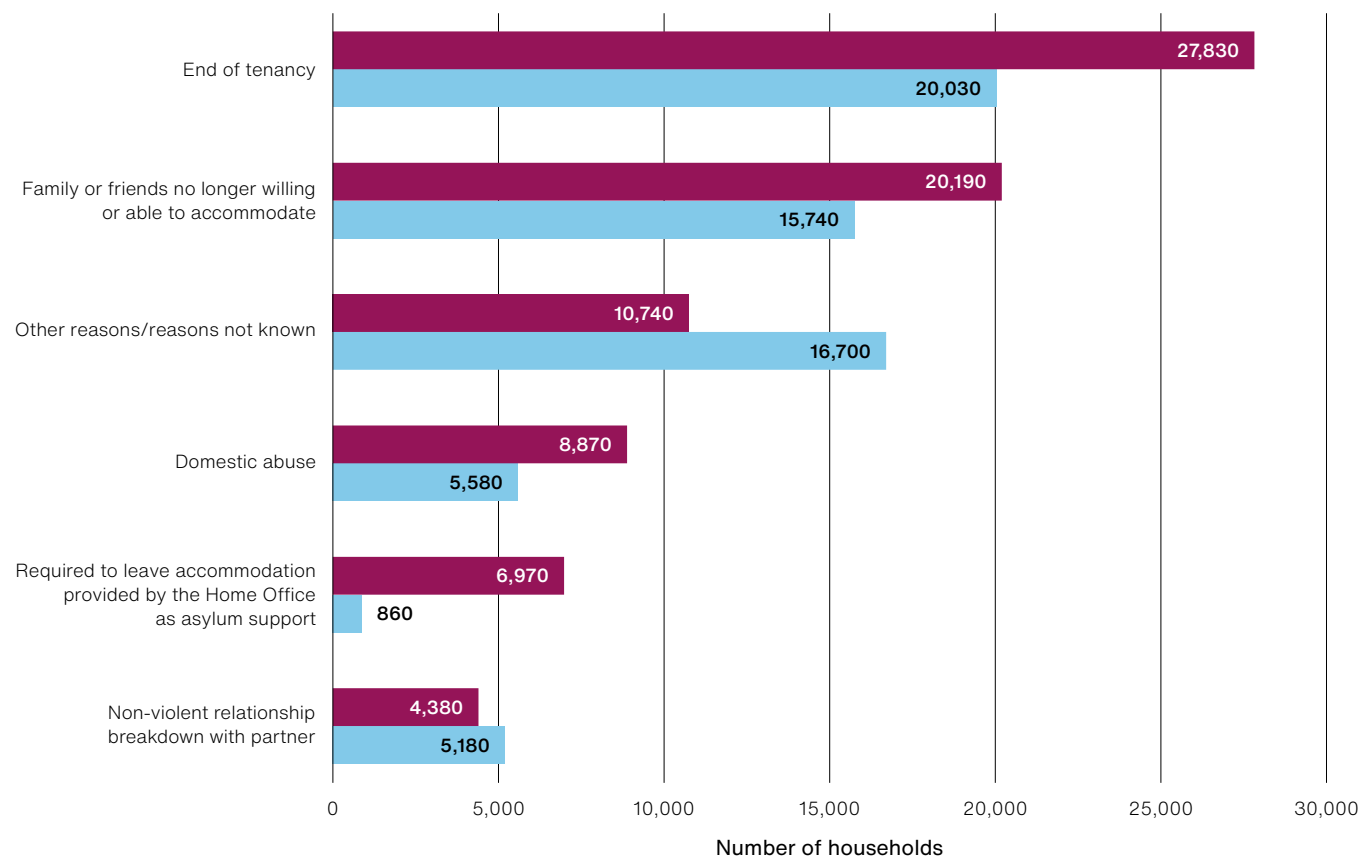
1.19 While the use of temporary accommodation has fluctuated over the long term, it has risen considerably since the introduction of HRA 2017. The total number of households in temporary accommodation rose from 83,540 in Quarter 3, 2018-19 to 112,660 in Quarter 3, 2023-24, an increase of 35% (**Figure 4** on page 23). This trend particularly reflects a greater use of temporary accommodation for single people. The expanded prevention and relief duties included in HRA 2017 saw the number of single people in temporary accommodation rise from 18,040 in Quarter 3, 2018-19 to 33,530 in Quarter 3, 2023-24, an increase of 86%.

1.20 The number of households with children in temporary accommodation initially fell following the implementation of HRA 2017, from 61,610 in Quarter 3, 2018-19 to 58,540 in Quarter 3, 2021-22, a decrease of 5% (Figure 4). DLUHC told us this was largely due to temporary restrictions on evictions introduced during the COVID-19 pandemic. Between Quarter 3, 2021-22 and Quarter 3, 2023-24, numbers increased by 22%, which is likely to reflect the cost of living crisis and the lifting of restrictions on evictions. At the end of Quarter 3, 2023-24, some 145,800 children were living in temporary accommodation, compared with 124,330 in Quarter 3, 2018-19, a rise of 17%.

Figure 3

Reasons why households who are owed a homelessness duty lost their last settled home – comparison between Quarter 3, 2018-19 and Quarter 3, 2023-24

There have been notable increases in households leaving their last settled home due to the ending of a tenancy, family or friends no longer being willing or able to accommodate, domestic abuse, and the requirement to leave asylum support accommodation



■ Quarter 3, 2023-24
 ■ Quarter 3, 2018-19

	Quarter 3, 2018-19	Quarter 3, 2023-24
	(%)	(%)
End of tenancy	31	35
Family or friends no longer willing or able to accommodate	25	26
Other reasons/reasons not known	26	14
Domestic abuse	9	11
Required to leave accommodation provided by the Home Office as asylum support	1	9
Non-violent relationship breakdown with partner	8	6

Figure 3 *continued*

Reasons why households who are owed a homelessness duty lost their last settled home – comparison between Quarter 3, 2018-19 and Quarter 3, 2023-24

Notes

- 1 Data are taken from the Homelessness Case Level Information Collection (H-CLIC), which captures detailed information on households as they progress through the different stages of the statutory homelessness system.
- 2 Categories from the H-CLIC data release called 'End of assured shorthold tenancy', 'End of non-assured shorthold private rented tenancy', 'Total evicted from supported housing', and 'End of social rent tenancy' have been grouped to create the 'End of tenancy' category.
- 3 The Department for Levelling Up, Housing & Communities (DLUHC) describes the 'Other reasons/reasons not known' category as including 'Fire/flood/other emergency', 'Left HM Forces', 'Mortgage repossession', 'Property disrepair', 'Loss of tied accommodation', 'Unsuccessful placement', 'Voluntarily left accommodation to relocate', 'Other' and 'Not known'. We have separately included data on 'Departure from institution', 'Other violence or harassment' and 'Home no longer suitable – disability/ill health' within this category.
- 4 DLUHC provides a more detailed breakdown of some of the data categories within the published H-CLIC data release.
- 5 Data for Quarter 3, 2023-24 are split into prevention and relief duty figures. We have summed data on prevention and relief duties to produce data on the number of households owed a homelessness duty.
- 6 To account for seasonality in the data, data from Quarter 3, 2018-19 are compared with Quarter 3, 2023-24.
- 7 Percentages and totals may not sum due to rounding.

Source: National Audit Office analysis of published Department for Levelling Up, Housing & Communities data

1.21 For a variety of reasons, including lack of housing supply and suitability of accommodation, some local authorities struggle to place households within their local area. DLUHC acknowledges that placing households out of area can cause disruption, especially to children, including social isolation affecting their support and health needs. The number of households placed out of area rose from 23,450 in Quarter 3, 2018-19 to 33,350 in Quarter 3, 2023-24, an increase of 42%. Of the households placed out of area in Quarter 3, 2023-24, around 26,380 (79%) had been placed there by a London local authority. London Councils told us that the majority of these households are still placed somewhere within London.

The potential to reduce the number of households in temporary accommodation

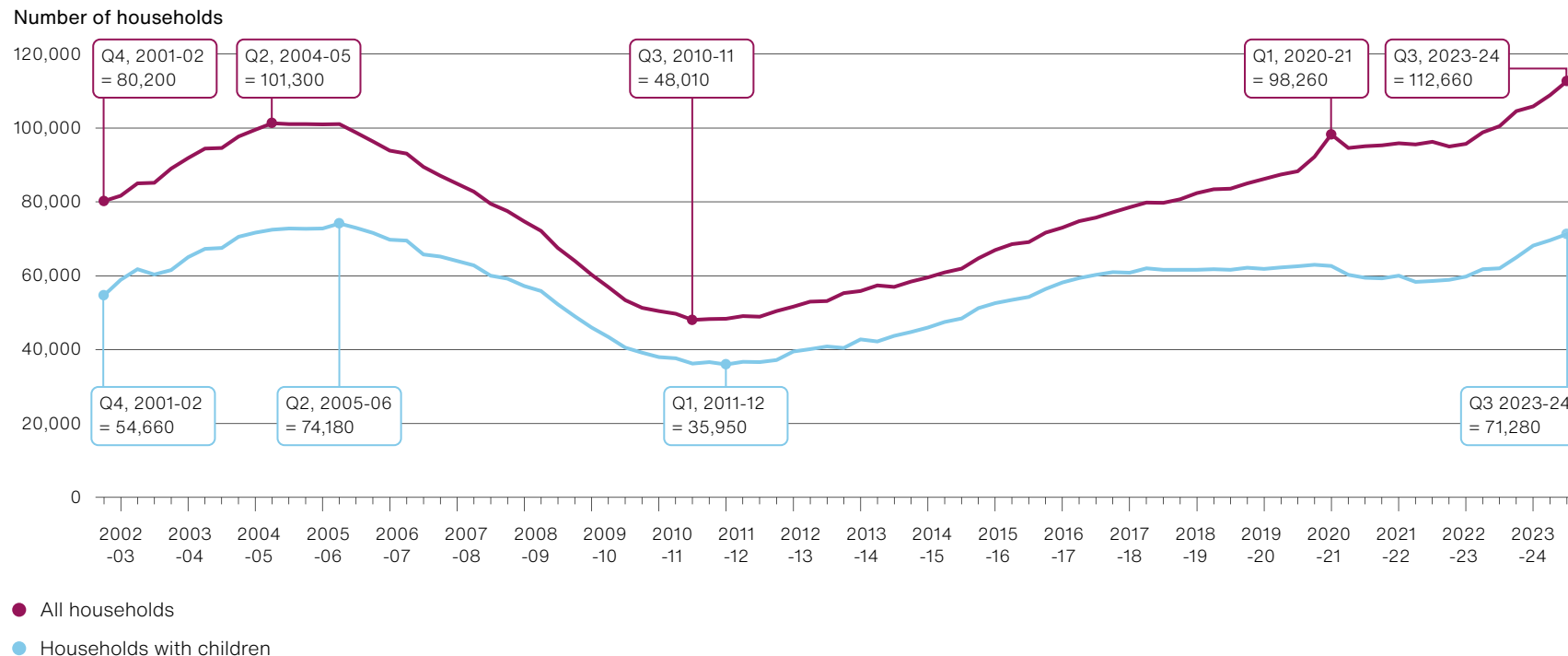
1.22 Historic trends suggest that extensive use of temporary accommodation can be reversed. In 2004, there were around 101,000 households in temporary accommodation. However, by the end of 2010, numbers had fallen to around 48,000, representing a reduction of around 52% (Figure 4).

1.23 DLUHC officials have considered the potential to reduce the number of households in temporary accommodation. They concluded that the government achieved the reduction between 2004 and 2010 through a public commitment to halve the number of households, coupled with significant investment and proportionately higher Housing Benefit.

Figure 4

The number of households in temporary accommodation, Quarter 4, 2001-02 to Quarter 3, 2023-24

In Quarter 3, 2023-24, there were 112,660 households in temporary accommodation, which is the highest total across the whole period



Notes

- 1 This graphic includes data labels at local maximum and minimum points of the lines.
- 2 Households in temporary accommodation are as reported at the end of each quarter – 30 June, 30 September, 31 December and 31 March.
- 3 Data are taken from the Homelessness Case Level Information Collection (H-CLIC), which captures detailed information on households as they progress through the different stages of the statutory homelessness system.
- 4 Quarter 1, 2018-19 was the first to utilise H-CLIC. Previous quarters were based on the P1E collection. The Department for Levelling Up, Housing & Communities (DLUHC) has processed the data so that Quarter 1, 2018-19 can be compared with previous quarters.
- 5 Data are rounded to the nearest 10 households.
- 6 Data for Quarter 3, 2023-24 are provisional, and are then revised in the next quarter.
- 7 Data for all quarters in 2023-24 may be revised when DLUHC releases homelessness statistics for the entire financial year 2023-24.
- 8 Data available for each quarter between 31 March 2002 and 31 December 2023.

Source: National Audit Office analysis of published Department for Levelling Up, Housing & Communities data

Local authority spending

1.24 Local authority spending on homelessness services increased in real terms from £1.14 billion in 2010-11 to £2.44 billion in 2022-23, a rise of 113%. Over the same period, spending on all housing services, of which homelessness services are a part, decreased in real terms from £4.53 billion to £4.05 billion, a fall of 11%.¹³ Homelessness services now make up 60% of total gross expenditure on housing services, up from 25% in 2010-11 (**Figure 5** on pages 25 and 26).

1.25 While local authorities have a statutory duty to support those at risk of homelessness, and the Homelessness Prevention Grant is intended to prevent homelessness, local authorities are increasingly spending their funding on temporary accommodation. In 2022-23, they spent £1.63 billion on temporary accommodation, representing 40% of total spending on housing services. By contrast, in 2010-11, local authorities spent £736 million in real terms on temporary accommodation, which represented 16% of total spending on housing services.

¹³ Housing services spending excludes the Housing Revenue Account, which is a ring-fenced account intended to record expenditure and income on running a council's own housing and closely related services or facilities.

Figure 5

Local authority spending on non-Housing Revenue Account (HRA) housing services in real terms, 2010-11 to 2022-23

Local authority spending on homelessness services increased by 113% over the period

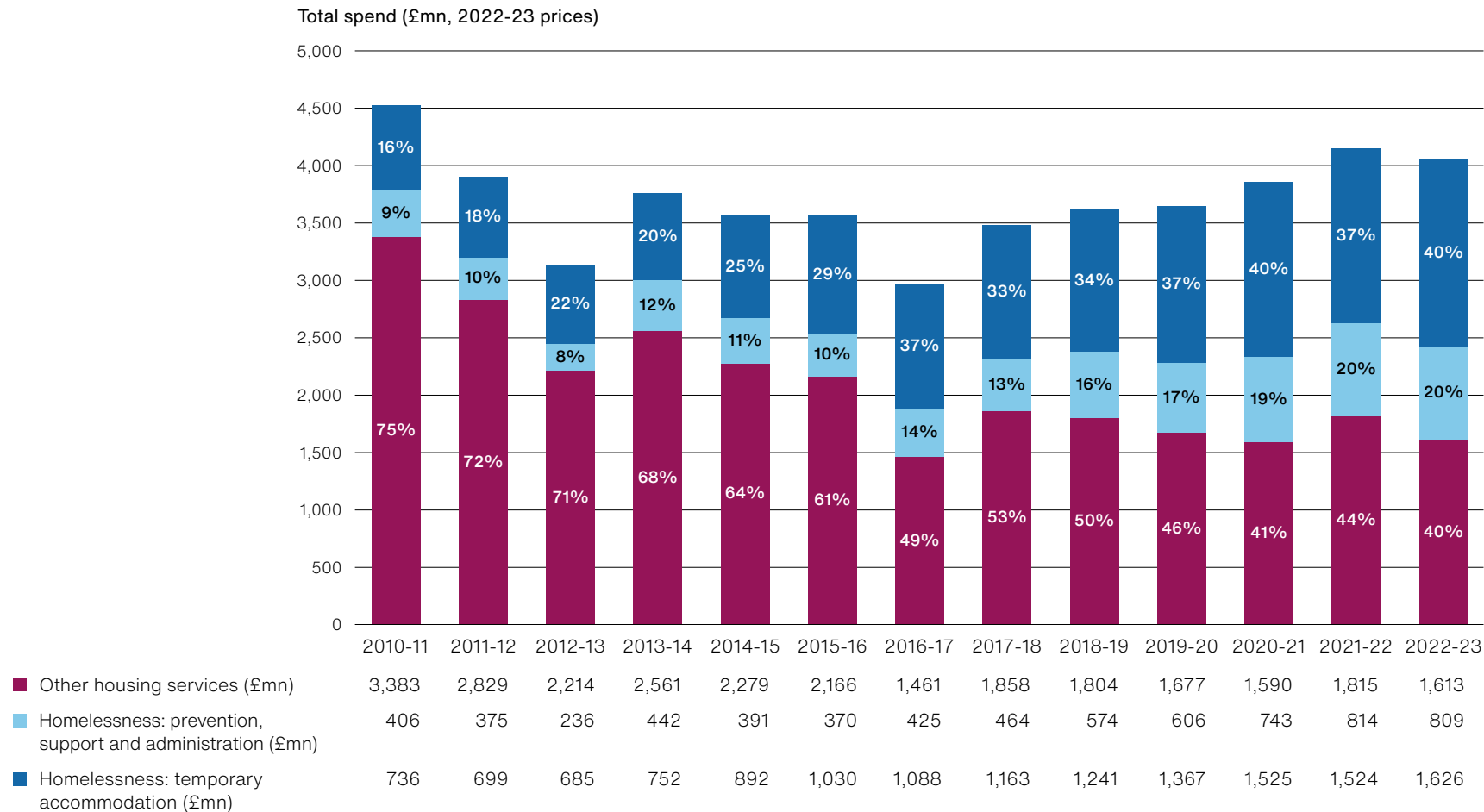


Figure 5 *continued*

Local authority spending on non-Housing Revenue Account (HRA)
housing services in real terms, 2010-11 to 2022-23

Notes

- 1 Housing services spending excludes the Housing Revenue Account (HRA), which is a ring-fenced account intended to record expenditure and income on running a council's own housing and closely related services or facilities.
- 2 The category 'Other housing services' includes the following: housing strategy; private sector housing renewal; Housing Benefit; and housing welfare.
- 3 The category 'Homelessness: prevention, support, and administration' includes the following: homelessness administration; homelessness prevention; and homelessness support.
- 4 The category 'Homelessness: temporary accommodation' includes the following: nightly paid, private managed accommodation leased by the authority; hostels (non-HRA support); bed and breakfast accommodation; private managed accommodation leased by registered social landlords (RSLs), directly with a private sector landlord; accommodation within the authority's own housing (non-HRA); other temporary accommodation; and accommodation within RSL housing.
- 5 Data have been adjusted to 2022-23 values using GDP deflator data published by HM Treasury in March 2024. This has been done to account for the impact of inflation.
- 6 Universal Credit is in the process of replacing six existing benefits and tax credits for working age households including Housing Benefit. Housing Benefit is administered by local authorities, whereas Universal Credit is administered by the Department for Work & Pensions.
- 7 Percentages may not sum due to rounding.

Source: National Audit Office analysis of published Department for Levelling Up, Housing & Communities data

Part Two

The Department for Levelling Up, Housing & Communities' work to tackle homelessness

2.1 This part of the report examines how well the Department for Levelling Up, Housing & Communities (DLUHC) is executing its policy responsibility for tackling homelessness, and how it is leading on implementing homelessness policies across government.¹⁴

DLUHC's understanding of homelessness

Recent and ongoing improvements

2.2 DLUHC has significantly improved its understanding of homelessness since we last reported on the issue in 2017. It has published statistics on statutory homelessness since 1998. Soon after the implementation of the Homelessness Reduction Act 2017, DLUHC introduced a new Homelessness Case Level Information Collection (H-CLIC), which captures detailed information on households as they progress through the different stages of the statutory homelessness system. Local authorities submit statistical returns for each quarter and must report on all homelessness applications, regardless of outcome. These data allow DLUHC to understand homelessness at a much more granular level than the previous statistical return (called the 'P1E'). **Figure 6** overleaf compares the two approaches.

2.3 DLUHC uses H-CLIC to produce a wide range of analyses that can inform policy decisions and discussions with local authorities. H-CLIC is publicly available as a quarterly and annual statistical release. However, there is typically a lag of four or five months between data collection and publication.

2.4 At the time of the COVID-19 pandemic, DLUHC developed a model to illustrate a range of homelessness scenarios which, it explained, it uses to inform future fiscal events and spending reviews. The approach comprises two components: a 'stock and flow' model which projects the number of people in temporary accommodation based on historical inflows and outflows; and a microsimulation model to understand the link between income and homelessness outcomes. DLUHC has since updated its model to account for high levels of inflation, energy price rises, possible future unemployment rates and projected real-term wage growth.

¹⁴ On 9 July 2024, DLUHC was renamed the Ministry of Housing, Communities & Local Government (MHCLG). However, we refer to DLUHC throughout this report, as that was the name in use at the time of our fieldwork.

Figure 6

Comparison of the Homelessness Case Level Information Collection (H-CLIC) with the previous P1E statistical return

H-CLIC provides much more comprehensive and useful information than the previous P1E return

Theme	H-CLIC (April 2018 onwards)	P1E (1998-2018)
Data collection	Case-level data.	Summary data.
Information provided	Detailed information on individual cases such as household composition, reasons for homelessness, and support needs.	Aggregated totals for different categories of homelessness data.
Aim	Tracks individual cases through the homelessness system (prevention, relief, main duty).	Offers a snapshot of homelessness levels at a specific point in time.
Comparison between local authorities	Allows detailed comparisons of local authority performance.	Allows only limited ability to compare between local authorities.
Support needs	Captures details on the specific support needs of individuals and households.	Includes no specific data on support needs.
Trend comparison across different protected characteristics	Allows more detailed analysis of different protected characteristics (ethnicity, sexual orientation, etc).	Allows less detailed analysis of different protected characteristics (ethnicity, sexual orientation, etc).

Source: National Audit Office analysis of documents from the Department for Levelling Up, Housing & Communities

2.5 DLUHC has commissioned a system-wide evaluation of homelessness and rough sleeping. The aim is to assess the interaction between different interventions, understand what works, and identify the most effective points at which to prevent homelessness. DLUHC is due to publish an interim report in summer 2025, followed by a final report in spring 2027.

2.6 DLUHC partners with the Centre for Homelessness Impact (CHI), the UK's 'What Works Centre' for homelessness, on initiatives designed to improve the use of data and evidence. In autumn 2022, DLUHC announced a 'Test and Learn' programme to identify and share best practice on homelessness and rough sleeping, and ensure that policy decisions are underpinned by reliable evidence. CHI runs the programme, which launched in 2023, and DLUHC aims to publish interim findings from autumn 2025 and final reports from summer 2026.

Gaps in understanding

2.7 DLUHC acknowledges that limitations on data sharing, linkage and analysis mean it is difficult to analyse repeat homelessness. According to the Housing Act 1996, there is no limit on the number of homelessness applications people can make to a local authority, and they can make a fresh application even if the original homelessness duty owed to them has been discharged. The local authority will only consider a new homelessness application if there are new facts that make a material change to the previous application. While DLUHC publishes headline data on the characteristics of households presenting as homeless, it could get more from the data by breaking it down at case level in different ways. For example, the data could show multiple applications from a household in the same local authority and applications across local authority boundaries.

2.8 The Office for Statistics Regulation reported in 2021 that H-CLIC originally promised to measure repeat homelessness cases, but these estimates had still not been published. At the time of our fieldwork, DLUHC was conducting initial analysis on adapting H-CLIC to track households who move between local authorities and repeat homelessness applications. It expects to publish this work before the end of 2024.

2.9 H-CLIC captures data on the number of households placed in temporary accommodation outside the area where they made their homelessness application, and the local authorities who place households there. However, DLUHC does not routinely collect data on where such households are placed, meaning it cannot draw conclusions about the distances involved and the impact on households.

2.10 DLUHC collects a large amount of other data on temporary accommodation. It predominantly focuses on length of stay and type of accommodation. Regulations state that bed and breakfast (B&B) accommodation is unsuitable for households with children for a period of more than six weeks, and extended use of such accommodation is one of DLUHC's key indicators for intervention with local authorities. However, it does not routinely collect data on quality of temporary accommodation, or publish data on the number of times households are moved between different premises. DLUHC can make an assessment on suitability based on how many families are placed in B&Bs beyond the six-week limit.

Strategy and targets

2.11 In September 2022, DLUHC published a rough sleeping strategy setting out the steps required to meet the 2019 Conservative Party manifesto commitment to end rough sleeping (which is a part of the wider homelessness issue) by the end of the last Parliament.¹⁵ Official snapshot figures released in February 2024 show the estimated number of people sleeping rough on a single night (3,898 people when the snapshot was taken in autumn 2023) rose for the second year in a row. However, numbers remain lower than the peak of 4,751 in 2017. DLUHC believes the strategy is helping focus activity across government and within the homelessness sector.

2.12 Each of the UK devolved administrations has an overarching homelessness strategy or action plan. In late 2023, the Welsh Government also issued a consultation on homelessness, including proposals such as: extending local authorities' prevention duty to six months; targeting prevention activities towards those most at risk; and improving standards relating to the suitability of accommodation.¹⁶ In addition, in March 2024, the Scottish Government introduced a housing bill that included new duties around homelessness prevention and strengthening tenants' rights.

2.13 By contrast, there is no strategy or target for statutory homelessness in England, despite the National Audit Office and the Committee of Public Accounts recommending this in 2017.^{17,18} However, DLUHC has considered the need for a strategy and, in internal advice, officials set out options for delivering sustainable reductions in homelessness. These options included having a public target backed by a credible long-term plan, increasing affordable housing supply in the long-term, and making potential changes to welfare arrangements in the short-term.

2.14 DLUHC suggested that a significant ramping-up in affordable housing supply, beyond individual strategic sites, would be needed to make a substantial impact, requiring new supply in areas where homelessness pressures are particularly acute, including the South East, South West and London. In setting out the options, DLUHC officials proposed that any long-term plan should be considered alongside associated funding for local authorities for temporary accommodation and homelessness services. However, any such decisions would rest with ministers, and require input from other government departments, including HM Treasury, to come to a collective agreement.

¹⁵ Department for Levelling Up, Housing & Communities, *Ending rough sleeping for good*, September 2022.

¹⁶ Welsh Government, *Consultation on the White Paper on Ending Homelessness in Wales*, WG48223, October 2023.

¹⁷ Comptroller and Auditor General, *Homelessness*, Session 2017–2019, HC 308, National Audit Office, September 2017.

¹⁸ Committee of Public Accounts, *Homeless households*, Eleventh Report of Session 2017–2019, HC 462, December 2017.

The profile of homelessness and related issues within DLUHC and other government departments

2.15 DLUHC has clear arrangements to ensure it considers the interactions between homelessness and related matters, such as housing and its wider work with local authorities. It does this primarily through formal boards responsible for themes such as the supply of social housing and supported housing, basic housing standards, reform of the private rented sector, delivery of the Local Authority Housing Fund, and resettlement programmes for refugees from Afghanistan and Ukraine.

2.16 DLUHC belongs to 15 cross-government boards whose remit is relevant to homelessness. Between them, they cover nine policy areas: homelessness and rough sleeping; housing; health; poverty; migration and resettlement; multiple disadvantage; people with a history of offending; care leavers; and veterans.

2.17 Our March 2024 investigation into asylum accommodation set out the challenges facing local authorities when the Home Office established large sites nearby to temporarily house asylum seekers.¹⁹ It explained that, to allow it to secure potential sites quickly, the Home Office had undertaken “limited engagement” with local stakeholders and negotiated agreements to use the sites before engaging with the relevant local authorities. The investigation noted that DLUHC agreed initial local authority engagement by the Home Office had been poor. However, DLUHC considered that relationships were improving, with more regular communication at all levels.

2.18 Some stakeholders expressed concerns about whether DLUHC has sufficient leverage with other parts of government to ensure that decision-making affecting the delivery of housing and homelessness services is sufficiently coordinated. Examples include the following.

- One local authority was frustrated that it had previously been able to access case-level data from the Department for Work & Pensions’ Housing Benefit system in order to understand homeless households’ situations, but such access was no longer possible with the Universal Credit system.
- Another local authority was close to agreeing a deal with a local landlord to acquire a building for temporary accommodation, only to be outbid by the Home Office which was seeking a property to house asylum seekers. It considered that these situations could constrain many local authorities’ negotiating positions in the future, especially where they had previously been able to agree maximum prices with neighbouring authorities. The Home Office explained to us that it operates a consultation process to attempt to address these issues.
- Another local authority had to significantly limit the number of social housing units it was able to build, because without financial assistance it was unable to meet government rules which require the total demand for water to be the same, after a new development is built, as it was before.

¹⁹ Comptroller and Auditor General, *Investigation into asylum accommodation*, Session 2023-24, HC 635, National Audit Office, March 2024.

Housing supply

2.19 One of DLUHC's priority outcomes is to "regenerate and level up communities to improve places and ensure everyone has a high quality, secure and affordable home". DLUHC plans to achieve this outcome through its affordable housing programmes and supporting the creation of new homes. However, its annual report for 2022-23 conceded that economic changes – including inflation, a tight labour market and material shortages – continued to pose a major risk to successful delivery.

2.20 Homes England, which is sponsored by DLUHC, fell below its central targets in 2022-23 in terms of starts, completions, unlocked housing capacity and households supported into home ownership. It largely attributed the shortfalls in starts and completions to the performance of its affordable housing programmes (see paragraph 1.11). In June 2024, Homes England released data on the number of starts and completions it achieved in 2023-24. When compared with 2022-23, the overall number of starts fell by 4%, while the number of completions fell by 3%. Within these overall figures, the number of affordable housing starts fell by 0.5%, but the number of completions rose by 3%.

2.21 The Greater London Authority (GLA), which is responsible for delivering affordable housing in London under the Affordable Homes Programme, has lowered its delivery target. In 2021, it committed to starting a further 35,000 homes between 2021 and 2026. Subsequent renegotiations, recognising the economic challenges to housing delivery, produced a new target of between 23,900 and 27,100 homes.

2.22 Our May 2023 investigation into supported housing (accommodation provided alongside support, supervision or care to help people with specific needs to live as independently as possible in the community), found that DLUHC did not expect to meet its targets for building new supported homes.²⁰ As at May 2022, Homes England had allocated funding for around 8,500 new supported homes, against a target of between 12,200 and 13,000. The GLA had allocated funding for 325 new supported homes in London, against a target of 3,500.

²⁰ Comptroller and Auditor General, *Investigation into supported housing*, Session 2022-23, HC 1318, National Audit Office, May 2023.

Part Three

The Department for Levelling Up, Housing & Communities' support for local authorities

3.1 This part of the report assesses how well the Department for Levelling Up, Housing & Communities (DLUHC) is supporting local authorities to deliver their statutory homelessness duties.²¹ It covers administrative costs, funding, temporary accommodation, and the provision of advice and other forms of help.

The costs to local authorities of the Homelessness Reduction Act 2017

3.2 The introduction of the Homelessness Reduction Act 2017 (HRA 2017) was an important change to homelessness legislation, allowing greater numbers of people to access homelessness services. More people became eligible to receive support, and local authorities were required to focus more on preventing homelessness and ensuring personalised support for applicants' needs.

3.3 DLUHC recognised the new duties under HRA 2017 would impose additional costs on local authorities. However, it also considered savings were possible, since the increased focus on homelessness prevention should reduce the number of households that local authorities needed to place in temporary accommodation. It therefore projected local authorities would be in a cost-neutral position by 2020-21, the third year of HRA 2017's implementation.

3.4 DLUHC allocated £73 million of 'new burdens' funding over the three-year period from 2017-18 to 2019-20, covering the year prior to implementation and the first two years of implementation. In 2020-21, when it was clear local authorities were not in a cost-neutral position, DLUHC allocated a further £63 million.

3.5 In 2021, DLUHC carried out a post-implementation review of HRA 2017. Its key findings were as follows.

- The estimated additional costs were reasonable, given the available evidence.
- The potential savings were significantly optimistic, because it had over-estimated the impact of prevention activities on the number of families in temporary accommodation, and not anticipated the increase in the number of single households.

²¹ On 9 July 2024, DLUHC was renamed the Ministry of Housing, Communities & Local Government (MHCLG). However, we refer to DLUHC throughout this report, as that was the name in use at the time of our fieldwork.

- Local authorities found the new burdens funding useful, but their costs continued to be very high, and funding was not sufficient to cover implementation. Around a third of authorities who responded to the call for evidence reported they had needed to use alternative funding streams to implement HRA 2017. In response to this finding, DLUHC increased funding to local authorities from 2021-22 onwards.

Variation in use of temporary accommodation across the country

3.6 The use of temporary accommodation is particularly significant in London and the South East. However, many local authorities in other parts of England also have high numbers of households in temporary accommodation (**Figure 7**).

Funding

3.7 The funding landscape for homelessness is complex. Local authorities mainly fund their statutory duties through a combination of the Homelessness Prevention Grant, the Housing Benefit Temporary Accommodation Subsidy, which they reclaim from the Department for Work & Pensions (DWP) to cover expenditure incurred by paying Housing Benefit, and the Local Government Finance Settlement.

3.8 Local authorities are also allocated, or can bid for, funding through a number of different programmes, some of which are delivered by other government departments. These additional funds are often for specific purposes with conditions attached, and some are short-term. Local authorities told us the short-term nature of funding makes it difficult for them to plan services strategically, optimise their use of temporary accommodation and spend the allocated funding in the given timeframe. **Figure 8** on pages 36 and 37 sets out the funding landscape in more detail, and includes funding specifically designed to tackle homelessness alongside more general funding that can be used for homelessness.

Homelessness Prevention Grant

3.9 Despite its name, the purpose of the Homelessness Prevention Grant is to provide ringfenced funding support for local authorities towards expenditure lawfully incurred in discharging any of their duties under homelessness legislation. DLUHC and some local authorities told us that, in practice, a significant portion of it funds the provision of temporary accommodation, particularly in areas of poor affordability. This portion is increasing due to the frozen Local Housing Allowance (LHA) rates that affect the Housing Benefit Temporary Accommodation Subsidy, reducing the amount local authorities can invest in prevention work.

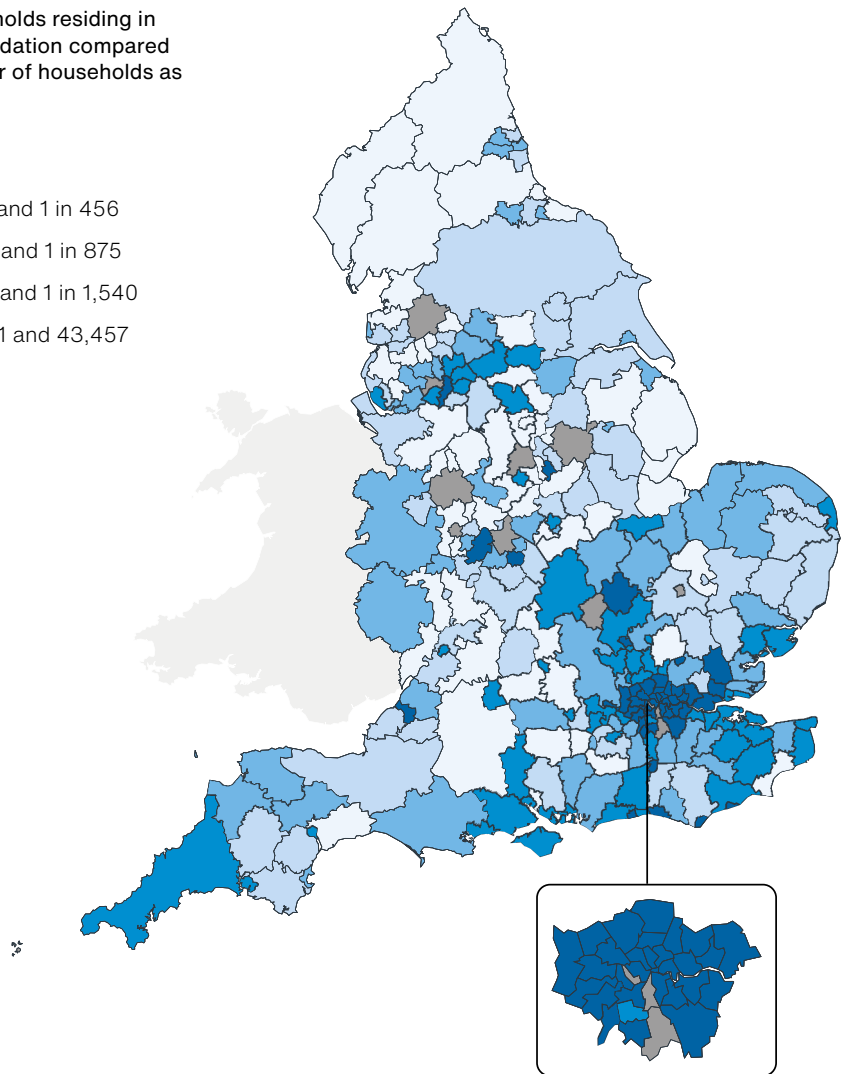
Figure 7

Variation in temporary accommodation levels by local authority in England

The use of temporary accommodation is particularly significant in London and parts of the South East

Proportion of households residing in temporary accommodation compared with the total number of households as at December 2023

- Up to 1 in 171 (greatest 20%)
- Between 1 in 172 and 1 in 456
- Between 1 in 457 and 1 in 875
- Between 1 in 876 and 1 in 1,540
- Between 1 in 1,541 and 43,457 (lowest 20%)
- No data

**Notes**

- 1 Data on the number of households in temporary accommodation are taken from the Department for Levelling Up, Housing & Communities' (DLUHC's) Homelessness Case Level Information Collection (H-CLIC), which captures detailed information on households as they progress through the different stages of the statutory homelessness system.
- 2 Data on the number of households in temporary accommodation are from Quarter 3, 2023-24. Data for Quarter 3, 2023-24 are provisional, and are then revised in the next quarter. Data may also be revised when DLUHC releases homelessness statistics for the entire financial year 2023-24.
- 3 Data on the total number of households are taken from the Office for National Statistics. The dataset provides Census 2021 estimates on the number of households in England and Wales. Data were last updated in February 2023.
- 4 Data are presented as quintiles. A quintile is a term in statistics that divides data into five equal groups, each containing 20% of the original data.

Source: National Audit Office analysis of Department for Levelling Up, Housing & Communities data on temporary accommodation and Office for National Statistics data on the number of households in each local authority. Map boundaries from Office for National Statistics licensed under the Open Government Licence v.3.0. Contains OS data © Crown copyright and database 2023

Figure 8

Sources of funding that local authorities can use to tackle homelessness

The funding landscape for homelessness is complex

Fund	Amount	Funding period	Department	Description
Funding specifically for homelessness/rough sleeping				
Homelessness Prevention Grant	£432.2 million in 2023-24 and £440.4 million in 2024-25, which includes a £109 million top-up announced in February 2024.	2023-24 to 2024-25	Department for Levelling Up, Housing & Communities (DLUHC)	Ring-fenced grant funding based on government formulae provided to local authorities in England to support them to deliver homelessness services, with a focus on prevention.
Single Homelessness Accommodation Programme	£255.7 million over five rounds. The fund is now closed to applications.	2023-24 to 2024-25	DLUHC	Local authorities in England bid for funding over five rounds to fund homes and support services for single people sleeping rough or at risk of sleeping rough.
Housing Benefit Temporary Accommodation Subsidy	Varies depending on type of accommodation used.	April 2017 to present	Department for Work & Pensions (DWP)	To help local authorities in England cover the cost of temporary accommodation. They pay for accommodation and claim part of the cost back (depending on accommodation type) from DWP.
Rough Sleeping Initiative	£548 million, including a £48 million top-up announced in September 2023.	2022-23 to 2024-25	DLUHC	Local authorities in England bid for grant funding to support those sleeping rough or at risk of sleeping rough.
Rough Sleeping Accommodation Programme	£435 million allocated between 2021-22 and 2023-24.	2021-22 to 2023-24	DLUHC	Local authorities in England bid for funding to provide move-on accommodation and support to people sleeping rough.
Accommodation for Ex-Offenders Scheme	£42 million.	2021-22 to 2024-25	DLUHC	Local authorities apply for funding in England to provide a range of support for individuals to enter the private rented sector.
General funding that can be used for homelessness				
Local Government Finance Settlement	£59.7 billion in 2023-24 and £64.7 billion in 2024-25.	2023-24 to 2024-25	DLUHC	Core funding allocation from central government to local authorities in England. Covers the whole range of local authority services, including homelessness services.
Household Support Fund	Around £3.8 billion following an extension at the Spring Budget 2024.	2021-22 to 2024-25	DWP	Local authorities submit a delivery plan to DWP to receive funding to help support households with rising living costs.
Homes for Ukraine Scheme	£1.24 billion.	2022-23 to 2023-24	DLUHC	Grant funding for tariff and 'thank you' payments for local authorities UK-wide.

Figure 8 *continued*

Sources of funding that local authorities can use to tackle homelessness

Fund	Amount	Funding period	Department	Description
Local Authority Housing Fund	£1.2 billion split over three rounds.	2022-23 to 2025-26	DLUHC	Capital funding based on a formula to prioritise areas with the highest housing pressures in England. Funds better-quality temporary accommodation for refugees and homeless households.
Asylum Dispersal Grant	£750 per asylum seeker in Home Office asylum seeker accommodation as at 1 April 2023.	2023-24	Home Office	Local authorities apply for funding per individual to help with housing costs.
UK Resettlement Scheme	Tariff funding for the first year, followed by tapered funding for years 2 to 5.	Started in 2021-22	Home Office	Local authorities claim back funding for costs associated with resettling vulnerable refugees. Numbers settled are based on local authority capacity.
Discretionary Housing Payments	Varies depending on individual claim; £100 million per annum.	2021 to present	DWP	Grant funding allocated to local authorities in England and Wales using a formula. Local authorities decide how to allocate funding to households based on applications for additional help.

Notes

- Figure includes funding that covers a range of local authority services, including homelessness.
- Homes for Ukraine funding is UK-wide and includes funding from Quarter 3, 2023-24.
- The Asylum Dispersal Grant also provides £3,500 per asylum seeker in Domestic Abuse safe accommodation, Overflow Dispersal accommodation, and Initial accommodation (based on net increase in occupied bed spaces per quarter).
- As per guidance from the Department for Work & Pensions, it is expected that the focus of the Household Support Fund should be on bills, and support for housing costs should only be given where existing housing support schemes do not meet need.
- The Discretionary Housing Payments scheme was established in 2001, but the current levels of funding were set in the 2021 Spending Review.
- The Rough Sleeping Initiative and Rough Sleeping Accommodation Programme are funds specifically for people sleeping rough or at risk of sleeping rough. These funds are included in the figure to provide a more complete picture of the sources of funding available to local authorities.

Source: National Audit Office analysis of Department for Levelling Up, Housing & Communities data

3.10 DLUHC allocates the Homelessness Prevention Grant using a formula which draws on a range of data sources designed to reflect relative homelessness pressures and local authority spending on temporary accommodation. The key principles include reducing the numbers of households in temporary accommodation, but we heard from some local authorities that the way the funding is allocated can incentivise them to spend more on temporary accommodation, rather than on prevention services. Local authorities expressed generally positive views about the grant, but some told us they had concerns over the fairness of the national allocation formula.

3.11 In December 2022, DLUHC confirmed two years' worth of Homelessness Prevention Grant allocations, covering 2023-24 and 2024-25, to provide more certainty. DLUHC has also topped up the funding at times, in response to particular pressures. For example, in February 2024, it announced that local authorities would receive a further £109 million in 2024-25, to help address homelessness pressures and support Ukrainian refugees into settled accommodation. Local authorities appreciated having more certainty, but would prefer an even longer funding timeframe.

Temporary Accommodation Subsidy and LHA rates

3.12 Local authorities pay for temporary accommodation and reclaim the costs as a subsidy from DWP. The amount that can be reimbursed is set out in legislation, and is linked to Housing Benefit paid to recipients entitled to it to pay for accommodation. The subsidy also depends on the type of accommodation used, whether it is self-contained, the number of bedrooms and the historic January 2011 LHA rate appropriate to the size of the property.²² This means there are cases where the local authority can claim 100% of the LHA rate, such as when a household is placed in bed and breakfast (B&B) or non-self-contained accommodation, or 90% of the LHA rate for leased and other licensed self-contained accommodation.²³ DWP sets the subsidy level using the January 2011 rate to control welfare expenditure and encourage local authorities to achieve better value for money when procuring temporary accommodation.

²² LHA rates are set at January 2011 prices for households placed in temporary accommodation, unlike mainstream LHA claims, where the LHA relates to the year in which the claim is made (rates were frozen from April 2020 until April 2024).

²³ Non-self-contained accommodation refers to any temporary accommodation that does not include a bathroom or cooking facilities, such as B&Bs, hostels, or a room in a shared property. Self-contained accommodation refers to temporary accommodation that does include a bathroom and cooking facilities, such as a flat.

3.13 Given that funding is essentially based on the LHA rate from 2011, it has not kept up with local authorities' rising temporary accommodation costs. They told us that this gap in funding, commonly known as 'Temporary Accommodation Subsidy loss', is having a significant and increasing impact on their financial pressures. In 2022-23, local authorities in England experienced a subsidy loss of £204.5 million, compared with £41.4 million in 2012-13 (both expressed in 2022-23 prices). The financial pressure can be particularly challenging for smaller local authorities. The District Councils' Network has, for example, warned that its members are spending up to half of their total net budget on temporary accommodation. Some local authorities told us that meeting their statutory duty could result in them issuing a Section 114 notice, meaning they believe they will exceed their resources in a financial year. Most recently, the government agreed £6 million of exceptional financial support for Eastbourne Borough Council to cover 2023-24 and 2024-25, due to the 'rising levels of homelessness and spiralling costs associated with the temporary accommodation placement'.

3.14 The November 2023 Autumn Statement announced a rise in the LHA rates applicable to households, to the 30th percentile of local market rents in April 2024. This means that a household in receipt of LHA should theoretically be able to afford the rent of three in 10 appropriately sized private rented properties in the area. DWP estimates that this will cost around £1.2 billion, and will help 1.6 million households, who will benefit on average by £785 per year in 2024-25. Local authorities and stakeholder groups generally welcomed the announcement, which ended a four-year freeze and aims to keep more households in their home and prevent homelessness.

3.15 However, the increase in LHA rate may still be outpaced by rent increases. For example, Office for National Statistics data show private rental prices paid by tenants in the UK increased by 8.7% in the 12 months to May 2024 (provisional estimate). The government will review the uplifted LHA rate and set the 2025 rate in due course. Continued rent rises, the absence of a long-term commitment to uplift LHA rates, and claimants being subject to the benefit cap, mean that many households will still face housing affordability challenges, with knock-on effects for local authorities' homelessness duties.²⁴

²⁴ The benefit cap is a limit on the total amount of benefit a person can receive. It applies to most people aged 16 or over who have not reached State Pension age.

Quality and suitability of temporary accommodation

3.16 Local authorities are responsible for procuring their own temporary accommodation, and there is a mixed picture across the country. Some have their own properties, or work closely with registered providers to offer accommodation that is of good quality, suitable and regulated. Because of the limited supply and cost of private rented properties, other local authorities have to rely heavily on nightly-paid accommodation and B&Bs sometimes booked on the day through commercial online booking sites, which can be costly and time-consuming. DLUHC notes that procuring temporary accommodation is a much more challenging problem in London. DLUHC's Homelessness Advice and Support Team (HAST) was established to offer advice and support to local authorities, including helping them improve their procurement plans and reduce their reliance on B&Bs.

3.17 The Homelessness Code of Guidance is statutory guidance to which all local authorities must adhere. DLUHC is responsible for keeping the guidance up to date and responding to key policy and legislative changes. The guidance includes how local authorities should deliver their duties with regard to temporary accommodation, including suitability assessment and length of stay. However, households can find themselves in accommodation that does not meet the suitability criteria. Some local authorities explained this is more likely if households have complex housing needs or if their authority does not hold its own temporary accommodation properties.

3.18 There are particular concerns about B&Bs and hotels, relating to the suitability of accommodation and location, safeguarding in mixed settings, and a lack of support from wider public services. Reflecting these concerns, the Code of Guidance states that local authorities should use B&Bs for households with children only as a last resort, and even then, for a maximum of six weeks.

3.19 DLUHC monitors the use of different types of temporary accommodation, and typical lengths of stay, particularly in B&Bs, through H-CLIC data and local intelligence picked up from HAST advisers. DLUHC acknowledges there is a challenging supply issue for local authorities, and is concerned that B&B use is rising more quickly than other forms of temporary accommodation. DLUHC has placed a condition on the Homelessness Prevention Grant that requires local authorities to work with HAST advisers to develop a B&B elimination plan to bring down their use of B&Bs where they have more than five households with children in B&Bs for longer than six weeks.

3.20 In Quarter 3, 2023-24, there were around 15,950 households living in B&Bs, of which around 4,560 were households with children. At that point, some 2,960 households with children had been resident in a B&B for more than six weeks (**Figure 9** on pages 41 and 42).

Figure 9

The number of households in bed and breakfast (B&B) accommodation as temporary accommodation, Quarter 3, 2002-03 to Quarter 3, 2023-24

The number of households in B&Bs rose particularly sharply from early 2022 onwards

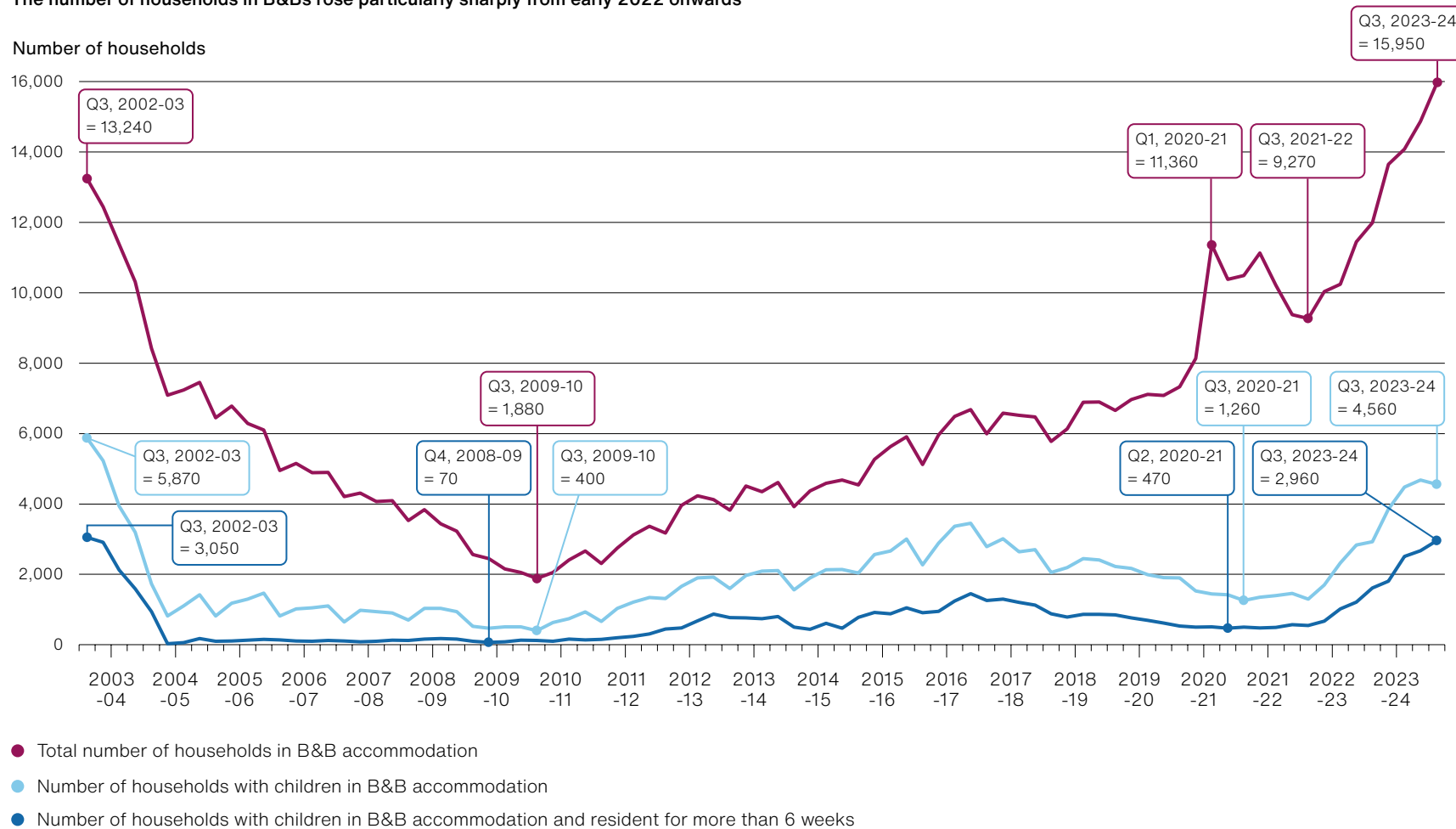


Figure 9 *continued*

The number of households in bed and breakfast (B&B) accommodation as temporary accommodation, Quarter 3, 2002-03 to Quarter 3, 2023-24

Notes

- 1 This graphic includes data labels at local maximum and minimum points of the lines.
- 2 Households in temporary accommodation are as reported at the end of each quarter – 30 June, 30 September, 31 December and 31 March.
- 3 Data are taken from the Homelessness Case Level Information Collection (H-CLIC), which captures detailed information on households as they progress through the different stages of the statutory homelessness system.
- 4 Quarter 1, 2018-19 was the first to utilise H-CLIC. Previous quarters were based on the P1E collection. The Department for Levelling Up, Housing & Communities (DLUHC) has processed the data so that Quarter 1, 2018-19 can be compared with previous quarters.
- 5 Data are rounded to the nearest 10 households.
- 6 Data for Quarter 3, 2023-24 are provisional, and are then revised in the next quarter.
- 7 Data for all quarters in 2023-24 may be revised when DLUHC releases homelessness statistics for the entire financial year 2023-24.
- 8 Data are available for each quarter between 31 December 2002 and 31 December 2023.

Source: National Audit Office analysis of published Department for Levelling Up, Housing & Communities data

3.21 DLUHC works with local authorities to attempt to reduce the use of B&Bs and increase the quality of temporary accommodation by providing bespoke support through HAST advisers and introducing changes to the Homelessness Code of Guidance. Most recently, it updated the Code of Guidance to state that all temporary accommodation, including B&Bs, should include space for a cot if the family contains an infant aged 2 or under, and that local authorities should support families to access a cot if they do not have one. This was in response to a report by the All-Party Parliamentary Group for Households in Temporary Accommodation, which highlighted that homelessness or living in temporary accommodation may have been a contributory factor in the deaths of at least 34 children between April 2019 and March 2023.²⁵ The data, compiled by the National Child Mortality Database, have since been updated to show that, in the same time period, homelessness or living in temporary accommodation was deemed to be a contributing factor in the deaths of at least 55 children.

25 All-Party Parliamentary Group for Households in Temporary Accommodation, *Call for evidence findings: summary, analysis of themes and call to action*, January 2023.

3.22 The regulatory framework is complex, and there are some gaps since regulation is based on the tenure. Temporary accommodation itself is not a tenure, it is a mixture of private rented (10% of which is B&Bs and hotels) and social rented properties. Accommodation that is provided by a registered provider and meets the definition of social housing is regulated by the Regulator of Social Housing, and is subject to the Decent Homes Standard. However, accommodation that does not meet this definition, because it is in the private rented sector or nightly-paid accommodation, is not regulated in the same way, but local authorities still have a duty to ensure all temporary accommodation is free from hazards and meets health and safety standards. Local authorities also have a duty to take enforcement action if they identify health and safety hazards in private rented accommodation. In 2021, we reported on the regulation of private renting.²⁶ We found that there was considerable variation in the approaches and regulatory activity of local authorities, and concluded that a concerning proportion of those in the private rented sector lived in unsafe or insecure conditions with limited ability to exercise their rights.

3.23 The Decent Homes Standard is currently only a requirement in the social rented sector (including temporary accommodation within that sector), but DLUHC's stated position was to apply it to almost all rented housing, including temporary accommodation in the private rented sector. The previously proposed Renters Reform Bill included a clause for the Decent Homes Standard to apply to all temporary accommodation. However, the Bill was not passed during the last Parliament, which means that some gaps in the regulation of temporary accommodation remain.

Advice and support to local authorities

3.24 DLUHC established HAST in response to the introduction of HRA 2017, and gives every local authority a dedicated HAST adviser. HAST includes a specialist Youth Homelessness Team, part-funded by the Department for Education to work with housing and children's services to support young adults at risk of homelessness. The creation of HAST represents a major improvement on the arrangements we found in our 2017 report, where we considered the approach to working with local authorities was too light-touch.

3.25 HAST supports 295 local authorities who have homelessness duties in England. The size of the team means there are almost 27 local authorities to each HAST adviser. Advisers have generally been contracted to DLUHC or seconded from local authorities and charities with expertise across the homelessness sector. DLUHC believes this approach ensures that advisers have sufficient recent practical experience. Whereas roles were previously only advertised on secondment or a fixed-term contract, DLUHC is now offering the option for permanent positions.

²⁶ Comptroller and Auditor General, *Regulation of private renting*, Session 2021-22, HC 863, National Audit Office, December 2021.

3.26 HAST's role is to provide advice, support and challenge to local authorities to help improve the delivery of their homelessness services to families and single people. The role also includes supporting local authorities with their H-CLIC data returns to ensure data are accurately collected, reported and used locally to improve performance. HAST also offers advice and support to ensure local authorities have effective prevention and procurement strategies in place. It aims to communicate regularly with all local authorities, for example, through newsletters and meetings. Where local authorities have high numbers of households in temporary accommodation, it considers targeted intervention, and it particularly supports relevant local authorities with their B&B elimination plan.

3.27 Local authorities generally recognise the professionalism and experience of HAST advisers, and are positive about DLUHC engaging with them in a more proactive and structured way. However, they told us there are not enough HAST resources, and some local authorities would like more support with their funding applications. Additionally, they would like HAST to take a more supportive role in terms of offering potential solutions, informing them of innovative practice from elsewhere, and facilitating greater interaction between local authorities.

Appendix One

Our audit approach

Our scope

1 The report contains our independent conclusions on whether the Department for Levelling Up, Housing & Communities (DLUHC) is working with other government departments and local authorities in a way that maximises the government's ability to tackle homelessness.²⁷ We reached these conclusions following our analysis of evidence collected mainly between December 2023 and May 2024.

2 The evaluative criteria that we used to assess value for money include whether DLUHC: has a good understanding of the nature of the problem; delivers appropriate system leadership; and supports local authorities to deliver their statutory duties efficiently and effectively.

3 This report follows up some elements of our September 2017 report on homelessness.²⁸ As with our previous report, we examine homelessness in England only, since there are different legal definitions and government responses in Northern Ireland, Scotland and Wales. In addition, the report focuses mainly on statutory homelessness duties. As such, it does not comment in detail on the causes, treatment and routes out of rough sleeping.

Our evidence base

4 In forming our conclusions, we drew on a variety of evidence sources, as described in the paragraphs below. We collated and analysed the evidence using our evaluative criteria as a framework. We looked across different sources of evidence to support each of our findings.

²⁷ On 9 July 2024, DLUHC was renamed the Ministry of Housing, Communities & Local Government (MHCLG). However, we refer to DLUHC throughout this report, as that was the name in use at the time of our fieldwork.

²⁸ Comptroller and Auditor General, *Homelessness*, Session 2017–2019, HC 308, National Audit Office, September 2017.

Literature review

5 We reviewed research, reports and other outputs relating to homelessness in the UK, published by academics, charities and other interest groups. We used the intelligence that we gathered to develop or refine our approach with regard to several other methods – notably the interviews with government departments, quantitative analysis, and local authority case examples.

Interviews with government departments

Interviews with DLUHC officials

6 We conducted nine structured interviews online with groups of DLUHC officials. We selected these officials because they were involved in, and were therefore able to provide insights about, DLUHC's: policy aims with regard to managing the extent and impact of homelessness; approach to modelling, data and analysis; oversight of temporary accommodation, including quality and regulation; approaches to funding; and engagement with local authorities' housing and homelessness services.

Interviews with officials from other government departments

7 We interviewed officials from the following departments:

- **The Department for Work & Pensions (DWP):** We conducted an online interview with officials from DWP, to explore the quality of cross-government engagement, and the consistency of decision-making, with regard to benefits policy and homelessness.
- **The Home Office:** We conducted two online interviews with officials from the Home Office, to explore the quality of cross-government engagement, and the consistency of decision-making, with regard to asylum and resettlement policy and homelessness.
- **HM Treasury:** We conducted an online interview with officials from the housing spending team within HM Treasury, to understand the history of recent funding bids, and the reasoning behind funding decisions associated with housing and homelessness.

Document review

8 We reviewed a range of published and unpublished departmental documents. We used this information to understand: DLUHC's strategies and aims for managing homelessness; DLUHC and cross-departmental governance arrangements with regard to homelessness; the supporting evidence for, and evaluation of, homelessness programmes; the rationale behind funding methodologies; how information on homelessness is gathered and analysed; DLUHC's engagement with local authorities; and DLUHC's oversight of the quality of temporary accommodation.

- 9 Our review encompassed over 100 documents, including:
- business cases, board papers and internal briefings;
 - evaluations of previous projects and programmes;
 - slide packs summarising policy options and related data; and
 - published guidance for local authorities on matters such as homelessness funding and services.

Quantitative analysis

Data on homelessness levels and trends

10 We analysed publicly available data from DLUHC, including homelessness statistics and summaries of local government spending. The key data sources used in the report are as follows.

- **Statutory homelessness statistics:** DLUHC releases quarterly statistics on statutory homelessness applications, activities under different duties to combat homelessness (prevention, relief and main duties), and use of temporary accommodation.
 - The statistics include detailed tables which provide data at local authority level on assessments, prevention duties, relief duties, and main duty homelessness for the quarter. The data also include figures on temporary accommodation at local authority level, but these are provided as a snapshot figure on the last day of the quarter. To improve clarity and consistency, we have presented the data within a specific timeframe (for instance, Quarter 3, 2023-24) to improve readability and for easier comparison with other data points in the report. This allows for a more straightforward comparison of temporary accommodation figures with other quarterly data.
 - In most cases, comparable quarterly data are only available between Quarter 1, 2018-19 and Quarter 3, 2023-24. The Homelessness Reduction Act (2017) was implemented in Quarter 1, 2018-19, and the most recent data release on statutory homelessness covers Quarter 3, 2023-24.
 - Some local authorities are unable to submit homelessness data across the year. To account for missing data, DLUHC has a process for weighting and imputing data. This process aims to ensure that statutory data releases produce estimates on homelessness which are as close as possible to true totals for England and its regions, despite the missing data. More information about the data limitations of statutory homelessness statistics can be found within the quarterly technical note for statutory homelessness data.

- **Local authority finance data:** Local authorities submit annual returns to DLUHC that describe both the funding sources they receive, and how these funds have been spent. We analysed data on local authority housing spend using the detail contained within the Housing Services section of the Revenue Outturn documents (RO4).
 - We grouped data within the RO4 documents into three categories: homelessness – temporary accommodation; homelessness prevention, support and administration; and other non-Housing Revenue Account housing services. When presenting data on local authority spending on housing services, we excluded spending under the Housing Revenue Account as it is a separate ring-fenced account.
 - Where local authorities were unable to submit returns in some years, DLUHC produces estimates of their spending.
 - We presented total expenditure to measure the total amount being spent in providing housing and homelessness services by local authorities across England. This does not take into account small amounts of income received from sales, fees and charges, or other sources.
 - We adjusted RO4 data into real terms to account for inflation. This means that annual spend data are comparable on a year-by-year basis. We adjusted data using the GDP deflators published by HM Treasury in January 2024. For more information, see HM Treasury’s user guide on GDP deflators.

Local authority case examples

11 We conducted 11 case example discussions with local authorities, either online or through a visit. We did this to find out how they deliver homelessness services, and to explore how government departments engage with and support them. We selected the local authorities to provide some broad geographical coverage, and also to provide a degree of contrast between different types of authority and between urban and rural locations.

12 With each local authority, we covered the following topics, either in a single discussion or through separate discussions: overview of local homelessness issues; use of temporary accommodation; funding and financial impacts; and engagement with government bodies and other stakeholders. The local authorities were:

- Barking and Dagenham London Borough Council (online);
- Crawley Borough Council (online)
- Hackney London Borough Council (visit);
- Herefordshire Council (online);
- Lewes and Eastbourne Councils (jointly, online);

- Liverpool City Council (visit);
- Maidstone Borough Council (online);
- Manchester City Council (online);
- Newcastle City Council (online);
- Sheffield City Council (online); and
- West Lindsey District Council (online).

13 We also spoke with Colchester City Council, particularly about a recent North Essex Housing Summit which had brought together councils in the area to discuss system-wide approaches to improving affordable housing supply.

Stakeholder consultation

14 We spoke to – and in some cases received written material from – selected stakeholder bodies. We invited them to provide their views on the following issues: causes, and routes out, of homelessness; effectiveness of homelessness prevention activities; quality of government data; temporary accommodation; support provided to local authorities by central government; quality of coordination across government bodies; and ways to improve homelessness services in the short and long term.

15 We engaged with the following stakeholders:

- A group of senior local authority officials convened by the Municipal Journal in December 2023;
- Centre for Homelessness Impact;
- District Councils' Network;
- Local Government Association;
- London Councils; and
- Society of District Council Treasurers.

Benchmarking against other parts of the United Kingdom

16 We consulted with staff in Audit Scotland, Audit Wales and the Northern Ireland Audit Office, and examined relevant publications, to understand how homelessness issues are handled in other parts of the UK.

This report has been printed on Pro Digital Silk and contains material sourced from responsibly managed and sustainable forests certified in accordance with the FSC (Forest Stewardship Council).

The wood pulp is totally recyclable and acid-free. Our printers also have full ISO 14001 environmental accreditation, which ensures that they have effective procedures in place to manage waste and practices that may affect the environment.



National Audit Office

Design and Production by NAO Communications Team
DP Ref: 013933-001

£10.00

ISBN: 978-1-78604-571-3