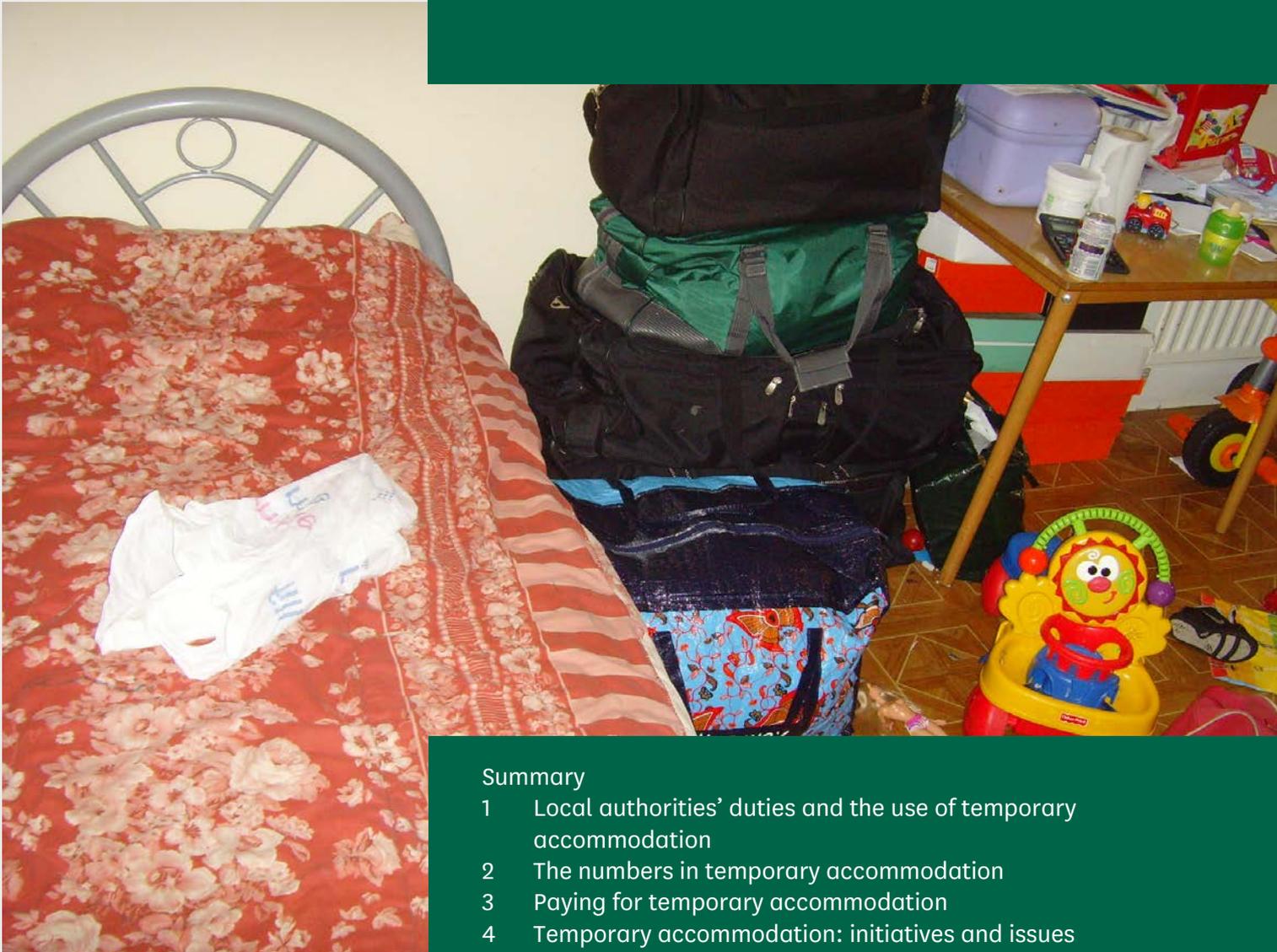


By Wendy Wilson,  
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27 August 2021

# Households in temporary accommodation (England)



## Summary

- 1 Local authorities' duties and the use of temporary accommodation
- 2 The numbers in temporary accommodation
- 3 Paying for temporary accommodation
- 4 Temporary accommodation: initiatives and issues

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# Contents

<b>Summary</b>	<b>4</b>
<b>1 Local authorities' duties and the use of temporary accommodation</b>	<b>7</b>
<b>2 The numbers in temporary accommodation</b>	<b>10</b>
2.1 Who is housed in temporary accommodation?	11
2.2 Types of temporary accommodation	12
Use of B&B-style accommodation	14
<b>3 Paying for temporary accommodation</b>	<b>16</b>
3.1 Rising expenditure on temporary accommodation	16
3.2 The human cost of temporary accommodation	18
3.3 Funding temporary accommodation	20
Separating out the management fee: April 2017	20
Shortfalls between costs and funding in London	22
Nightly rate accommodation (London)	23
The benefit cap	24
<b>4 Temporary accommodation: initiatives and issues</b>	<b>28</b>
4.1 A statutory limit on the use of B&B accommodation	28
4.2 B&B accommodation: a last resort	29
4.3 Use of out-of-borough temporary accommodation	34
4.4 Joint working in London	37

## Summary

### Why do authorities use temporary accommodation?

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

### The number of households in temporary accommodation

Authorities use a range of types of temporary accommodation, the most controversial of which is bed and breakfast (B&B) accommodation. The number of homeless households placed in B&B accommodation by English local authorities reached 13,550 in September 1991. This figure fell during the early to mid-1990s to less than 5,000 by the end of 1993. The numbers started rising again after 1996, prompting the Labour Government to announce specific initiatives to tackle this issue.

Official statistics published in December 2011 marked the end of the long-term downward trend in the number of households in temporary accommodation; seasonally-adjusted figures had fallen in each successive quarter since peaking in 2004. By the end of March 2021, there were 95,450 households in temporary accommodation, a rise of 3.5% on 31 March 2020. This rise was primarily driven by an increase in single adult households placed in temporary accommodation during the Covid-19 pandemic.

Of the 95,450 households in temporary accommodation on 31 March 2021, 61.9% included dependent children. A total of 119,830 children were placed in temporary accommodation. The number of families with dependent children placed in B&B-style accommodation increased from 630 at the end of March 2010 to 1,350 at the end of March 2021, although this figure represents a decrease of 11.8% on the end of March 2020.

### Spending on temporary accommodation

The National Audit Office (NAO) published a report on [Homelessness](#) in September 2017 in which it observed that of the £1.1bn spent by English local authorities in 2015-16, £845 million was spent on temporary accommodation, of which three-quarters (£638 million) was funded by housing benefit. The NAO identified a 39% increase in real terms expenditure on temporary accommodation since 2010-11.

The NAO and others have referred to wider costs stemming from the impact of homelessness and use of temporary accommodation which represent a cost to public services, such as health care. The NAO criticised the Department's lack of "a robust estimate of this wider cost" and called for joint working with local authorities "to ensure that they are making the most effective use of temporary accommodation."

[More recent analysis of expenditure by local authorities over 2019/20](#) reportedly showed that councils spent £1.19 billion on temporary accommodation, up 9% on the previous year and up 55% on 2014/15.

Commentators note that the beneficiaries of this expenditure are often private providers. [Shelter](#) suggests that a lucrative private market has developed in which brokers are exploiting the difficulties authorities face in sourcing temporary accommodation.

The Public Accounts Committee's (PAC) December 2017 report, [Homeless Households](#), observed that temporary accommodation is "often of a poor standard and does not offer value for money". The Committee recommended the Department take steps to eliminate the use of non-decent temporary accommodation and help authorities source local alternatives offering better value for money. The [Government agreed](#) with this recommendation.

## Limiting the use of unsuitable temporary accommodation

Various initiatives have focused on limiting the use of unsuitable B&B-type temporary accommodation. For example, authorities have tried to secure private rented housing through lease agreements with private landlords.

Authorities, particularly those in areas of high housing demand, argue their ability to do this is affected by restrictions on help with rent payments through Housing Benefit and the housing cost element of Universal Credit, meaning that landlords can secure higher returns from letting on the open market to non-claimants.

One response has seen authorities seeking temporary accommodation outside their own areas. At the end of March 2021, 26,170 (27.4%) of households in temporary accommodation were in accommodation in a different local authority district. 82% of these placements were from London authorities.

Some respondents to the Communities and Local Government Select Committee's [2015 inquiry into homeless](#) called for more flexibility to provide temporary accommodation outside their local areas. [The Committee called on the Government](#) to initiate a "renewed, cross-Departmental Government strategy". There was also a call to review Local Housing Allowance rates "so that they more closely reflect market rents" and "a case for the development of homes for affordable rent".

[The Local Government Association \(LGA\) has repeatedly called for a series of measures](#), including changes to the Right to Buy, to support councils to deliver 100,000 new social rented homes a year. This, the LGA argues, would provide move-on accommodation for households in temporary accommodation, thereby reducing reliance on the use of unsuitable housing and associated expenditure.

## Other relevant Library Papers

Time-series data on the number of households in different types of temporary accommodation can be downloaded from the [landing page for this briefing](#). For information on wider Government initiatives to tackle homelessness, see Library briefing CBP01164, [Statutory Homelessness in England](#).

Variations in approaches to homelessness in Scotland and Wales are outlined in Library briefing CBP07201 [Comparison of homelessness duties in England, Wales, Scotland and Northern Ireland](#).

There is a separate paper on the Government's approach to rough sleeping and homelessness during the Covid-19 outbreak: CBP09057 [Coronavirus: Support for rough sleepers \(England\)](#)

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

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

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

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

In addition, section 78 of the Domestic Abuse Act 2021 provides that, since 5 July 2021, a person who is homeless as of result of domestic abuse against them is in priority need for the purposes of Part 7 of the Housing Act 1996.<sup>1</sup>

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

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

Where an absolute duty to secure accommodation exists, a household may have to spend time in temporary accommodation before a final offer of accommodation is made.<sup>2</sup> The length of time spent in temporary accommodation will largely depend on the availability of suitable accommodation in the authority's area.

The Localism Act 2011<sup>3</sup> has, since 9 November 2012, enabled local authorities to discharge their duty towards homeless households in priority need by using privately rented housing, irrespective of whether the household agrees with this.<sup>4</sup>

The Homelessness Reduction Act 2017, which came into force in England on 3 April 2018, placed additional duties on local authorities to work to prevent and relieve homelessness for all eligible homeless applicants. The new duties stop short of placing a duty on local authorities to provide accommodation for all eligible applicants, but the duty to secure interim/permanent accommodation for those in priority need continues. There was an expectation that placing increased focus on preventing/relieving homelessness at an earlier stage would reduce the numbers placed in temporary accommodation.

Shelter published [Caught in the Act: a review of the new homelessness legislation](#) in April 2020. Successes were recorded, particularly in the assessment and assistance provided to single homeless applicants, but

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<sup>1</sup> [The Domestic Abuse Act 2021 \(Commencement No. 1 and Saving Provisions\) Regulations 2021](#)

<sup>2</sup> Measures in the Localism Act 2011 have given local authorities discretion to offer “flexible” tenancies to households applying for social housing. These tenancies, where implemented, are fixed-term tenancies for a minimum of two years.

<sup>3</sup> Localism Act 2011 (Commencement No.2 and Transitional Provisions) (England) Order 2012, (S.I. 2012/2599)

<sup>4</sup> For more information see Library Briefing Paper CBP01164, Statutory Homelessness in England

barriers to assistance continued and the number of households in temporary accommodation had not fallen:

In this respect, it is clear that the Act has so far failed to reduce homelessness. The number of households living in temporary accommodation remains high and has increased since the introduction of the Act. At the end of March 2018 there were 80,720 homeless households living in temporary accommodation. This has increased by 8% to reach 87,410 homeless households at the end of September 2019.<sup>5</sup>

Shelter's research argued that temporary accommodation was becoming an increasingly longer term offer:

Temporary accommodation is effectively becoming the new social housing with some families having to watch their children grow up in it, with no idea when they might be able to access a stable and suitable home.<sup>6</sup>

The Government opened [a call for evidence](#) on the impact of the Homelessness Reduction Act in July 2019. An [Evaluation of the Implementation of the Homelessness Reduction Act: Final Report](#) was made publicly available on 25 September 2020; [the Government published their response](#) to the call for evidence alongside this report. An increase in the numbers placed in temporary accommodation was observed:

Over half (57%, Q1D) of responses noted that in the period since the Homelessness Reduction Act was implemented temporary accommodation usage has increased. Many responses recognised that temporary accommodation plays an important role in ensuring that no one is without a roof over their head and since the introduction of the Homelessness Reduction Act more single people have been allocated TA. However, there were concerns that the Act has led to an increase in the overall numbers of households living in TA, the amount of time spent in TA, and the costs of TA for local authorities.<sup>7</sup>

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

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<sup>5</sup> Shelter, [Caught in the Act: a review of the new homelessness legislation](#), April 2020, p27

<sup>6</sup> Ibid.

<sup>7</sup> MHCLG, [Homelessness Reduction Act 2017: Government response to the call for evidence](#), September 2020, para 29

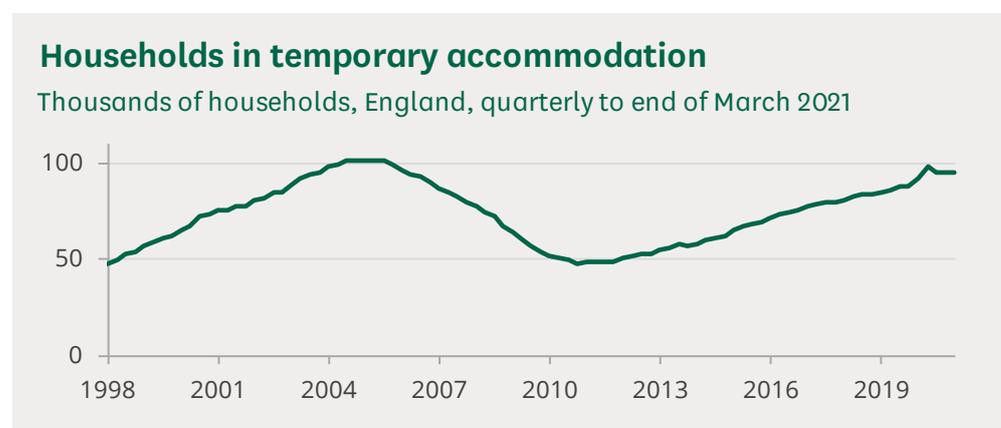
## 2

## The numbers in temporary accommodation

MHCLG publishes quarterly statistics on the number of households in temporary accommodation. In April 2018, a new statistical system was introduced for local authorities to report temporary accommodation data back to MHCLG.

Data quality issues arising from the change mean that temporary accommodation data has been imputed for many local authorities based on past trends. 16 local authorities have had all their data imputed, while a further two provided totals but have had breakdowns estimated. MHCLG says that caution should be used when comparing the latest data with previous quarters.<sup>8</sup>

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



Source: MHCLG, [Statutory homelessness live tables](#), Table TA1. 22 July 2021

The table overleaf shows the number of households in temporary accommodation at the end of March 2021. There were 95,450 households in temporary accommodation, of which 60,010 were placed in London. The households included 119,830 dependent children.

<sup>8</sup> MHCLG, [Statutory homelessness: technical note](#), 22 July 2021, p4

Households in temporary accommodation England, at end of March 2021			
	Total	% of England total	% change on year before
<b>England</b>	<b>95,450</b>		<b>+3.5%</b>
London	60,010	63%	+0.1%
Rest of England	35,440	37%	+9.9%

Source: MHCLG, [Statutory homelessness live tables](#), Detailed LA-level tables, Table TA1. 22 July 2021

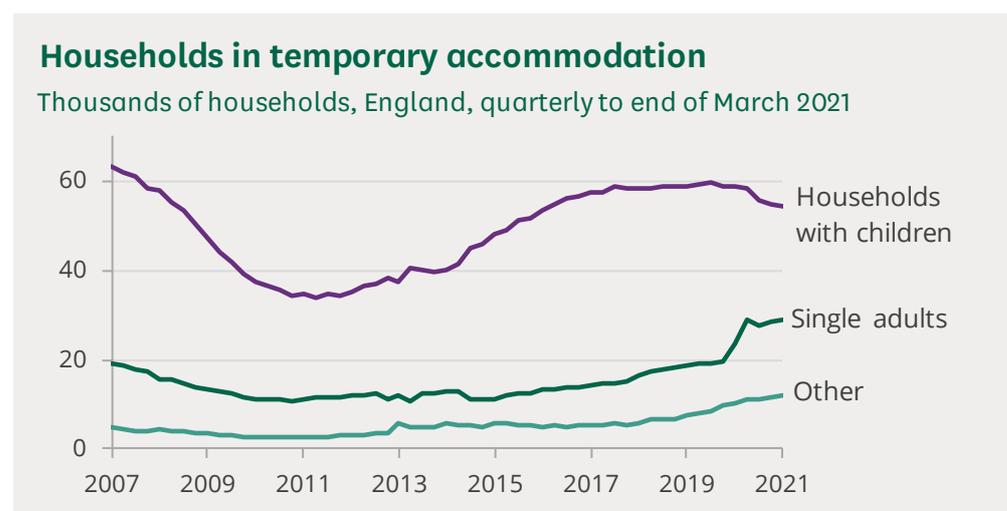
## 2.1

### Who is housed in temporary accommodation?

The number of households in temporary accommodation rose sharply in the first half of 2020, with the number in June 2020 at a level 14% higher than on the same date a year previously. The year-on-year growth had been around 5% in the quarters prior to 2020.

As the chart below shows, the increase in 2020 was primarily driven by single adult households. The number of single adults in temporary accommodation increased between March and June 2020 and then remained high, while the number of households with children in temporary accommodation fell.

At the end of March 2021, there were 29,120 single adults in temporary accommodation, 25% more than on the same date a year previously. There were 54,510 households with children, a fall of 7% compared with a year previously. There were also 11,820 'other' households, 15% more than a year previously.



Source: MHCLG, [Statutory homelessness live tables](#), Table TA2. 22 July 2021

The steep increase in the number of single adults is attributable to the government's 'Everyone In' programme. Local authorities were asked to arrange emergency accommodation for everyone sleeping rough or at risk of sleeping rough during the Covid-19 outbreak. Many people housed in this way will be recorded in the temporary accommodation statistics. However, MHCLG notes that households not eligible for homelessness assistance under the Housing Act 1996, ie those that have not applied for assistance, and those with a delayed application may not have been recorded.<sup>9</sup>

It is worth noting that the number of single adults in temporary accommodation was increasing before the Covid-19 outbreak. The number has been rising since 2015. Households with children drove much of the initial increase in temporary accommodation numbers from 2011 onwards but the number stopped growing as steeply around 2018.

## 2.2 Types of temporary accommodation

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

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

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

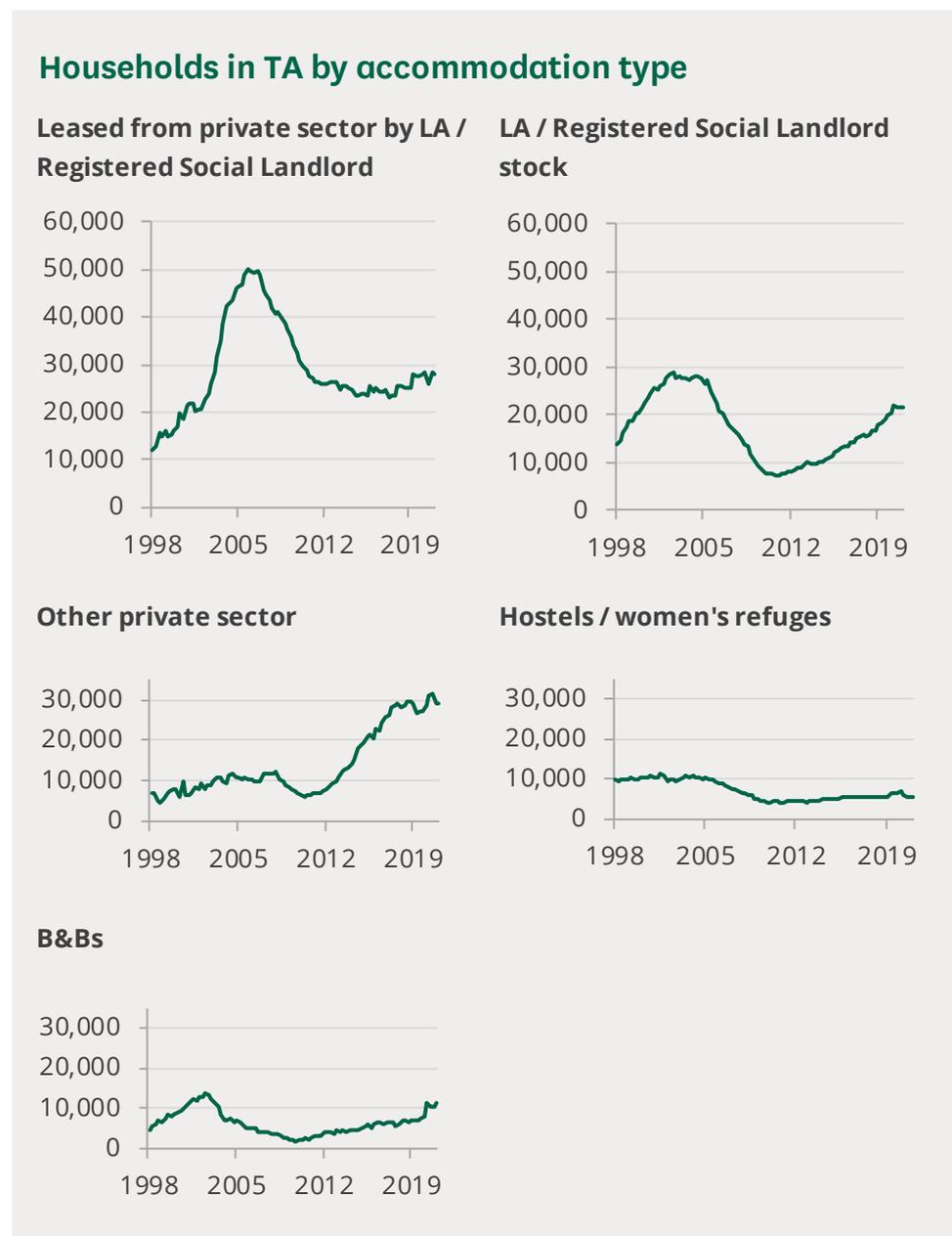
The charts overleaf break down the type of accommodation used by local authorities. Housing leased from the private sector by a local authority (LA) or registered social landlord (RSL) has been the most common single type used since 2003, although it has declined over the last 13 years. Use of other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

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<sup>9</sup> MHCLG, [Statutory homelessness in England: January to March 2021](#), 22 July 2021, pp23-24

The sharp rise in the number of households in temporary accommodation in response to the Covid-19 pandemic wasn't uniform across all types of accommodation.

By the end of March 2021, the number of households in B&B-style accommodation was 37% higher than at the end of March 2020. The number of households in accommodation owned by social landlords was also 6% higher than at the end of March 2020. The number of households in hostels and women's refuges fell by 20%, potentially because this type of accommodation is less likely to be Covid-secure (eg it may include shared rooms).



Source: MHCLG, [Statutory homelessness live tables](#), Table TA1. 22 July 2021

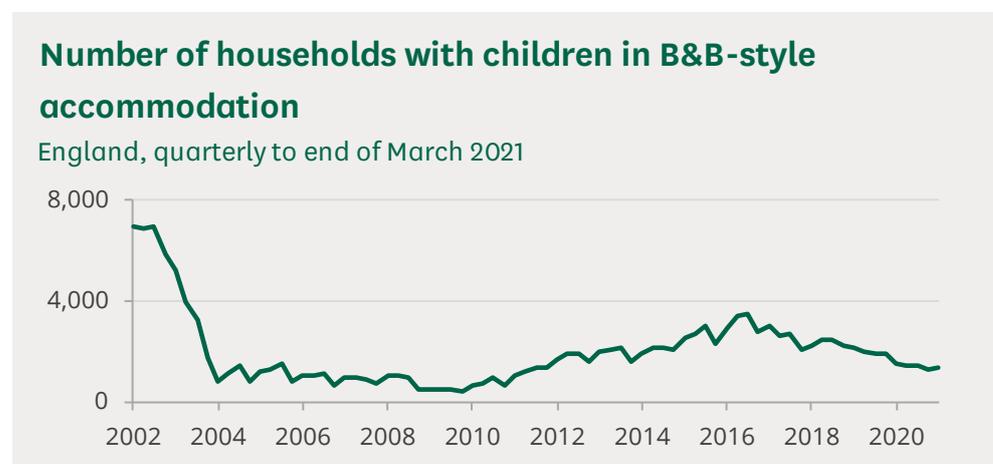
## Use of B&B-style accommodation

The Labour Governments of 2001 to 2010 focused on reducing the number of homeless households placed in B&B accommodation, particularly those with children. It is acknowledged that the use of B&B accommodation is primarily, but not solely, a London problem and that it is expensive, inadequate and has unacceptable long-term effects on homeless people.<sup>10</sup>

In March 2002 the then-Secretary of State for Transport, Local Government and the Regions, Stephen Byers, described the figure of 12,290 households (at the end of September 2001) placed in B&B accommodation by local authorities as "unacceptably high."<sup>11</sup> This figure represented a rise of 24% on September 2000. By the end of the fourth quarter of 2002 the number of families with children or expectant mothers in B&B stood at 5,600, representing 44% of all households in B&B.<sup>12</sup>

The then-Government laid The Homelessness (Suitability of Accommodation) (England) Order 2003 (SI 2003/3326) which came into force on 1 April 2004. The Order provides that homeless families with children, or where a member of the household is pregnant, should not be placed in B&B accommodation except in an emergency, and even then only for a maximum of six weeks.

Chapter 17 of the [Homelessness Code of Guidance](#) provides guidance for local authorities on implementing and interpreting the Order. Failure to comply with the Order can put local authorities at risk of judicial review.



Source: MHCLG, [Statutory homelessness live tables](#), Table TA1. 22 July 2021

The chart above shows the trends in the number of households in B&B-style accommodation with dependent children (or where a household member is pregnant). The number fell considerably after 2002, but started to rise again from 2010 onwards. The number peaked in September 2016 at 3,450

<sup>10</sup> See for example: Children's Commissioner, [No way out](#), August 2020

<sup>11</sup> HC Deb 5 March 2002 c146

<sup>12</sup> ODPM Statistical Release SH-Q4, 13 March 2003

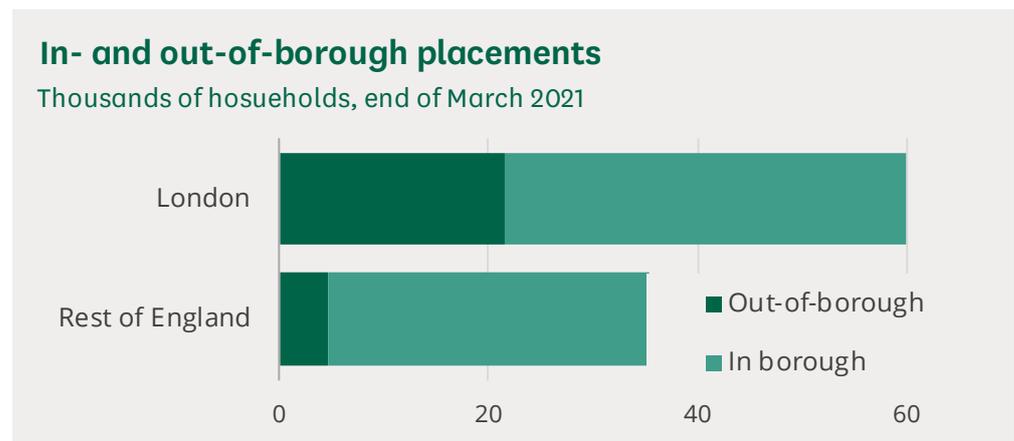
households with children – or 52% of all households in B&B-style accommodation. 1,350 households with children were in B&B-style accommodation at the end of June 2020, representing 12% of all households in B&B-style accommodation.

The number of households with children in B&B-style accommodation was 12% lower in March 2021 than a year previously. A total of 480 households had been in BB accommodation for over six weeks, representing 36% of the total. This figure was 4% lower than a year previously.<sup>13</sup>

## Out-of-borough placements

At the end of March 2021, 26,180 households were placed in temporary accommodation in a different local authority area to the one they applied to for assistance. This figure is 3% higher than at the end of March 2020 and 382% higher than at the end of March 2010.

Out-of-borough placements are much more common in London. 36% of households accepted as homeless by a London borough were housed in a different borough, compared with 13% across the rest of England. In total, 82% of all out-of-borough placements at the end of March 2021 were households that had applied to London local authorities.<sup>14</sup>



Source: MHCLG, [Statutory homelessness live tables](#), Table TA1. 22 July 2021

<sup>13</sup> MHCLG, [Statutory homelessness live tables](#), Table TA1 (22 July 2021). All figures also include households where a household member is expecting a child.

<sup>14</sup> MHCLG, [Statutory homelessness live tables](#), Table TA1 (22 July 2021).

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## 3 Paying for temporary accommodation

### 3.1 Rising expenditure on temporary accommodation

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

In 2015-16, local authorities spent £1,148 million on homelessness services. The single largest component of this spending was on temporary accommodation, which increased by 39% in real terms between 2010-11 and 2015-16, from £606 million to £845 million. Three-quarters of the spending in 2015-16 – £638 million – was funded by housing benefit, of which £585 million was recovered from the Department for Work & Pensions. Over the same period spending on other components of homelessness services – mainly prevention, support, and administration – fell by 9% in real terms from £334 million to £303 million. The overall increase in spending on homelessness services has an impact on spending on other elements of housing services.<sup>15</sup>

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

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

An analysis of expenditure on temporary accommodation by local authorities was conducted by Shelter and the Guardian and featured in an article published on 1 January 2019. The analysis found councils across England

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<sup>15</sup> [HC 308 Session 2017-19](#), National Audit Office, September 2017, para 1.27

<sup>16</sup> *Ibid.*, para 2.6

spent £997 million on temporary accommodation in 2017-18, representing a 71% increase on £548 million in 2012-13.<sup>17</sup>

The London Assembly's Housing Committee published [Living in Limbo: London's Temporary Accommodation Crisis](#) in May 2019. Using data on local authority spending gathered by Inside Housing magazine under Freedom of Information legislation, the report identified those London boroughs with the most significant increases in spending on temporary accommodation between 2013 and 2018:

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

Analysis by the Local Government Association (LGA) on expenditure over 2018/19, published on 29 January 2020, showed:

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

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

Further analysis of expenditure by local authorities conducted by Crisis and BBC's Panorama and reported in Inside Housing on 3 February 2020, found that "English councils paid £939m in temporary accommodation costs to private accommodation providers in 2018/19, up 48% from the £490m spent in 2013/14."<sup>20</sup>

[Analysis of provisional local authority revenue expenditure and financing data over 2019/20](#) (published on 22 October 2020<sup>21</sup>) reportedly showed:

...in 2019/20, councils spent £1.19bn on temporary accommodation, up 9% from the amount spent last year and up 55% from 2014/15.

Of the total spent in England last year, 87% went to private landlords, letting agents or companies, a 66% increase on the amount paid to private providers in 2014/15.

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<sup>17</sup> Guardian, "[Councils 'ripped off' by private landlords experts warn](#)", 1 January 2019

<sup>18</sup> London Assembly Housing Committee, [Living in Limbo: London's Temporary Accommodation Crisis](#), May 2019, pp15-16

<sup>19</sup> LGA, "Over two-thirds of council homelessness services pushed into the red", 29 January 2020

<sup>20</sup> Inside Housing, "Almost 90% of £1.1bn spent on temporary accommodation went to private companies" 3 February 2020 [subscription required]

<sup>21</sup> Updated June 2021.

Spending on emergency B&B accommodation has increased by 73% since 2014/15. In 2019/20, 38% of the money paid to private providers was spent on this type of accommodation.<sup>22</sup>

Polly Neate, Shelter CEO, described the expenditure as “a false economy.”<sup>23</sup>

On 3 July 2021, the LGA’s analysis of local authority expenditure on housing services over 2019/20 noted that councils in England spent £142 million placing homeless households in bed and breakfast accommodation compared with £26.7 million in 2010/11, representing a 430% increase.<sup>24</sup>

As previously noted, the Government published their response to the call for evidence on the Homelessness Reduction Act in September 2020. The response acknowledged that the predicted fall in use of temporary accommodation had not come to pass:

The Government acknowledges that the increase in the use of temporary accommodation puts additional burdens on LAs. The expected reductions in temporary accommodation that the new burdens funding was based on have not been achieved in the anticipated timescales.<sup>25</sup>

## 3.2 The human cost of temporary accommodation

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

This includes the additional burden on public services of homeless people who experience poorer health outcomes, or require more public sector intervention than the average person. It includes admissions to hospital and outpatient services, policing, and costs to the justice system. Because the Department does not have a robust estimate of these costs, and therefore does not currently know the full cost of homelessness, it is unable to fully quantify the benefit of a reduction in homelessness.<sup>26</sup>

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<sup>22</sup> Inside Housing, *Temporary accommodation spend soars to £1.2bn with majority being paid to private companies*, 22 October 2020 [subscription required]

<sup>23</sup> Ibid.

<sup>24</sup> [LGA - 430% increase in B&B spend for people who are homeless reveals urgency for more social housing](#), 3 July 2021

<sup>25</sup> MHCLG, [Homelessness Reduction Act 2017: Government response to the call for evidence](#), September 2020, para 59

<sup>26</sup> [HC 308 Session 2017-19](#), September 2017, para 1.29

The Children's Commissioner for England published [Bleak Houses – Tackling the crisis of family homelessness in England](#) in August 2019. In the foreword to the report the Commissioner described much of the temporary accommodation into which children are placed as “simply inappropriate places for a child to be growing up.”<sup>27</sup>

August 2020 saw publication of [No way out](#) by the Children's Commissioner which considered the position of households with children in B&B accommodation during the Covid-19 outbreak. The Commissioner noted the funding issued to assist rough sleepers off the streets and was critical of the lack of a national effort to assist children in unsuitable temporary accommodation:

...no similar national efforts were made to move vulnerable children into more appropriate accommodation, with decisions left in the hands of local authorities as to whether to stop using B&Bs to house homeless families during this time.<sup>28</sup>

The research concluded that “Living in a B&B has never been appropriate for a child, but the problems have been amplified during Covid-19.”<sup>29</sup>

The LGA responded to the December 2019 homelessness statistical release with the following comments:

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

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

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

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

With adequate funding and powers, councils can boost efforts to prevent homelessness and get back to building the affordable homes the country needs.<sup>30</sup>

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<sup>27</sup> The Children's Commissioner for England, [Bleak Houses – Tackling the crisis of family homelessness in England](#), August 2019

<sup>28</sup> Children's Commissioner, [No way out](#), August 2020

<sup>29</sup> Ibid., p12

<sup>30</sup> LGA, “Over two-thirds of council homelessness services pushed into the red”, 29 January 2020

Shelter included similar calls aimed at lifting families out of temporary accommodation in a 2020 briefing:

- Strengthening the welfare safety net. COVID-19 and the resultant economic crisis threatens to make it even harder for families on low incomes to keep up with rent. The government must lift the benefit cap, reverse the freeze to Local Housing Allowance, and ensure that the LHA rates reflect at least the 30th percentile of local market rents to ensure private tenants can afford the rent.
- Bringing forward legislation to end Section 21 “no fault” evictions. Loss of a private tenancy remains a leading cause of homelessness and Shelter welcomes the government’s commitment to finally put an end to no fault evictions and give private renters security in their homes.
- Investing in a new generation of social homes, which will give children and their families stable, permanent homes they can afford. By introducing a new two-year New Homes Rescue Fund and then following this with a 10-year level up housing fund the government can ensure that the homes these families desperately need are delivered.<sup>31</sup>

### 3.3 Funding temporary accommodation

Self-contained units meet households’ need for space and privacy but rent levels for this type of accommodation are generally high as they usually incorporate a market rent plus an allowance for voids, bad debts and management charges. In the early 2000s the administration of Housing Benefit was identified as one of the main barriers to the further development of privately leased accommodation by housing associations.<sup>32</sup>

On 13 March 2002 the Labour Government announced the provision of extra funding for local authorities in the form of Housing Benefit subsidy to encourage the use of privately leased accommodation as opposed to B&Bs.<sup>33</sup> In subsequent years, Governments sought to bear down on the cost of temporary accommodation by reducing subsidy levels.

#### **Separating out the management fee: April 2017**

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

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<sup>31</sup> Shelter briefing, [Homelessness and Temporary Accommodation](#), 2020

<sup>32</sup> Shelter, *Bed and Breakfast – the way forward*, 19 November 2001

<sup>33</sup> HC Deb 13 March 2002 c1123W

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

Local authorities will be given more than equivalent funding directly, to enable them to manage temporary accommodation and homelessness pressures as they see fit.<sup>34</sup>

On 17 December 2015, the Government reiterated the intention to de-couple the management fee funding and announced an additional £10 million a year between 2017 and 2018 to areas under the most pressure from homelessness, “to give them more flexibility and choice in how they respond.”<sup>35</sup>

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

The Government published [Flexible homelessness support grant - funding allocations](#) on 15 March 2017, this set out each authorities’ allocation of funding from April 2017. The funding covered two years and was made up of £186 million in 2017/18 and £191 million in 2018/19. A further £25 million was set aside for London boroughs “to work together to provide accommodation for homeless families in the capital.”<sup>36</sup> Authorities can use the funding to support a full range of homelessness services. A note on the calculation advised:

The funding has been allocated according to a formula which reflects relative homeless pressures, while at the same time aiming to protect local authorities which currently have high levels of Temporary Accommodation.<sup>37</sup>

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

A higher priority is to address the restricted level of LHA subsidy, which affects all households in TA. The statement made on TA in the Comprehensive Spending Review signals the possibility of change in the administration of the subsidy, but does not mention an increase in the overall level of LHA payable on TA tenancies.<sup>38</sup>

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<sup>34</sup> [Autumn Statement and Spending Review 2015: Policy Costings](#), November 2015, p15

<sup>35</sup> DCLG, [Radical package of measures announced to tackle homelessness](#), 17 December 2015

<sup>36</sup> [DCLG Press Release](#), 15 March 2017

<sup>37</sup> DCLG, [Flexible homelessness support grant – funding allocations formula](#), March 2017

<sup>38</sup> Julie Rugg, [Temporary Accommodation in London: Authorities Under Pressure](#), February 2016, p50

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

In 2021/22 the Government has combined the Homelessness Prevention Grant and Flexible Homelessness Support Grant to give “local authorities more control and flexibility in managing homelessness pressures and supporting those who at risk of homelessness.” Total funding is £310 million.<sup>39</sup>

## Shortfalls between costs and funding in London

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

This cost is largely hidden, as TA expenditure is spread across a number of budget headings. Irrespective of the degree of that expenditure being met by London councils, the research provokes questions on the value for money represented by TA costs in London which were in excess of £663m in 2014/15.<sup>40</sup>

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

Central Government needs to acknowledge the substantial shortfall that now exists between support for TA available through the housing benefit system and the actual cost of service delivery. A reduction in the level of LHA has not led to a reduction in rental costs in this part of the market. More sophisticated interventions are required at central Government level in order to reduce cost pressures on London boroughs.<sup>41</sup>

London Councils’ written evidence to the Work and Pensions Select Committee’s relaunched inquiry into Universal Credit (UC) in 2017 highlighted significant issues with rent collection rates in respect of emergency temporary accommodation for claimants:

Particularly in full service areas, Universal Credit has led to dramatic reductions in rent collection. While this is most severe for emergency accommodation cases, rent collection rates among general needs tenants have also fallen under Universal Credit. This is due to policies such as the seven day waiting period and the six-week wait before

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<sup>39</sup> [Homelessness Prevention Grant: 2021 to 2022](#), 21 December 2020

<sup>40</sup> Julie Rugg, [Temporary Accommodation in London: Authorities Under Pressure](#), February 2016

<sup>41</sup> *Ibid.*, p13

first payment, which results in many tenants immediately falling into rent arrears due to their lack of financial security.<sup>42</sup>

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

In April, as a short-term measure, we will change how claimants in temporary accommodation receive support for their housing costs to ensure that local authorities can recover more of their costs and can therefore continue to offer this valuable support to those who need it most. We will also consider longer-term solutions.<sup>43</sup>

New tenants in temporary accommodation have been able to claim Housing Benefit since April 2018.

## Nightly rate accommodation (London)

[Temporary Accommodation in London: Authorities Under Pressure](#) (2016) explained the growth in the use of nightly rate accommodation in London:

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

Development of the nightly rates market enhanced competition for property and the incidence of widely divergent rents for similar properties. Attempts to contain costs in the nightly rates market led London boroughs to establish an agreement around the nightly rates payable. This measure has reported some degree of success in slowing the upward trajectory of costs. However, not contravening the agreement remains challenging for local authorities and, anecdotally, there has been an increase in the short-term emergency use of B&Bs as a consequence of an inability to find accommodation at the agreed nightly rate.<sup>44</sup>

The Public Accounts Committee’s December 2017 report, [Homeless Households](#), observed that temporary accommodation is “often of a poor standard and does not offer value for money”. The Committee recommended that the Department take steps to eliminate the use of non-decent temporary

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<sup>42</sup> London Councils, [Written evidence for the inquiry into Universal Credit](#), 2017

<sup>43</sup> [HC Deb 23 November 2017 cc1200-02](#)

<sup>44</sup> Julie Rugg, [Temporary Accommodation in London: Authorities Under Pressure](#), February 2016, p19

accommodation and enable authorities to use local alternatives that represent better value for money.<sup>45</sup>

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

In recognition of the particular pressures which London councils face, we are also setting aside £25 million of the funding across the 2 years while we work with the Greater London Authority and London boroughs to look at how we might help councils collaborate in the procurement of accommodation for homeless families in London.<sup>46</sup>

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

Our investigation reveals that most of the highest earning private providers do not own their own accommodation, but instead act as brokers between councils and private investors. It appears that their profits come from the margin between the guaranteed rents to investors and the nightly rates they charge local councils.<sup>47</sup>

Shelter comments “There has been no published government assessment of the major players [*in the temporary accommodation market*], how much money they receive or how they operate.”<sup>48</sup>

## The benefit cap

As the Welfare Reform Act 2012 progressed through Parliament, specific concerns were raised about the impact of the household benefit cap on people placed in temporary (leased) accommodation.

Initially, the cap meant that families could not receive more than £500 per week in benefits (£350 for single people).<sup>49</sup> The cap was reduced with effect from 7 November 2016 – the maximum a family can receive outside London is £384.62 per week (£442.31 in London) and £257.69 for a single person (£296.35 in London). Because rents in privately leased accommodation can be very high, there is a view that the cap can leave households in temporary accommodation with very little to cover their living expenses once the rent is

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<sup>45</sup> [HC 462](#), 20 December 2017

<sup>46</sup> [DCLG Press Release](#), 15 March 2017

<sup>47</sup> Shelter, [Cashing in – how a shortage of social housing is fuelling a multi-million-pound temporary accommodation sector](#), February 2020, p6

<sup>48</sup> *Ibid.*, p3

<sup>49</sup> There are some exemptions to the application of the cap, for example people in receipt of Disability Living Allowance – for more information see Library note SN/SP/6294. The cap was introduced in four London Boroughs in April 2013 and was phased in for all other authorities between 15 July and September 2013.

paid. Lord Best moved an amendment to exclude families placed in temporary accommodation from the benefit cap as the 2012 Act progressed through Parliament.<sup>50</sup>

Lord Freud responded for the Government:

I have already said in my response to Amendment 58D that it is too early to say how we are going to treat people in temporary accommodation for housing costs purposes in 2013 and beyond. Following our informal consultation with key stakeholders last year, we are considering the policy design for temporary accommodation and will share more details about our plans before too long.<sup>51</sup>

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

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

The benefit cap will apply to people in temporary accommodation whether claiming through HB subsidy or Universal Credit. However, any discretionary housing payments (DHPs) they might receive will not be taken into account, meaning they will be on top of their benefit entitlement under the cap.<sup>52</sup>

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

On temporary accommodation, a point raised by the noble Lord, Lord McKenzie, that is again an area where we will use DHP. I know that the noble Lord, Lord Best, did some sums, but clearly this will be a huge incentive to move people very quickly to something much more permanent rather than staying for the full year in temporary accommodation, which, as he rightly said, is very expensive. Under universal credit, there are likely to be changes. We are looking at how we deal with temporary accommodation-especially the division between the management costs to which he referred and the actual housing payment element. We are out to consultation on that area and there will be more developments.<sup>53</sup>

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

At the end of December 2011, 85 per cent of households in temporary accommodation were in self-contained accommodation - a decrease from 87 per cent on the same date last year. The decrease

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<sup>50</sup> HL Deb 23 January 2012 c884

<sup>51</sup> HL Deb 23 January 2012 c893

<sup>52</sup> See DWP Circular HB/CTB G6/12 – Annex A, June 2012

<sup>53</sup> HL Deb 6 November 2012 GC101

in the use of self-contained accommodation is largely due to a decline in the use of accommodation leased from the private sector by local authorities and housing associations, which decreased by 6 per cent from 27,730 to 26,080 households.<sup>54</sup>

This decrease continued according to statistics released in September 2012:

At the end of June 2012, 83 per cent of households in temporary accommodation were in self-contained accommodation - a decrease from 85 per cent on the same date last year.<sup>55</sup>

However, the March 2014 statistical release recorded 85% of households in temporary accommodation as placed in self-contained accommodation.<sup>56</sup> Numbers have remained around the 84-85% level in all subsequent statistical releases.

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

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

If it is assumed that the 4,600 capped London households in temporary accommodation lose the average amount identified in government's impact assessment (£105 per week), London local authorities would be faced with an additional, non-recoupable financial burden of more than £25,000,000 per year; equal to around half of the savings to central government the benefit cap is expected to produce in London.<sup>57</sup>

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

Local authorities often have no option but to use more expensive temporary accommodation to house homeless households. These households often then fall within the scope of the Benefit Cap. We recommend that the Government exempt households in temporary accommodation from the Benefit Cap because these claimants have

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<sup>54</sup> CLG Statistical Release, Statutory Homelessness: England 4<sup>th</sup> Quarter 2011, 8 March 2012

<sup>55</sup> CLG Statistical Release, Statutory Homelessness: England 2<sup>nd</sup> Quarter 2012, 6 September 2012

<sup>56</sup> DCLG Statistical Release, Statutory Homelessness: England 4<sup>th</sup> Quarter 2013, 6 March 2014

<sup>57</sup> London Councils, [Tracking Welfare Reform: Meeting the financial challenge](#), September 2013, p6

no choice about where they are housed and few options for reducing their housing costs. Moreover, local authorities often then have to fund the difference between the capped benefit paid and the rent due, and so there is likely to be no overall saving in public funds from the inclusion of these claimants in temporary accommodation within the scope of the Cap.<sup>58</sup>

Amendments to dis-apply the cap to households placed in temporary accommodation were also moved during the passage of the Welfare Reform Act 2016 through Parliament without success.<sup>59</sup>

Section 2 of this paper illustrates an increase in numbers placed in temporary accommodation during the Covid-19 pandemic. According to the Homeless Monitor: England 2021, local authorities in London found it easier to access accommodation for homeless households in the private rented sector after the start of the crisis.<sup>60</sup> This is attributed to increases in Local Housing Allowance rates combined with reduced demand from other sources. However, the benefit cap “remained as a constraint”:

The LHA, going back to the thirtieth percentile, all very well and good in some parts of the country. [But] Particularly in London it's led to some real problems in terms of what that has done with private sector affordability...There are parts of London with the private sector leasing programmes where you can't do it because of the benefit cap affecting it.<sup>61</sup>

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<sup>58</sup> Work and Pensions Select Committee, [Support for housing Costs in a reformed welfare system](#), HC 720 2013-14, April 2014, para 110

<sup>59</sup> HL Deb 21 December 2015 cc2354-61

<sup>60</sup> Fitzpatrick, S., Pawson, H., Bramley, G., Wood, J., Watts, B., Stephens, M. & Blenkinsopp, J. (2021) [The Homelessness Monitor: England 2021](#). London: Crisis, p14

<sup>61</sup> Ibid., p18

## 4 Temporary accommodation: initiatives and issues

### 4.1 A statutory limit on the use of B&B accommodation

On 3 December 2002 Barbara Roche, the Minister responsible for tackling homelessness at that time, announced the Government's intention to outlaw the use of B&B hotels for homeless families except in emergencies.<sup>62</sup>

The accompanying press release said the Government would consult in 2003 on options for strengthening the homelessness legislation. Lord Rooker, then-Minister of State at the Office of the Deputy Prime Minister (ODPM), announced publication of a consultation paper on 13 May 2003.<sup>63</sup> A summary of responses was published on 17 November 2003.<sup>64</sup>

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

Official statistics demonstrate the difficulties local authorities face in moving on homeless households from B&B-style accommodation. Of the 59,120 households with children placed in temporary accommodation at 31 March 2021, 1,350 were in B&B-style accommodation. 480 of these households had been in B&B-style accommodation for six or more weeks – this represented a reduction of 4% from 500 households on the 31 March 2020.<sup>65</sup>

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<sup>62</sup> Office of the Deputy Prime Minister (ODPM) Press Release 2002/0379, 3 December 2002

<sup>63</sup> HL Deb 13 May 2003 WA28 - The consultation document, [Improving Standards of Accommodation for Homeless Households Placed in Temporary Accommodation](#), is on the DCLG's website (now archived).

<sup>64</sup> The [summary of responses](#) can be found on the CLG website (now archived).

<sup>65</sup> MHCLG, [Statutory homelessness live tables](#), Table TA1 (22 July 2021).

## 4.2

## B&B accommodation: a last resort

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

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

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

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

Housing authorities should, therefore, use B&B accommodation to discharge a duty to secure accommodation for applicants with family commitments only as a last resort and then only for a maximum of six weeks.<sup>66</sup>

Where an authority accepts a duty to secure accommodation for an unintentionally homeless household in priority need, the accommodation provided must be "suitable." The Code of Guidance states that B&B accommodation is never suitable for 16 and 17-year-olds, even on an emergency basis.<sup>67</sup> At 31 March 2021, there were fewer than five 16 to 17 year-old main applicants placed in B&B accommodation.<sup>68</sup>

The ODPM: Housing, Planning, Local Government and the Regions Select Committee carried out an inquiry into homelessness in 2004, the report of which was published in January 2005. The Committee recommended a target for ending the use of B&B for any homeless household except as an

<sup>66</sup> MHCLG, [Homelessness Code of Guidance for Local Authorities](#), paras 17.31-33

<sup>67</sup> *Ibid.*, para 17.40

<sup>68</sup> MHCLG, [Statutory homelessness live tables](#), Table TA1 (22 July 2021).

emergency short-term response.<sup>69</sup> The Labour Government concluded that a national target was “not necessary at present.”<sup>70</sup>

Local authorities have faced criticism from the Local Government Ombudsman (LGO) where families have spent long periods in B&B accommodation.<sup>71</sup> In October 2013, the LGO published [No place like home: Councils' use of unsuitable bed & breakfast accommodation for homeless families and young people](#) which set out lessons councils can learn from complaints on the use of inappropriate B&B accommodation.

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

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

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

The report gives local authorities best practice guidance to help councils get things right. It also offers councillors and scrutiny chairs a number of questions they can ask of their own authorities to ensure they challenge the number of families left in unsuitable accommodation for too long.<sup>72</sup>

## Initiatives aimed at reducing B&B use

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

- Lewisham is using an off-site construction method to provide self-contained temporary accommodation on brownfield land. Lewisham considers this method to be ground breaking and will provide cost-effective and high-quality accommodation. The construction method is intended to allow for speedy delivery and to enable the building to be

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<sup>69</sup> ODPM: Housing, Planning, Local Government and the Regions Select Committee, Homelessness, HC 61-1 2004-05, para 25

<sup>70</sup> ODPM, January 2005, Cm 6424

<sup>71</sup> For example, BBC news London, [Westminster homeless put in B&Bs for too long](#), 24 September 2013

<sup>72</sup> Local Government & Social Care Ombudsman, [Still no place like home](#), December 2017

moved once permanent development plans for the land are in place;

- Bristol is making use of its vacant housing stock that requires renovation before it is available for a social tenancy; and
- Birmingham has converted a former residential care home into accommodation for families.<sup>73</sup>

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

To support the implementation of the Homelessness Reduction Act, the Department has set up a team of advisors who will work directly with local authorities – the Homelessness Advice and Support Team (HAST). An initial priority for these advisors has been providing targeted support for local authorities who have families in Bed and Breakfast accommodation beyond the statutory limit of 6 weeks. This work is already underway, and has included targeted visits, as well as a workshop involving authorities who use Bed and Breakfast to share best practice and experiences from authorities who have successfully tackled the problem. The HAST’s work will continue for an initial period of two years.<sup>74</sup>

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

### Use of private rented housing

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

The [Homelessness Code of Guidance for Local Authorities](#) encourages authorities to enter into leasing arrangements and explains the financial

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<sup>73</sup> [HC 308 Session 2017-19](#), September 2017, para 2.10

<sup>74</sup> [Cm 9575](#), March 2018, para 3.4

arrangements under which authorities can provide private registered providers with financial assistance in connection with these arrangements.<sup>75</sup>

In London, where the use of temporary accommodation is most concentrated, provision has gradually shifted away from longer-term leased accommodation towards the use of accommodation let on a nightly rate, with associated cost increases. This is discussed in section 3.3 (above). Housing associations have tended to move out of long-term leasing of private housing for temporary accommodation due to a reduction in the level of subsidy available to support management costs.<sup>76</sup>

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

They reported that those providing accommodation are less willing to lease it to local authorities because they can achieve a better return if the same accommodation is let nightly. Some reported that the reduction in accommodation providers had led to an extremely limited supply of private landlords willing to house homeless families.<sup>77</sup>

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

Local authorities on the outskirts of London that we interviewed for this study (Bexley, Luton, and Medway) reported that inner London boroughs are buying property in these areas to use as temporary accommodation, or are offering local private landlords incentive payments of up to £4,000 to accommodate their households. Local authorities that we interviewed in central London (Westminster and Tower Hamlets) confirmed that they make these incentive payments. This is often because the up-front costs of payments to prevent homelessness are less than the cost of placing these households in temporary accommodation. Local authorities in central London are therefore able to reduce their spending on temporary accommodation, but these placements further reduce supply for the local authorities that receive these households, who can in turn seek to place their own homeless households out of borough.<sup>78</sup>

The Coalition Government's emergency Budget of June 2010 included a series of announcements in respect of Housing Benefit/Local Housing Allowance (LHA) rates which came into effect on 1 April 2011. Authorities expressed concerns about the impact these changes would have on their ability to secure private rented accommodation for homeless households.

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<sup>75</sup> MHCLG, [Homelessness Code of Guidance for Local Authorities, paras 16.25-16.26](#)

<sup>76</sup> Social Housing Magazine, "Temporary housing – the case for investment", 10 June 2019

<sup>77</sup> [HC 308 Session 2017-19](#), September 2017, para 2.8

<sup>78</sup> *Ibid.*, para 2.12

The decision to freeze LHA rates for four years between 2016-17 and 2019-20 (with some exceptions for areas with the highest private sector rents) is thought to have exacerbated difficulties that authorities, particularly in London, face in accessing suitable private sector accommodation.<sup>79</sup>

LHA rates were set to rise by inflation from 1 April 2020 (1.7%). Bodies such as the LGA, Crisis and Shelter called on the Government to restore LHA rates to cover “at least the lowest third of market rents.”<sup>80</sup> In response to the Covid-19 outbreak, the Government announced an increase in support through LHA:

I'm announcing today nearly £1bn pounds of support for renters by increasing the generosity of housing benefit and Universal Credit, so that the local housing allowance will cover at least 30% of market rents in your area.<sup>81</sup>

On 25 November 2020, [the Secretary of State at DWP, Theresa Coffey, announced](#) LHA rates would be refrozen at their current cash level from 2021/22.<sup>82</sup> No date has been specified for the freeze to be lifted.

The Housing Committee of the London Assembly considered the use of temporary accommodation at a meeting on 22 January 2019. The pack prepared for the meeting set out some of the challenges facing London authorities.<sup>83</sup> The pack contained information on investment to procure private rented housing in London:

The Mayor of London announced in February 2018 that he was investing £15 million in a new scheme run by Resonance Limited and homeless charity St Mungo's. The Real Lettings Property Fund will buy 330 existing private properties in good condition and let them at affordable rents to individuals and families who are homeless or at risk of homelessness. The aim is to provide stable, affordable homes and to provide wider support to help people to move into training and employment.<sup>84</sup>

See section 4.4 below for more information on these London initiatives.

### Private rented sector access fund

MHCLG funded 54 projects through this £20 million fund over 2018/19 and 2019/20. The aim was to increase access to new private rented sector tenancies, or to provide support in sustaining tenancies for those who were at risk of becoming, homeless:

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<sup>79</sup> [Summer Budget 2015](#), July 2015, para 1.137

<sup>80</sup> [Crisis responds to the announcement that the benefit freeze will end in 2020](#), 3 November 2019

<sup>81</sup> HM Treasury Press Release, 20 March 2020

<sup>82</sup> [Written Ministerial Statement](#), 25 November 2020

<sup>83</sup> Housing Committee, London Assembly, Temporary Accommodation in an Era of Welfare Reform, 22 January 2019

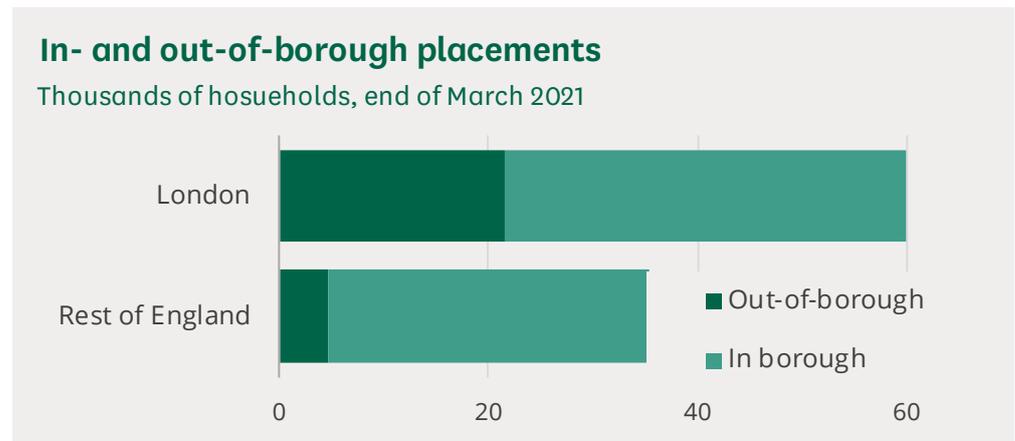
<sup>84</sup> *Ibid.*

This targeted fund will be focused on schemes that will provide additional support for single homeless people and/or reduce the numbers of households in temporary accommodation through delivery of the below outcomes, in order to support the government's ambition of preventing and reducing homelessness and rough sleeping.<sup>85</sup>

## 4.3 Use of out-of-borough temporary accommodation

At the end of March 2021, 26,180 households were placed in temporary accommodation in a different local authority area than the one they applied for help in. This figure is 3% higher than at the end of March 2020, and 382% higher than at the end of March 2010.

Out-of-borough placements are much more common in London. 36% of households accepted as homeless by a London borough were housed in a different borough, compared with 13% across the rest of England. In total, 82% of all out-of-borough placements at the end of March 2021 were households that had applied to London local authorities.<sup>86</sup>



Source: MHCLG, [Statutory homelessness live tables](#), Table TA1. 22 July 2021

Out of borough placements are not a new phenomenon. Part two of the Government's consultation paper, [Homelessness \(Suitability of Accommodation\) \(England\) Order 2012](#), said:

It has come to light that some local authorities are seeking accommodation for households owed the main homelessness duty far outside their own district. Government is willing to explore whether protections around location of accommodation need to be

<sup>85</sup> MHCLG, [Private Rented Sector Access Fund – Bidding Prospectus](#), October 2018

<sup>86</sup> MHCLG, [Statutory homelessness live tables](#), Table TA1 (22 July 2021).

strengthened and how this might be done. We expect that any measures adopted following this consultation process would apply to any accommodation offered by authorities in discharge of their duties under Part VII of the Housing Act 1996, including temporary accommodation, private rented sector offers and social housing.<sup>87</sup>

The [Homelessness \(Suitability of Accommodation\) \(England\) Order 2012](#) was brought into force on 9 November 2012. The statutory guidance on the Order, to which local authorities must have regard when discharging (ending) their duties to homeless households by using private rented accommodation, is contained in chapter 17 of the revised [Homelessness Code of Guidance for Local Authorities](#). The guidance describes situations in which private rented housing should be regarded as unsuitable. The location requirements of the Order extend to any accommodation secured under Part 7 of the 1996 Act, including temporary accommodation.

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

- difficulties in procuring private rented housing at affordable rates;
- private landlords are less inclined to lease properties to councils or let to tenants in receipt of LHA as they have access to alternative tenants willing to pay higher rents.<sup>88</sup>

DCLG officials suggested a new procurement model for private rented accommodation with councils adopting a strategic partner role and acting in collaboration.<sup>89</sup>

Inside Housing reported on evidence given to the London Assembly's housing committee by Councillors from Croydon and Hackney in February 2014 claiming that the London boroughs were gazumping each other in order to secure private sector temporary accommodation.<sup>90</sup> [Homelessness Monitor: England 2016](#)<sup>91</sup> (January 2016) referred to an increase in out of district placements "linked closely with the broader 'displacement' effects of welfare reform."

In a judgment handed down on 2 April 2015, the Supreme Court considered the circumstances in which it would be lawful to place a homeless family in temporary accommodation outside of the authority's area and a long way

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<sup>87</sup> DCLG, [Homelessness \(Suitability of Accommodation\) \(England\) Order 2012](#), May 2012, paras 38-39

<sup>88</sup> DCLG, Homelessness Roundtable, 4 December 2012

<sup>89</sup> Ibid.

<sup>90</sup> Inside Housing, "Boroughs gazumping each other for temporary accommodation," 14 February 2014 [subscription required]

<sup>91</sup> This report was the fifth of project which is tracking the impact on homelessness of economic and social policy developments. The research is conducted by Heriot-Watt University and the University of York on behalf of Crisis.

from where they were previously living.<sup>92</sup> The Court concluded there is a statutory duty to accommodate in borough, where reasonably practicable, failing which authorities are under a duty to try to place the household as close as possible to where they were previously living. The Court considered the needs of children in determining the suitability of out-of-borough accommodation:

The question of whether the accommodation offered is “suitable” for the applicant and each member of her household clearly requires the local authority to have regard to the need to safeguard and promote the welfare of any children in her household. Its suitability to meet their needs is a key component in its suitability generally. In my view, it is not enough for the decision-maker simply to ask whether any of the children are approaching GCSE or other externally assessed examinations. Disruption to their education and other support networks may be actively harmful to their social and educational development, but the authority also have to have regard to the need to promote, as well as to safeguard, their welfare. The decision maker should identify the principal needs of the children, both individually and collectively, and have regard to the need to safeguard and promote them when making the decision.<sup>93</sup>

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

Ideally, each local authority should have, and keep up to date, a policy for procuring sufficient units of temporary accommodation to meet the anticipated demand during the coming year. That policy should, of course, reflect the authority’s statutory obligations under both the 1996 Act and the Children Act 2004. It should be approved by the democratically accountable members of the council and, ideally, it should be made publicly available. Secondly, each local authority should have, and keep up to date, a policy for allocating those units to individual homeless households. Where there was an anticipated shortfall of “in borough” units, that policy would explain the factors which would be taken into account in offering households those units, the factors which would be taken into account in offering units close to home, and if there was a shortage of such units, the factors which would make it suitable to accommodate a household further away. That policy too should be made publicly available.<sup>94</sup>

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

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<sup>92</sup> [Nzolamesco v Westminster City Council](#) [2015] UKSC 22

<sup>93</sup> [Nzolamesco v Westminster City Council](#) [2015] UKSC 22 (para 27)

<sup>94</sup> Ibid.

Suitability of accommodation - we aim to place homeless households in private rented accommodation which they can afford. However the law requires local authorities to offer housing 'in borough' where it is 'reasonably practicable'. While every effort is made to do this, we simply cannot procure enough affordable TA or PRS accommodation in-borough (or even very close to the borough). The expectation that homeless families should be placed 'in borough', or very close to the borough, also applies to those who do not have longstanding connections to Westminster. Many of our out of borough placements are challenged. While we acknowledge that some households need to be able to remain in Westminster – we suggest that the law or code of guidance should be changed so that affordability is a key issue when making placements and offers, so that people can live in good quality private rented homes which they can afford in areas where they can set down roots. Currently a number of households can only remain in Westminster as they receive Discretionary Housing Payment which is not a long term solution. The offer of private rented housing in an area which is affordable in the long term is often preferable to a wait of many years for a social home.<sup>95</sup>

## 4.4 Joint working in London

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

Availability of temporary accommodation (TA): Interviewees said it was a constant—often daily—struggle to find enough accommodation for households needing TA. Many boroughs placed almost all such households in private accommodation including hostels, bed and breakfast (B&Bs) and private rented sector (PRS) units often leased by the boroughs. Over 40% of family households accepted in London are now placed outside their own borough. Across London there is huge variation in the amount of local-authority housing boroughs have available and in their criteria for allocating it. Some boroughs have themselves become private landlords so they can accommodate more households in their own (nonsocial) stock.<sup>96</sup>

The following sections identify attempts to address these issues.

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<sup>95</sup> [Westminster City Council - written evidence](#), February 2016

<sup>96</sup> Scanlon K; Whitehead C: [The Cost of Homelessness Services in London](#), LSE London, September 2019, p3

## Modular units

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

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

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

The GLA is providing £11million from its innovation fund to support PLACE's work and Capital Ambition provided seed funding through the [London Ventures](#) programme.<sup>97</sup>

Tower Hamlets is lead borough for this initiative. PLACE hopes to build 200 units across London with the first becoming available in 2021.<sup>98</sup>

There is more information on PLACE in the London Assembly's Housing Committee's report [Living in Limbo: London's Temporary Accommodation Crisis](#) (May 2019).<sup>99</sup>

## Capital Letters

[Capital Letters](#) is a not-for-profit company, set up through London Councils in response to concerns about the availability of affordable, good quality temporary accommodation. Capital Letters leases homes from owners across London to rent them out to boroughs as temporary accommodation, or longer-term accommodation:

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

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<sup>97</sup> [London Council's website](#), [accessed on 12 October 2020]

<sup>98</sup> Housing Committee, London Assembly, Temporary Accommodation in an Era of Welfare Reform, 22 January 2019

<sup>99</sup> London Assembly Housing Committee, [Living in Limbo: London's Temporary Accommodation Crisis, May 2019, pp27-28](#)

to rent these homes. However, Mark Baigent recognised that payments might have to vary in different parts of London.<sup>100</sup>

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

Through an innovative new scheme – the first of its kind – London boroughs join forces to provide safe accommodation for families on the edge of homelessness, backed by almost £38 million of funding from the government’s £1.2 billion overall investment in tackling homelessness.<sup>101</sup>

On 26 June 2019, London Councils announced that the scheme had procured its first home in Tower Hamlets.<sup>102</sup>

## Real Lettings

This is a partnership between the homelessness charity St Mungo’s and the social investment body Resonance to buy homes across London “with the aim of ensuring that the properties are of a good standard and to let them to households who would otherwise be homeless, charging rent at Local Housing Allowance rates.” The Mayor of London has invested £15 million in Real Lettings – Croydon, Lambeth and Westminster councils have joined Resonance as limited partners and committed a total of £45 million to “purchase, refurbish, let and manage around 330 affordable homes.” Other authorities and investors are expected to join.<sup>103</sup>

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<sup>100</sup> Ibid., pp28-29

<sup>101</sup> [MHCLG Press Release](#), 31 December 2018

<sup>102</sup> [London Councils Press Release](#), 26 June 2019

<sup>103</sup> London Assembly Housing Committee, [Living in Limbo: London’s Temporary Accommodation Crisis, May 2019](#), p30

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