

# The Chartered Institute of Housing's submission to the technical consultation on the Homelessness Prevention Grant 2023/24 onwards

## Initial comment

Chartered Institute of Housing (CIH) welcomes the opportunity to respond to the consultation on the Homelessness Prevention Grant (HPG) 2023-2024 onwards.

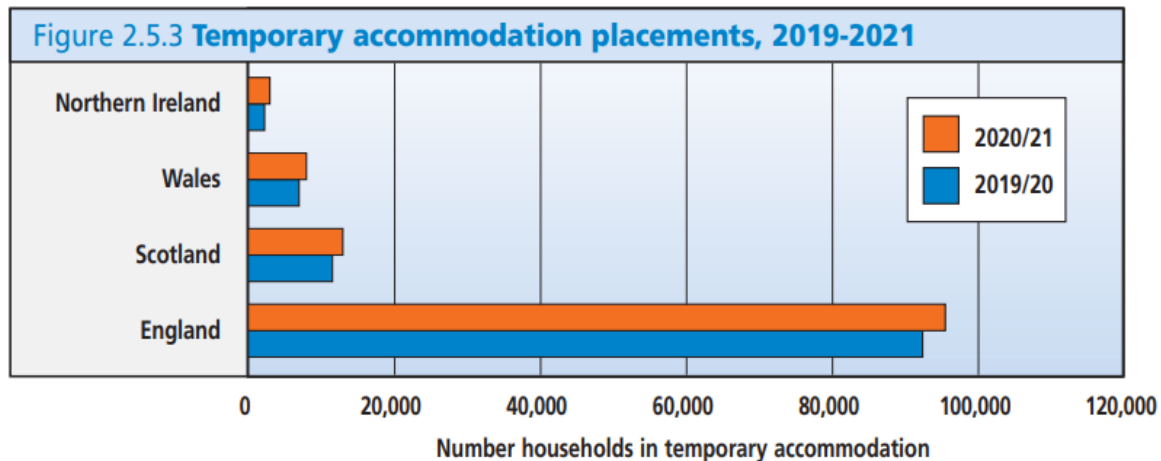
We support the government's commitment to preventing homelessness before it occurs wherever possible, and the intention to simplify the funding landscape and ensure it is based on an accurate picture of need using the most recent data. However, we have concerns about the timing of these funding formula changes, and the consultation proposals.

Our response is primarily focused on whether the proposed changes to the funding formula will help to achieve the aim of enabling local authorities to maximise their homelessness prevention activity. We have not commented on the detail of all aspects of the proposed changes as others will be better placed to do this. We set out our concerns under the headings below.

## Overall levels of funding

The greatest challenge for local authorities preventing and relieving homelessness is the supply of affordable accommodation, particularly in high value areas. This challenge is likely to increase substantially over coming months given the rapidly escalating cost -of-living crisis. The number of households in temporary accommodation (TA) has already been rising steadily over the last decade, with overall placement levels almost double compared to their 2010 low of just over 50,000.

**Figure 1: Temporary Accommodation Placements**



Source: Compendium Tables 90 and 102.

Note: Figures are for end March each year, other than Northern Ireland, which are for end of January.

Source: CIH [UK Housing Review 2022](#)

We know that TA is often entirely unsuitable for many households and that the Private Rented Sector (PRS) is often the only route out of it due to the lack of availability of social and affordable housing and extremely long waiting lists. Yet, the lack of affordable PRS properties in many areas (particularly London) is exacerbating this situation. **Given the current situation with a rapidly escalating cost-of-living crisis in the post covid economy we consider that the overall level of funding within the HPG must be increased significantly to reflect the wider economic reality. Continuing with the current grant would represent a cut in real terms.**

As a broader point, housing benefit is a vital homelessness prevention tool. During a cost-of-living crisis, the best way to prevent homelessness is via the established benefits system, rather than via local discretionary homelessness funds. We therefore recommend the government unfreezes local housing allowance so that it covers at least the bottom third of local rents and abolishes the household benefit cap.

### Cuts for certain local authorities

We are concerned that the proposed changes to the data sources used to allocate the split of HPG funding will result in some local authorities receiving substantial cuts to their HPG funding in 2023/24 and 2024/25. For example, the proposed changes will result in cuts to London's overall funding share. However, we know that London shoulders costs of accommodating the majority of homeless households in temporary accommodation.

**Figure 2: Homeless households in TA by region in England**

Table 90d Homeless households in temporary accommodation by region in England

Number of households

Region	1991	1995	2000	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
North East	430	430	1,320	780	450	360	300	190	220	210	170	170	150	150	150	140	200	370	560
North West	2,360	2,140	1,980	2,490	2,380	2,190	1,360	880	920	1,100	1,050	1,000	1,100	1,440	2,000	2,560	3,480	4,490	5,430
Yorkshire & The Humber	1,620	1,160	2,310	2,240	2,050	1,790	1,430	920	900	940	910	680	750	700	810	870	960	1,370	1,830
East Midlands	1,810	1,420	1,830	1,950	2,050	1,330	930	680	680	740	760	700	680	770	1,040	1,270	1,620	1,840	1,980
West Midlands	2,120	1,220	2,590	2,050	1,620	1,550	1,160	1,340	1,360	1,420	1,670	1,530	1,630	2,170	2,610	3,430	4,350	5,110	5,180
East	3,940	2,750	4,990	6,610	5,190	4,290	3,470	2,630	2,600	3,010	3,650	3,840	4,130	4,910	5,750	5,900	6,060	6,320	6,260
London	37,130	26,060	41,540	62,740	59,810	55,500	47,780	39,030	35,850	36,740	40,230	43,310	48,240	52,060	54,280	55,440	56,780	59,930	59,830
South East	7,890	6,420	11,300	11,160	8,440	6,320	4,610	3,520	3,660	4,280	4,840	5,120	5,920	7,200	8,090	8,470	8,870	9,640	10,360
South West	2,630	2,540	5,270	6,360	5,140	4,180	2,980	2,130	2,040	2,000	2,030	2,060	2,100	2,290	2,500	2,630	2,720	3,130	3,870
England	59,930	44,140	73,080	96,370	87,120	77,510	64,000	51,310	48,240	50,430	55,320	58,410	64,710	71,670	77,220	80,720	85,040	92,190	95,290

Source: Department for Levelling Up, Housing & Communities (and predecessors) Homelessness Statistics Live Tables 776, 784 and from 2018/19 detailed local authority table TA1 (Jan-March).

- Notes:
1. Households in accommodation arranged by local authorities pending enquiries or after being accepted as homeless under the Homelessness Reduction Act 2017 and its predecessors.
  2. Figures up to and including 2000 relate to placements at the end of each calendar year.
  3. Figures from 2004/5 onwards are for placements in the last quarter of the financial year and are grossed up for missing local authority returns on same basis as for Table 90a.
  4. Totals may not equal the sum of components because of rounding by DUHC.
  5. Figures from 2018/19 are based on the PIE plus the new H-CLIC returns, which are subject to some misreporting. Caution should therefore be applied when comparing figures for earlier years.

Source: CIH [UK Housing Review 2022](#)

Cuts in funding will result in cuts to local statutory homelessness services in the areas affected, which will likely affect the service and outcomes of families and individuals. **Therefore, we recommend government revisit the HPG settlement and that the overall amount of HPG should be increased to ensure that no local authority is worse off as a result of the changes to the formula.**

## Timing

We are concerned about the timing of this proposed change, particularly without additional funding. Given rising need, many councils are already overwhelmed, and the cost-of-living crisis is set to deepen as we move into autumn and winter. The homelessness data has a six-month time lag, so we expect a steep rise in October and beyond. **We recommend a better point for review would be at the start of the new funding period in 2025. At this point all the data will also be based on a post-pandemic timeframe.**

## Suitability of proposed elements of allocations methodology

We are unsure of the suitability of several data sources that are proposed to be used under both options for a future HPG formula. The Area Cost Adjustment (ACA) is largely driven by wage differentials and does not accurately reflect affordability as a key driver of homelessness. In addition, we have concerns that the PRS costs data, which is currently used as part of the FHSG element of the formula, does not provide an adequate reflection of housing affordability pressures. It is designed to reflect all tenancies, rather than the average rental costs for new lettings that are currently available. As a result, it tends to be lower than the rental costs for new lettings, meaning it does not accurately reflect the ability of households to cover the costs of a new rental agreement, which is the most relevant cost for households at risk of or experiencing homelessness.

**Local authorities are best placed to inform central government on the feasibility and implication of additional data collection, and we would encourage government to undertake this consultation before proposing reforms to the funding formula.** It is important that any new reporting requirements are justified and implemented in a way that minimises the administrative impact on authorities, which makes early consultation with local authorities even more crucial.

## Early interventions

Whilst we welcome the recognition in the consultation of the importance of early intervention, we are concerned that there is no opportunity for early intervention data/ successes to be captured and reported. Reliance on H-CLIC homelessness prevention and relief data does not capture spending by local authorities on strategic upstream prevention (such as hospital discharge schemes or immigration advice). Such advice is crucial to preventing homelessness crises. We would support proposals to introduce requirements to report spending on prevention. Reporting the breakdown of spending in this way would help to increase accountability for prevention activity and encourage local authorities to further prioritise activities that help to prevent homelessness at an earlier stage, and recognise the crucial early intervention work already being undertaken.

## Impact assessment

We are concerned that the HPG formula options have not been subject to an impact assessment, with the consultation document noting that 'No impact assessment is required'. Given that it is well documented that homelessness disproportionately affects individuals with certain protected characteristics under the Equalities Act, including children, people with disabilities, and people from Black and Minority Ethnic backgrounds, the absence of an impact assessment is a significant shortcoming in deciding on the future allocation of HPG.

## Two-year funding settlements

We support DLUHC's response to requests by the homelessness sector by announcing a two-year funding settlement. We agree that this provides greater certainty to local authorities and partners than a one-year settlement so that they can plan more effectively and retain experienced staff in an increasingly challenging time for recruitment and retention in the sector. However, we agree with the consultation that if homelessness pressures shift significantly between 2023 and 2024, allocations for the 2024/25 financial year may not reflect the most up-to-date pressures. Unless the government takes urgent action to prevent homelessness (through welfare benefit packages, raising the Local Housing Allowance and other measures) the homelessness sector (including Crisis in the [Homelessness Monitor Report](#)) predict that the number of homeless households will increase significantly over coming years. **Both the overall amount of HPG, and the share allocated to each local authority, must be adequate to respond to this rise. Therefore, we recommend that indicative allocations are announced this year, but that DLUHC conducts a review later in 2023-24 to ensure that the funding for 2024-25 will be adequate. If it is not, then further funding should be provided.**

## About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple - to provide housing professionals and their organisations with the advice, support, and knowledge they need. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: [www.cih.org](http://www.cih.org).

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