

Written evidence submitted by the Zacchaeus 2000 Trust [HOL 104]

1. The Zacchaeus 2000 Trust (Z2K) provides an in-depth advice service and long-term support for Londoners struggling on low incomes. In 2011, we established our *NextDoor* project to help those threatened with homelessness as a result of the Government's caps on Local Housing Allowance (LHA) and its subsequent £500 a week Benefit Cap.

Single Homelessness

2. For the public, homelessness is usually equated with rough sleeping. The number of rough sleepers fell in the 1990s and early 2000s as a result of the work by the Rough Sleeper's Unit. Despite the Mayor's promise to end rough sleeping in London by the end of 2012, the number of people found on the Capital's streets was 43 per cent higher in 2011/12 than in 2010/11. It rose by another 13 per cent in 2012/13 to 6,437.¹ Agencies report the figure was 7,581 in 2014/15.² While the Mayor's *No Second Night Out* initiative is very welcome, it is clear more work is needed to turn around the rise in rough sleeping.
3. Rough sleeping is really just the tip of the iceberg. While most of those whom local councils accept as being in "priority need" are families with children, thousands of vulnerable single people are also accepted each year. However, there are tens if not hundreds of thousands of others who are not deemed vulnerable enough to be in priority need and so are "sofa surfing". The UK Statistics Authority has rightly criticised DCLG's presentation of data on rough-sleeping and homelessness, and we hope this will lead to change.
4. Z2K has helped many single people to be accepted as homeless and in priority need. But we have many other clients whose applications were refused or who would stand no prospect of success. As part of our *Next Door* project, we have set up a Private Rented Sector (PRS) access scheme to enable clients to move in to settled accommodation. Either because of their history or their inability to pay a deposit and/or a months' rent up front, most of these clients face a major obstacle to being accepted as tenants by private landlords on their own.
5. This project initially utilised Social Fund Crisis Loans to provide "Rent in Advance" with Z2K providing a deposit guarantee. However, following the abolition of the Social Fund in 2013, officers at Westminster City Council (WCC) agreed to use Local Welfare Assistance (LWA) funding for rent in advance. Clients must be entitled to the one-bedroom rate of LHA, which means they now have to be at least 35 years old. In the past three years, *Next Door* has placed nearly 200 people who were either rough sleepers, staying in hostels or sofa surfing.
6. Our team meet many 18-35 year-olds who we cannot help because they are only eligible for the Shared Accommodation Rate (SAR) of LHA. We also see other people who are not able to establish a "local connection" to Westminster, and whom we cannot therefore secure a rent in advance award. Disappointingly, few other boroughs seem willing to set up a similar arrangement to help non-priority single homeless people in their areas. Uncertainty around the future funding of the LWA is one of the key reasons for their reluctance.

¹ http://www.broadwaylondon.org/CHAIN/Reports/S2h2013/Street-to-Home-bulletin-2012_13.pdf

² <http://data.london.gov.uk/dataset/chain-reports/resource/dd12fe65-0a44-465d-96e6-5339fc5c505d>

Case Study

“Mr M” is a 57 year old man, who has diabetes and heart disease. He was evicted from his privately-rented flat having got into rent arrears as a result of the HB cap. He did his best to top the rent up from his disability benefits, but his relationship with the landlord was bad because he had complained about disrepair issues, so the landlord evicted him when arrears accrued. WCC decided he was “intentionally homeless”. The day before his eviction from T/A, Mr M was admitted to hospital for emergency heart surgery. He was discharged to WCC Housing Options in an ambulance. WCC referred him to Z2K, and as his situation was so grave we saw him immediately. He was very weak and could barely walk. We used some emergency funds and found him hotel accommodation for two nights, before finding him a studio flat.

- **We hope the committee will recommend that other local authorities utilise LWA funding to enable other PRS Access Schemes to be established in their areas if necessary**

Homeless Acceptances

7. The number of homeless households to whom a duty was owed increased significantly between the mid-1990s and 2005. In part, this was due to the increasing pressure on the dwindling supply of social housing. But it was also prompted by the loosening of the definition of “vulnerability” used to determine whether households were in priority need. Following the expansion of homeless “prevention” approaches after 2005, the number of acceptances in London more than halved and stayed at these levels until 2010.
8. The most recent DCLG statistics show there were 54,430 acceptances during 2014/15.³ This is much fewer than the 135,420 in 2003/04, but still represents a 36 per cent increase on the figure of 40,000 in 2010. Against a policy backdrop that has legitimised the sharp “gatekeeping” practices of many London boroughs,⁴ any growth in the number of acceptances signifies a much bigger problem. The statistics show that the most frequently occurring reason for the loss of the last settled home was the ending of an assured shorthold tenancy (AST) with a private landlord.

“Throughout England, the proportion of all acceptances due to the ending of an AST was 31 per cent (4,600 households), and in London this proportion was 42 per cent (1,970 households). The end of an AST has been an increasingly frequent cause of loss of last home over the last six years, rising from 4,580 or 11 per cent of all cases in 2009/10 to 16,040 or 29 per cent of cases in 2014-15.”⁵

9. While London’s booming property market is clearly a major factor, Z2K believes this increase can be partly attributed to the Government’s cuts to Housing Benefit.

³https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486671/2015_Q3_Statutory_Homelessness.pdf

⁴ <http://www.insidehousing.co.uk/policy/health-and-care/gatekeeping-case-could-cause-homelessness-services-overhaul/7008405.article>

⁵https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486671/2015_Q3_Statutory_Homelessness.pdf

The Impact of Welfare Reform

10. While the Government's "Bedroom Tax" on under-occupiers in the social sector grabbed the headlines, the LHA reforms have had a much bigger impact on homelessness in London. Since January 2011, the LHA cuts, including lowering the rates to the 30th percentile, the property size rate caps, extending of Shared Accommodation Rate (SAR) to 25–34 year-olds, and the move to uprate by CPI and then 1 per cent, have severely limited the ability of LHA claimants to access accommodation, particularly in inner-London. Our *Next Door* project advised around 300 families whose Housing Benefit (HB) was hit by these cuts.
11. The use of Discretionary Housing Payments (DHPs), means we do not yet have a complete picture of the impact of the LHA caps. However, there is now evidence that thousands of people have lost homes in inner-London. For example, London Councils has shown the number of LHA claimants in Westminster fell by 36 per cent from 5,947 in January 2012 to 3,836 in June 2013. Overall, the biggest decline was the 11 per cent drop in 25-34 year-olds claiming LHA, reflecting the extension of the SAR. For these reasons, Z2K remains opposed to the LHA caps.
 - **Z2K hopes the committee will recommend the phased lifting of the LHA caps and a return to rates being set at the median of local market rents.**
 - **We hope the committee will also challenge DWP to explain why surveys consistently show so few rooms available to rent in London at or below the SAR.**
12. Over the past three years, Z2K has supported nearly 300 London households affected by the Benefit Cap. Many of those were already affected by the cap on LHA. Before the Benefit Cap coming into force, Ministers argued that those affected would take steps to work enough hours to qualify for working tax credit or renegotiate their rent in situ. In Z2K's experience, people in areas of high housing demand are rarely in a position to renegotiate their rents. Equally, most of these households cannot move easily into employment.
13. Most affected households we have seen are families in the PRS. Their homes are expensive because of their location rather than quality. Our advisors tried to help these households to find cheaper accommodation, but in most cases it proved impossible to find them tenancies below the cap near their home area. Many of those we helped were eventually evicted and ended up homeless in TA (sometimes at a significantly higher cost than their previous rent).
14. DWP reports that between April 2013 and November 2015, 69,900 households across the UK had their HB capped.⁶ 95 per cent of those households had dependent children. It is not possible to be certain how many children have been affected by the cap so far, but the figure will be at least 150,000. DWP's Impact Assessment for the forthcoming lower Benefit Cap (£440 per week in London), suggests that around 120,000 households will be affected by it.⁷ We expect many of those to be homeless households in TA.

⁶ <https://www.gov.uk/government/statistics/benefit-cap-number-of-households-capped-to-november-2015>

⁷ <http://www.parliament.uk/documents/impact-assessments/IA15-006.pdf>

- **Z2K believes that homeless households should be exempt from the Benefit Cap and we hope the committee will support this recommendation**

Bed & Breakfast Accommodation

15. In 2003, the then Government introduced the Homelessness (Suitability of Accommodation) (England) Order, which specified that families with children could only be placed in bed and breakfast (B&B) accommodation for a period of up to six weeks. This move followed a series of Parliamentary debates during the passage of the Homelessness Act 2002.⁸ Not only were B&B rooms far too small for families, but cooking facilities and bathrooms were usually shared, sometimes with others who had mental health or drug/alcohol problems. They were clearly inappropriate places for young children and impressionable teenagers.
16. Those regulations were hard fought for. Initially, ministers said a maximum period and a target to reduce the use of B&B would place too onerous a duty on local authorities. Instead, building on the experience of the Rough Sleeper's Unit, they established a B&B Unit⁹, to try to identify solutions.¹⁰ It soon became clear, however, that good intentions alone would not be enough. In March 2002, ministers set a target to end the use of B&B beyond six weeks by March 2004 and made £35 million available to support this objective.
17. Even with this dedicated funding and increased HB subsidy for TA, it became apparent that the target was still unlikely to be met, and so ministers were finally persuaded to take more decisive action. In December 2002, they announced their intention to outlaw the use of B&B beyond the six week limit. Local authorities quickly got the message, and by April 2004, there were no homeless families in B&B in London beyond the six week limit.¹¹
18. By and large the target was adhered to over the next six years - by 2010, the number in B&B beyond this legal limit was around 70 families. From that year onwards, however, there has been a big increase. In December 2015, DCLG reported that,
- “... 3,000 families with children were in B&B-style accommodation as at 30 Sept 2015. This is an increase of 45 per cent from 2,060 a year earlier and accounts for 6 per cent of all households with children in TA. Of these households, 960 (32 per cent) had been in B&B-style accommodation for more than six weeks. This is an increase of 105 per cent since the end of the same quarter last year”¹²
19. Z2K's biggest concern is those 960 families in B&B beyond the six week legal limit. In the 1990s and early-2000s, Westminster City Council (WCC) was one of the worst for its use of B&B, and it was no surprise to see its use climbing again as soon as the pressure from central Government was lifted. By early 2013, Westminster had 170 families in B&B beyond six weeks. Given our location, Z2K deals with many homeless families in Westminster and we backed a complaint by forty such families to the Local Government Ombudsman (LGO).

⁸ Hansard 03 April 2001: Column 56WH & Hansard 02 July 2001: Column 64

⁹ <http://www.theguardian.com/society/2001/aug/15/social-exclusion-homelessness>

¹⁰ <http://www.theguardian.com/society/2001/nov/14/homelessness-guardiansociety-supplement>

¹¹ <http://m.insidehousing.co.uk/london-boroughs-clean-sweep-on-bb-target/445221.article>

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486671/2015_Q3_Statutory_Homelessness.pdf

20. Following an investigation, the LGO concluded that WCC, “had not complied with its statutory duties. Its failure to avoid the use of bed and breakfast for families in excess of six weeks has caused real injustice to those families. The families concerned have been deprived of suitable accommodation.”¹³ The LGO accepted the council’s offer to pay £500 to the two complainants and an extra £500 for each additional six-week period. WCC was also required to provide a similar remedy to the other 38 people who suffered a similar injustice. Since then, Westminster has not reported any homeless families in B&B beyond six weeks.

21. Elsewhere, however, things have got worse not better. Table 1 (below) shows the snapshot of B&B use in a number of authorities over the past four years.

	2012	2013	2014	2015
Barking & Dagenham	72	10	12	18
Brent	1	0	77	25
Bristol	1	0	13	39
Croydon	146	12	44	117
Ealing	0	45	18	0
Enfield	0	0	0	16
Hammersmith & Fulham	42	0	0	0
Harrow	16	28	32	68
Hounslow	52	Did not report	0	0
Luton	0	Did not report	0	30
Newham	3	Did not report	44	8
Reading	2	7	52	45
Redbridge	7	5	40	62
Sutton	7	0	0	24
Tower Hamlets	31	94	83	106
Wandsworth	25	9	13	10

22. In 2013/14, under pressure about the growing number of families in B&B beyond the six week limit, ministers announced a £2 million “Gold Standard” initiative. Fifteen authorities with the highest numbers were invited to bid for funding. However, only seven were successful - Barking & Dagenham, Birmingham, Crawley, Croydon, Hounslow, Redbridge and Westminster. While this helped reduce the numbers in some of those councils, its overall impact was minimal. It pales by comparison with the £35 million initiative back in 2002/03.

¹³ <http://www.lgo.org.uk/news/2013/sep/westminster-city-council-left-40-homeless-families-bed-breakfast-accommodation-long/>

23. Later in 2013, the LGO published a wider-ranging report, which concluded,

“My challenge to local and central government, to policy makers, and to our elected representatives is to listen to the cases of people whose voices are too often hidden in the homelessness statistics. Despite councils telling us that financial pressures and changes to the welfare system are affecting their ability to provide suitable accommodation, this cannot be a justification for failing to meet statutory duties.”¹⁴

24. This was a welcome initiative, but disappointingly, the LGO has not taken any further steps to ensure local authorities do anything about it. Neither have those councils who have families in B&B beyond six weeks been told to offer comparable compensation to that awarded to the 40 Westminster families. Instead, the LGO’s approach seems to be simply to wait for individual families to submit a complaint.

25. Z2K recognises that the reliance on B&B is driven by difficulties some councils are having in procuring self-contained TA. We also appreciate that, in some cases, families are in more modern hotels rather than the kind of dilapidated B&Bs used in the 1990s. However, it is still not appropriate for children to spend five or six months in a hotel room. We also have concerns that some councils are not reporting families if they are in B&B “annexes”, which also fall within the scope of the regulations.¹⁵ It is deeply disappointing that the Government have not seen this persistent breaching of the law as a more serious problem.

- **Z2K hopes the committee will recommend that ministers take much more decisive action to reverse the growing number of homeless families illegally in B&B**
- **We also hope the committee will recommend that the Local Government Ombudsman take pro-active steps to stop authorities using B&B beyond six weeks**

Temporary Accommodation

26. As with the number of “acceptances”, the number of homeless households placed in TA grew rapidly in the early 2000s, reaching a peak of 101,070 in late-2005. Research has shown the impact of extended periods in TA on children’s health, education and well-being.¹⁶ Over half the homeless families interviewed said their children’s health had suffered since being in TA and on average they had missed 55 school days as a result of the disruption caused by moves into/between TA. Two-thirds said their children had problems at school, and more than half described their children as “often unhappy or depressed”.

27. In January 2005, ministers announced a new target to halve the numbers of homeless households in TA by 2010.¹⁷ By 2010, the number of households in TA had fallen to 49,680. The target was achieved in every region except London. (Even in London, the numbers fell from 63,800 to 36,960 – a reduction of 42 per cent.) The most recent statistics show that these figures have now risen back to 68,560 in England and 50,490 in London – around 40 per cent

¹⁴ <http://www.lgo.org.uk/downloads/special%20reports/1885-FR-No-place-like-home-FINAL-11.10.2013.pdf>

¹⁵ http://www.publications.parliament.uk/pa/ld201314/ldhansrd/text/140210w0001.htm#wa_st_34

¹⁶ http://england.shelter.org.uk/_data/assets/pdf_file/0012/40116/Living_in_Limbo.pdf

¹⁷ <http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/corporate/pdf/homes-for-all.pdf>

higher than in 2010 in both cases. Ministers argue that this is still lower than it was in the mid-2000s. However, the last time it was at this level, the numbers fell rapidly over the next two years. No-one expects that fall to be repeated between now and 2018.

28. The chronic shortage of social housing lies at the root of the growing numbers of households in TA. While the number of new “affordable homes” has been increasing in the past couple of years, the number that are genuinely affordable has fallen dramatically. It should be no surprise at all that people who have been homeless are wary of “Affordable Rent” homes at up to 80 per cent of market rents and with only limited security of tenure.
- **A significant increase in investment in new social housing is needed to reduce the numbers of homeless households in TA and the length of time they are stuck there**

Out of Area

29. Alongside the overall increase in the numbers of homeless households in TA has been a dramatic increase in the numbers who are outside their own area. DCLG’s most recent statistics show that of the 68,560 households in TA on 30 September 2015, 18,600 (27 per cent) were in another district. Of those 17,120 were from London boroughs (92 per cent of the England total). This is an increase of 19 per cent from last year when 14,430 such households were placed by London authorities,¹⁸ and is double what it was in March 2013.
30. As with the numbers in B&B, the restriction on Housing Benefit subsidy for TA is the key driver for this increase. These changes were introduced in 2010 after concerns were raised that a small number of authorities were setting unnecessarily high rents for TA. For those in self-contained licensed and short-term lease accommodation, the maximum HB subsidy was to be determined by using 90 per cent of the LHA rate for the size of the property plus an element for management costs (£60 per week outside of London, £40 per week in London).
31. These initial reforms were widely consulted upon and broadly accepted.¹⁹ However, DWP’s decision in late 2010 to peg the LHA-based rate used in this formula to that established in January 2011 for the next two years was much less welcome. This *de facto* “freezing” of the subsidy caused London boroughs difficulties almost immediately, and the extension of this freeze has had dire consequences. In places where market rents have been increasing at a rate well above inflation, leasing to councils is now much less attractive to landlords.
32. As a result, outer-London boroughs like Barking & Dagenham, Enfield and Newham have become dumping grounds for thousands of homeless households from inner-London. Some inner-London boroughs are also placing homeless families outside London altogether. For example, Westminster uses Thurrock. While this process has been slowed by the Supreme

¹⁸https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486671/2015_Q3_Statutory_Homelessness.pdf

¹⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220229/hb-subsidy-temporary-accommodation.pdf

Court's judgment²⁰ in the case of former Z2K client, *Titina Nzolameso*, it has not stopped. Many homeless families continue to be accommodated far from their home area.

33. In justifying its reasons for not increasing the LHA rate for TA in HB Subsidy, DWP explained it could have been even worse,

"The rate currently used in the calculation for HB subsidy in TA cases is the Jan 2011 LHA rate at the 50th percentile. We looked at changing the rate to the 2014/15 rate. However, any uprating would mean that the LHA rate would then be based on the 30th percentile. Analysis showed that any gains made by uprating to the 2014/15 LHA rate were lost by the move from the 50th percentile to the 30th percentile. So the decision was made to leave the calculation as it is for the present."²¹

34. As a result of these cuts, many boroughs have been struggling to retain the TA they currently use, let alone expand it for the extra homeless households to whom they are now accepting a duty. This has led to the increasing use of Homelessness Prevention Grant funding to incentivise private landlords to continue leasing their properties. In response to Freedom of Information requests, London boroughs reported that they had paid nearly £20 million in such sweeteners in the past three years (see Table 2).
35. These figures show that London boroughs are being forced to use ever more desperate means to entice private landlords to provide temporary accommodation for homeless households. Some boroughs appear to be spending a sum equivalent to more than half the grant funding they receive for homelessness prevention on these "sweeteners" to private landlords.
36. From 2013, the Government also required that the management costs of TA would be separated out from Universal Credit. Three years on, however, DWP has admitted that no-one in TA is eligible to claim UC.²² In his Autumn Statement, the Chancellor announced that, "*the TA Management Fee will no longer be paid through the benefits system – instead, councils will receive £10 million a year more, upfront, so they can provide more help to homeless people.*"²³
37. DCLG subsequently explained that this will take place from 2017/18 onwards.²⁴ While this sounds generous, it works out to be an increase of less than £3 a week for each of the 68,560 homeless households in TA. Clearly, it is far short of what is needed to improve the prospects of securing self-contained properties from the private rented sector that can be used as TA. Worse still, it is based on the current number of households in TA, and so if those numbers continue growing, it is effectively a further cut in subsidy.

²⁰ https://www.supremecourt.uk/decided-cases/docs/UKSC_2014_0275_Judgment.pdf

²¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/299504/a9-2014.pdf

²² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/491047/uc-rented-housing-faq-Jan16.pdf

²³ <https://www.gov.uk/government/speeches/chancellor-george-osbornes-spending-review-and-autumn-statement-2015-speech>

²⁴ <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2015-12-07/18896>

- We hope the committee will recommend that the Chancellor reconsider these *de facto* cuts to HB subsidy for TA, and set the rate of LHA used at the median of current local rents

Table 2 – Financial Incentives Paid to Private Landlords

	2012/13	2013/14	2014/15
Barnet	£53,058.28	£566,538.12	£720,643.44
Brent	£70,197.31	£417,905.78	£815,034.24
Camden	£370,000.00	£429,000.00	£223,000.00
Croydon	£65,811.00	£174,991.30	£64,147.82
Ealing	£233,976.71	£392,707.72	£311,033.88
Enfield	£303,000.00	£1,023,000.00	£1,162,000.00
Hackney	£19,096.00	£103,609.00	£133,590.00
Hammersmith & Fulham	£241,739.00	£562,961.00	£482,907.00
Haringey	£152,000.00	£432,000.00	£356,000.00
Harrow	£8,300.00	£29,033.32	£20,696.16
Havering	£19,330.00	£152,276.00	£187,000.00
Hillingdon	£130,783.79	£266,870.06	£206,227.90
Hounslow	£0.00	£14,283.72	£31,325.44
Islington	£233,140.63	£176,721.43	£130,047.30
Kingston upon Thames	£38,535.94	£26,409.77	£69,545.62
Lambeth	£200,898.00	£340,600.00	£548,672.14
Lewisham	£7,770.00	£29,350.00	£69,195.00
Merton	£220,104.00	£355,295.00	£286,911.00
Newham	£565,767.81	£398,330.40	£261,840.00
Redbridge	£152,038.00	£343,000.00	£743,500.00
Southwark	£0.00	£4,900.00	£63,260.00
Tower Hamlets	£174,733.77	£233,303.08	£169,748.12
Waltham Forest	£95,738.00	£149,383.15	£121,427.03
Wandsworth	£235,027.44	£250,809.87	£174,379.78
Westminster	£62,500.00	£245,391.00	£128,250.00
Total	£3,653,545.68	£7,118,669.72	£7,480,381.87

Discharge of Duty into the Private Rented Sector

38. Section 148 of the Localism Act 2011 allows local authorities to discharge their duty to a statutorily homeless household by offering a PRS tenancy. This a significant erosion of the rights of families and vulnerable individuals to be accorded “reasonable preference” in the allocation of social housing, and may leave them trapped in a cycle of poor quality insecure tenancies dependant on Housing Benefit to pay their rent. Many councils have taken advantage of this change in the law. In the three months to 31st December 2014, 460 households were made such an offer.²⁵ However, these do not include those discouraged from making a formal application after being told they will just end up in the PRS anyway.
39. We recognise that some applicants prefer to take up an Assured Shorthold Tenancy rather than endure several weeks in B&B, and the risk of being moved around various TA which are some distance from family support networks. We also acknowledge that there has been some improvement in both the physical conditions and management standards among professional landlords. However, we are not persuaded of the effectiveness of the “safeguard” against repeat homelessness in section 149 of the Localism Act. Neither are we convinced that the regulations defining “suitable” accommodation are sufficient to protect those who have been found to be vulnerable and in priority need.
40. In London, little information is made available publicly explaining to applicants when and how a local authority will utilise this new power. The decision-making process by a number of individual boroughs prior to adopting this power has also been opaque in the extreme. Z2K is aware of at least one London borough where the use of this power has been suspended after elected members raised concerns about the basis upon which some households were being selected to have their duty discharged through a PRS offer. DCLG does not appear to have conducted any assessment of the impact of this policy.
- **Z2K urges the committee to look closely at the impact of this change of legislation to establish whether it has led to “gatekeeping” of homeless households from their rights to pursue a formal application**

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²⁵ DCLG Live tables on homelessness Table 778 <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>