Housing the Homeless: The Local Authority Role
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Summary

This report examines the operation of local authorities' services for homeless people and the impact of government policies on that provision. The duties under which local authorities operate these services are set down by statute; they are required to secure accommodation for certain limited groups of homeless people.

A number of trends are putting increasing strains on the services:

• the number of households applying to, and being accepted by, authorities has grown steadily over the past 20 years;
• more recently, there has been increasing use of temporary accommodation and of high cost, low quality bed and breakfast hotels. The result in many areas has been a reduced standard of service at a much higher cost.

There are wide variations in local practices and in the economy, efficiency and effectiveness of services. In part, these arise because local authorities do not always manage well the process of receiving and investigating applicants. Nor do they make best use of their housing stock. But there is also an underlying problem related to the lack of suitable permanent accommodation.

Action is needed in four areas:
— setting local policy guidelines;
— handling applications;
— use of temporary accommodation;
— provision of permanent housing.

A full list of recommendations can be found on pages 51–54.

LOCAL POLICIES

There is considerable scope for local discretion. Some authorities have chosen to operate a 'loose' definition of the criteria. In a few areas this led to rapid growth in applications, whose validity could not be effectively checked, and therefore to more use of unsatisfactory temporary accommodation. These authorities have, for the most part, now reverted to policies more in line with their ability to manage demand. It is important that authorities do not operate policies which they are unable to manage properly.

HANDLING APPLICATIONS

Some authorities take much longer than others to investigate applications from homeless people, thereby extending the use of temporary accommodation. Not all authorities have clear and consistent procedures for assessing the eligibility of applicants. Excessive caseloads carried by interviewing officers can lead to delays in investigations and inaccurate assessments of eligibility.
There is often inadequate liaison between housing departments and social services, education and health authorities, particularly where vulnerable, homeless people are placed in hotels outside of their home area.

Systems for monitoring and forecasting demand are often inadequate, and there are very wide differences in the resources devoted to providing local authority housing advice services, which can be a cost-effective means of reducing homelessness.

**USE OF TEMPORARY ACCOMMODATION**

Bed and breakfast (B&B) hotels usually offer the lowest standards at the highest costs. Many authorities could reduce or eliminate their use of them by making better use of the other forms of temporary accommodation, though in some the scope for significant reductions is more limited.

Better use could be made of vacant properties owned by public sector landlords, such as government departments, to provide temporary accommodation through leasing to local authorities or housing associations. But recent DOE regulations limit the use which authorities can make of leasing and their ability to maximise the use of private rented properties as temporary accommodation.

Where the use of B&B is unavoidable, there are a range of measures that authorities can take to ensure higher standards of accommodation and better value for money.

**PERMANENT HOUSING**

In the long run there is a need for more permanent housing at prices that those who are now homeless can afford. Local authorities can provide some now, by making better use of existing resources. They can:

- increase the proportion of lettings allocated to homeless households where these are held at a low level;
- reduce the period during which properties are kept vacant between lettings;
- ensure that squatted properties and those let to 'unauthorised tenants' are reduced to a minimum;
- create a limited number of additional relets through incentives to tenants in family-sized council properties to buy on the private market or to move to a smaller property.

**ACTION BY CENTRAL GOVERNMENT**

But all these measures together will still leave a sizeable problem in a few authorities. In those authorities with the severest problems of homelessness, investment is required in homes at prices affordable by the homeless if the gap between the number of eligible applicants and the availability of lettings is to be bridged. This investment need not be channelled through local authorities but, to be effective, it must result in an increase in the number of properties available to local authority housing departments for homeless households. A relatively modest adjustment of priorities could, however, make a major impact on the most socially damaging aspects of the problem.
Introduction

1. Homelessness is defined in different ways by different people. Few would
dispute that people literally on the streets, or in temporary accommodation provided
specifically for those with no roof, qualify as homeless. But there is more debate about
the extent to which people who have a home but are about to lose it, or who are staying
temporarily with friends, or who are living in overcrowded, insanitary and insecure
conditions should be defined as 'homeless'.

2. This report concerns local authorities' statutory duties in relation to homeless-
ness, so the definitions used throughout are those in the Housing Act 1985. The legal
definitions exclude many people living in the circumstances listed above. Local
authorities have for the most part no statutory duty in relation to single young people, for
example. But they are not limited to people who have literally no roof over their heads.
Councils have quite wide powers of discretion to decide whether or not to accept as
homeless people living at home but in overcrowded and tense conditions.

3. The numbers of people accepted as homeless by local authorities have risen
continuously over 20 years. Some councils have found it difficult to cope and a number
have resorted to extensive use of expensive and unsatisfactory B&B accommodation. To
assess the scale of the problem, and the effectiveness of local authorities’ response to it,
the Audit Commission has undertaken a study of homelessness services operated by local
authorities in England and Wales and of the effect of central government policies on
them. The study was undertaken under Sections 26 and 27 of the Local Government
Finance Act 1982 which, amongst other provisions, require the Commission to
undertake studies 'designed to enable it to make recommendations for improving
economy, efficiency and effectiveness in the provision of local authority services' and
studies which enable it 'to prepare reports as to the impact of the operations of any
particular statutory provision or of any directions or guidance given by a Minister of the
Crown . . . . on economy, efficiency and effectiveness'.

4. Research for the study was carried out on behalf of the Commission by Geoffrey
Randall, an independent housing consultant, with supervision and assistance from
Commission staff and an advisory group from local authorities. The Commission would
like to thank all the local authorities and others who have assisted with this study. As
with all its reports, responsibility for its conclusions rests with the Commission alone.

4

5. The report is in four Chapters. The first summarises the legal framework within
which local authorities in England and Wales provide their homelessness services. It
explores the reasons for the long-term growth in the number of households accepted by
authorities and the more recent increase in the use of temporary accommodation.
6. Chapters 2, 3 and 4 are based on research carried out by the Commission and on other recent research findings. The Commission conducted two sample surveys to assess current practice in the management of services for the homeless. The first sample consisted of one in three housing authorities in England and Wales randomly selected; this is referred to throughout as the full sample. The second sample consisted of all authorities where 45 per cent or more of their new tenants in 1986-87 were homeless households; this is described as the stress sample. There was a total of 134 authorities in the first sample and 60 authorities in the second. Some authorities appeared in both samples. A response rate of 92 per cent was achieved for both samples with good response rates from all types of authority. In addition, a number of authorities were visited and structured discussions held with either the Director or the Assistant Director of Housing and with staff who had day-to-day responsibility for operating the homelessness service. Further details on the samples and the research methods can be found in Appendix 1. Appendix 2 contains the questionnaire that was used for the local authority surveys.

7. Chapter 2 examines the means by which authorities manage the process of dealing with homelessness applications including methods of determining eligibility of applicants; staffing and caseloads; timetables; the effect of exercising discretion in acceptance policies; liaison with other services; the provision of advice and assistance; the prevention of homelessness and the monitoring of trends.

8. Chapter 3 examines the use of temporary accommodation, the development of alternatives to B&B hotels and opportunities for better management of B&B where its use is inevitable.

9. Chapter 4 examines the availability of permanent housing and the opportunities for increasing the number of lettings to homeless households in those areas where there is a shortfall of permanent homes available to the authority.

10. The major purpose of this report is to suggest practical ways of resolving some of the most pressing problems resulting from homelessness and improving the economy, efficiency and effectiveness of homelessness services. While many of the broader issues of homelessness may only be addressed by consideration of a wider range of housing policies of both central and local government, there is still much that could be done within the existing framework of the statutory homelessness services operated by local authorities.
11. Local authorities were first given clear statutory duties to secure housing for certain homeless people by the Housing (Homeless Persons) Act 1977. These duties were later consolidated in the Housing Act 1985, with minor amendments introduced by the Housing and Planning Act 1986. Before the 1977 Act authorities' responsibilities towards homeless people were limited and temporary. They were defined in the National Assistance Act 1948 which required authorities to provide temporary accommodation for people who were homeless in 'circumstances which could not reasonably have been foreseen'. In practice this usually meant that homelessness was seen as a temporary emergency to be dealt with by welfare and social services departments.

12. The promoters of the 1977 Act, which began as a Private Member's Bill, argued that under the previous legal framework people became homeless not only because of emergencies or personal crises but because of a longer-term inability to find suitable housing. In addition, the temporary shelters provided by many authorities were inadequate, often offering only dormitory accommodation, splitting up families and sometimes resulting in children being taken into care simply because their families were homeless. Even where housing departments were primarily responsible for the homelessness service, if they refused responsibility, applicants had often to turn to social services as a last resort. Particularly where housing and social services were located in different tiers of local government, homeless people could be shuttled between them. There were no minimum national standards and while many authorities provided a service of at least the level prescribed by the subsequent legislation, others refused help to, for example, pregnant women or some elderly people. A minority of authorities were able to send homeless applicants out of their own areas and into others where authorities took a wider view of their responsibilities.

13. At the same time, there was growing agreement that homelessness should be primarily the responsibility of housing departments, with social services support to individuals where such involvement was necessary. This agreement was reflected in the issuing of a joint DOE/DHSS/Welsh Office Circular in 1974 which recommended such a transfer of responsibility where it had not already taken place. The Circular was purely advisory and during 1975 the DOE sought information on the extent to which its recommendations were being implemented. It found considerable variation between authorities in policy and practice on homelessness. Nearly one-third of authorities reported that the sole or main responsibility for assisting the homeless still remained with their social services departments.

14. This, then, was the background to the 1977 Act. The legislation did not produce additional resources to tackle the problems of homelessness and indeed this was not its purpose. What it did was to ensure that prime responsibility was placed in the
most appropriate department, that national minimum standards of service were established and that the problem of homeless people being shuttled between authorities was largely resolved.

15. Under the current law, local authorities are required to make enquiries where a person applies to them and they have reason to believe that that person may be homeless or threatened with homelessness. Applicants are considered to be homeless if:

- they have no accommodation they are entitled to occupy; or
- they have a home but are in danger of violence from someone living there, or it is not reasonable for them to continue to occupy it; or
- they are living in accommodation meant only for an emergency or crisis (for example, a nightshelter); or
- they are a family who are normally together but are now living in separate homes because they have nowhere to live together; or
- their accommodation is movable (for example, a caravan or houseboat) and they have nowhere to place it; or
- they have accommodation but it is not reasonable to continue to occupy it.

People are considered as being threatened with homelessness if they are likely to come into any of the above categories within 28 days.

16. Where the authority is satisfied that applicants are homeless or threatened with homelessness, it must make further enquiries to decide whether they have a priority need for accommodation. The following groups of people are considered to be in priority need:

- people who have dependent children;
- pregnant women;
- people who are homeless because of a fire, flood or similar emergency;
- people who are vulnerable because of:
  —old age;
  —mental illness or handicap;
  —physical disability; or
  —other special reasons.

17. Where the authority is satisfied that applicants are homeless or threatened with homelessness and in priority need, it must then decide whether or not they have become homeless intentionally. If they have not, then the authority is under a duty to secure that housing is available. However, where applicants have no local connection with the area covered by the authority, they can be referred for housing to an authority where they do have a local connection. If the applicant has no local connection with any authority then responsibility remains with the authority to which the application was made.

18. Where the applicant is homeless but not in priority need, the duty is to provide advice and assistance to the applicant in finding his or her own accommodation. Where the applicant is in priority need but is intentionally homeless, the duty is to provide temporary accommodation for a limited period and advice and assistance in finding housing (Exhibit 1).

19. The law allows authorities considerable discretion. The key words are that the authority must be 'satisfied that' applicants fulfil a number of requirements before any housing duties arise. This means that an authority's decision cannot be legally challenged unless it has misinterpreted the law, reached a grossly unreasonable decision or not taken proper account of all the facts.
Exhibit 1

ASSESSING HOMELESS APPLICATIONS
To be accepted as homeless, applicants must fulfil a number of criteria

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>Application</th>
<th>DUTIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason to believe homeless (or threat)?</td>
<td>NO</td>
<td>No further action</td>
</tr>
<tr>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reason to believe priority need?</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homeless (or threat) confirmed?</td>
<td>NO</td>
<td>Notify with reasons</td>
</tr>
<tr>
<td>YES</td>
<td></td>
<td>Provide advice and assistance</td>
</tr>
<tr>
<td>Priority need?</td>
<td>NO</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intentionally homeless?</td>
<td>NO</td>
<td>Advice and assistance</td>
</tr>
<tr>
<td>YES</td>
<td>Secure temporary accommodation for reasonable time</td>
<td></td>
</tr>
<tr>
<td>NO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local connection?</td>
<td>NO</td>
<td>Refer to area with local connection for permanent home</td>
</tr>
<tr>
<td>YES</td>
<td>Secure permanent home</td>
<td></td>
</tr>
</tbody>
</table>
20. Aggregate figures show that just on half of all applicants are accepted as homeless (Exhibit 2). But local authorities use the discretion available to them under the legislation to operate widely varying policies. A DOE survey carried out at the end of 1986 (Reference 1) found that 53 per cent of authorities usually accepted people as homeless if they were living in statutorily unfit accommodation but 44 per cent did not; 38 per cent usually accepted applicants living in B&B hotels as homeless but 58 per cent did not. There were similar divergences in policies towards those who were squatting, in hostels and in statutorily overcrowded conditions.

Exhibit 2
HOMELESS APPLICATIONS AND ACCEPTANCES (1986-87)
Around half of all applicants are accepted, though under a third are rehoused as a result

Source: Audit Commission estimates based on DOE homelessness statistics, HIP returns and Audit Commission survey

21. There were also wide differences in the interpretations of priority need and intentional homelessness. For example, 57 per cent of authorities usually accepted children leaving care while 40 per cent did not; 55 per cent usually deemed people moving to the area to look for work to be intentionally homeless while 29 per cent did not. The rest replied that acceptance depended on the circumstances. There is a substantial core of cases where the circumstances of applicants are clear, for example in the case of the priority need of elderly applicants, but there are many cases where authorities can and do exercise considerable discretion in satisfying themselves over homelessness, priority need and intentionality.
TRENDS IN HOMELESSNESS

22. The number of households accepted by authorities as homeless in England has grown from 7,652 in 1970 to approximately 116,000 in 1988 (Exhibit 3)*. This trend, in combination with a static or declining number of local authority lettings, has led to an increase in the use of temporary accommodation and more recently in the use of B&B hotels. In some areas these trends have been boosted by policy changes which involved wider acceptance criteria. In one or two well publicised cases there has been almost total breakdown in Homeless Persons' Units, partly as a result of the pressures created by these changes. Where there is overload in Homeless Persons' Units, the figures for acceptances cannot be relied upon. But these episodes are not of sufficient importance to falsify the trend.

Exhibit 3
HOMELESS HOUSEHOLDS ACCEPTANCES
The number of acceptances in England has been rising steadily since 1970

* Estimate based on first three quarters

Source: DHSS and DOE homelessness statistics. There were significant changes in the methods of data collection in 1974-75 and in 1977-78

23. There is a temptation to attribute this growth to the effects of the 1977 legislation. It would be wrong to do so. In fact there has been a steady growth in the number of homeless households accepted by local authorities since 1970. The two fastest increases were recorded in 1974 and 1978, and are probably attributable to adjustments in local authority policies in those years in response to the Circular and the legislation, but the underlying trends continued over the whole period.

24. One hypothesis is that the increase in homelessness applications and acceptances reflects changed recording practices by authorities, possibly in order to strengthen their case for additional resources, rather than real changes in housing circumstances in their areas. Authorities who have managed to avoid the use of B&B

* Statistics on homelessness applications and acceptances by local authorities are collected separately for England by the DOE and for Wales by the Welsh Office. Because the two sets of data are often inconsistent, government statistics quoted in this report are for England only unless otherwise stated.
accommodation argue that those which have done so extensively – often through bad management – have been favoured with additional Housing Investment Programme allocations. But manipulation of the figures, even if it occurs, is not an explanation of the underlying trend. The increases are found over a long period of time, across all types of authority, in different regions, under all types of political control and with widely varying housing policies.

25. The increase in the use of temporary accommodation (Exhibit 4) shows a different pattern. While there were fluctuations in the numbers of households in temporary accommodation in England between 1970 and 1982, there was no significant increase over the period as a whole. There were short-lived increases in 1972–74 and 1978–79 but although the numbers of acceptances continued to rise throughout the period, the numbers in temporary accommodation did not. Authorities were largely able to cope with the increase in homelessness acceptances through the allocation of permanent housing without having to resort to additional temporary expedients.

Exhibit 4
HOMELESS HOUSEHOLDS IN TEMPORARY ACCOMMODATION AT YEAR ENDS (ENGLAND)

The number of households in temporary accommodation began to rise sharply in 1982

* Third quarter

Source: DHSS and DOE homelessness statistics

26. From 1982 the picture changes dramatically. The number of households in temporary accommodation rose very fast, from just over 5,000 in 1982 to 30,000 in the third quarter of 1988. A critical point appears to have been reached in 1982 at which the number of permanent lettings available to authorities was no longer adequate for the number of homeless households. The result was a rapid increase in the use of temporary accommodation and, as other options were exhausted, in the use of B&B hotels from 1985 onwards.
27. These more recent trends have not been uniform across all types of authority. From 1976 to 1987 the lowest rate of increase in the numbers of households accepted was in London (Exhibit 5).

Exhibit 5
AVERAGE ANNUAL INCREASE IN HOMELESS ACCEPTANCES 1976-87

<table>
<thead>
<tr>
<th>AUTHORITY</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>9</td>
</tr>
<tr>
<td>Other metropolitan</td>
<td>16</td>
</tr>
<tr>
<td>Non-metropolitan</td>
<td>14</td>
</tr>
</tbody>
</table>

Source: DOE homelessness statistics

But although homeless acceptances have been increasing at a faster rate outside London, the number of acceptances per thousand households remains highest in inner London (Exhibit 6).

Exhibit 6
HOMELESS ACCEPTANCES PER THOUSAND HOUSEHOLDS (THIRD QUARTER, 1988)

<table>
<thead>
<tr>
<th>AUTHORITY</th>
<th>RATE PER THOUSAND HOUSEHOLDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inner London</td>
<td>4.0</td>
</tr>
<tr>
<td>Outer London</td>
<td>2.1</td>
</tr>
<tr>
<td>Other metropolitan authorities</td>
<td>2.3</td>
</tr>
<tr>
<td>Non-metropolitan authorities (South East)</td>
<td>1.1</td>
</tr>
<tr>
<td>Other non-metropolitan authorities</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Source: DOE homelessness statistics
28. The use of B&B accommodation accelerated rapidly in 1985–86 with the number of households in B&B doubling in that year alone (Exhibit 7). Figures produced by the London Research Centre based on more comprehensive returns by London boroughs show the actual numbers are even higher, reaching a peak of 8,000 households in B&B in September 1987. Two-thirds of the households in B&B hotels are in London, but other authorities have experienced proportional increases which are at least as rapid over the past three to four years. For a short period in early 1988 the number of households in B&B in London fell slightly, but the most recent figures produced by London boroughs suggest that the numbers are once again on the increase.

Exhibit 7
HOMELESS HOUSEHOLDS IN B&B AT YEAR ENDS (ENGLAND)
The use of B&B began to rise sharply in 1985

Source: DOE homelessness and CIPFA statistics

29. The cost implications of the escalating use of B&B are serious. The true gross cost (including those authorities which do not complete statistical returns) may well be in excess of £90 million for 1986–87. In 1987–88 the true gross cost in London alone was £125 million (Reference 2).

TYPES OF HOUSEHOLD ACCEPTED

30. There are wide variations in the proportions of homeless households not in priority need who are accepted for rehousing. In London, only three per cent of households accepted were deemed not to be in priority need; in non-metropolitan authorities the proportion was five per cent, but in metropolitan authorities outside London 20 per cent of those accepted were not in priority need as defined by the legislation. Authorities are, of course, largely free to decide their own priorities between
types of applicant in need over and above those who have an entitlement under the legislation, and it was envisaged by the Government at the time of the 1974 Circular and the 1977 Act that authorities would, where possible, offer housing to homeless people beyond those within the priority groups. It appears that in general only the metropolitan authorities outside London have been able to achieve this to any significant extent.

31. There are also variations between types of authority in the proportions of accepted households who come within the different priority groups (Exhibit 8). In London, non-family households who are vulnerable now form 21 per cent of all priority acceptances and in other metropolitan authorities they form 27 per cent of acceptances compared with 16 per cent in the non-metropolitan authorities.

Exhibit 8

PRIORITY NEED OF HOUSEHOLDS ACCEPTED 1978 AND 1988 (FIRST THREE QUARTERS)

Percentages

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<tbody>
<tr>
<td>With children</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Pregnant</td>
<td>66</td>
<td>60</td>
<td>76</td>
<td>61</td>
<td>72</td>
<td>70</td>
</tr>
<tr>
<td>VULNERABLE:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Old age</td>
<td>14</td>
<td>18</td>
<td>9</td>
<td>11</td>
<td>9</td>
<td>14</td>
</tr>
<tr>
<td>Physical handicap</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Mental illness</td>
<td>3</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>16</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Emergency</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: DOE homelessness statistics
THE IMMEDIATE CAUSES OF HOMELESSNESS

32. Exhibit 9 shows the immediate reasons for homelessness for homeless households accepted by local authorities.

Exhibit 9
IMMEDIATE REASONS FOR HOMELESSNESS 1988
(FIRST THREE QUARTERS)
Percentages and annual rate per thousand households

<table>
<thead>
<tr>
<th>Reason</th>
<th>London (per '000 households)</th>
<th>Other Mets (per '000 households)</th>
<th>Non-Mets (per '000 households)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Parents/friends no longer able to accommodate</td>
<td>56 (6.0)</td>
<td>43 (3.78)</td>
<td>37 (1.74)</td>
</tr>
<tr>
<td>Relationship breakdown</td>
<td>10 (1.1)</td>
<td>26 (2.29)</td>
<td>18 (0.85)</td>
</tr>
<tr>
<td>Mortgage arrears</td>
<td>2 (0.22)</td>
<td>9 (0.79)</td>
<td>9 (0.42)</td>
</tr>
<tr>
<td>Rent arrears</td>
<td>1 (0.11)</td>
<td>3 (0.26)</td>
<td>4 (0.19)</td>
</tr>
<tr>
<td>Loss of private rented or service tenancy</td>
<td>12 (1.3)</td>
<td>8 (0.7)</td>
<td>24 (1.13)</td>
</tr>
<tr>
<td>Other reason</td>
<td>17 (1.84)</td>
<td>12 (1.06)</td>
<td>8 (0.38)</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100 (10.8)</td>
<td>100 (8.8)</td>
<td>100 (4.7)</td>
</tr>
</tbody>
</table>

Source: DOE homelessness statistics

33. There are important differences between types of authority. In London, households made homeless from relatives or friends make up over half of acceptances compared to a third in the non-metropolitan areas. Relationship breakdown is particularly important in metropolitan areas outside London where it constitutes a quarter of the recorded reasons. Rent arrears are the immediate cause of only very small proportions of homeless acceptances in all types of authority. The Audit Commission has drawn attention elsewhere to the poor performance of some London authorities in particular in collecting rent arrears (Reference 3). On the one hand, this may reduce the number of families presenting as homeless. But on the other it may well mean that people not in priority need are housed for nothing, at the expense of more needy families. Mortgage arrears are a much more significant reason for homelessness outside London; it may be that they are less significant in London because the level of house prices there rules out the types of low income buyer who may be at risk of homelessness in the event of financial difficulties.

34. Despite the large increase in total numbers accepted over the past 10 years, the recorded reasons for homelessness have changed remarkably little. There has been an increase in the proportion of people made homeless from relatives and friends in London and in relationship breakdown outside of London. Mortgage default has increased as a reason for homelessness particularly outside London. But the growth in homelessness acceptances cannot be attributed to the disproportionate increase in any particular type of case; the relative changes are far outweighed by the general growth in all the recorded immediate reasons for homelessness.
UNDERLYING CAUSES

35. The DOE statistics record the immediate reasons for the loss of their last home for those households accepted, but they do not explain why the household was unable to find itself an alternative home. A sample survey of homeless families accepted by London authorities (Reference 4) found a high proportion – 43 per cent – of one parent families; almost two-thirds of the families had a head of household under 30 years of age; four out of 10 were from ethnic minorities. Unemployment was high; even among the two parent families 37 per cent of heads of household were unemployed. The majority – 78 per cent – of those in work had manual jobs and of those more than half were unskilled. Over half of the whole sample were dependent on benefits rather than earnings, and the median level of income was less than half the London average. Less than four per cent of the sample had sufficient income to consider buying a home in London and the same income constraints prevented entry for most of them into the private rented market. While the private sector was ruled out for the great majority of these families, only 10 per cent had at some stage in the past gained access to public sector housing before they became homeless. They therefore had little or no opportunity to gain access to secure housing before they applied as homeless to the local authority.

36. If homelessness is caused by the lack of access to other housing opportunities, then the growing number of applications and acceptances is likely to be related to the demand for, and supply of, low cost housing.

DEMAND FACTORS

37. It is not easy to establish close correlations between recent increases in homelessness and demographic trends. There has been no clear relationship between changes in the absolute number of households and the incidence of homelessness. But it seems likely that the growth has been influenced by growing numbers of people in their 20s – the time at which most new households are formed.

38. Looking forward, the number of households is projected by OPCS to rise by almost 1.4 million to 20.3 million in 1996. But, within this, the groups most likely to contribute to homelessness will decline. The number of people in the 20 to 29 age group is currently at a peak level and, over the next decade, will fall back to the levels of the 1970s. Concealed married couple and lone parent households – the categories perhaps most likely to generate additional homeless applications – are projected to fall from 303,000 to 231,000 by 1996. So while there will be additional demand in the housing market, it will not necessarily have an effect on homelessness applications.

39. Two other factors could be important: mortgage default and policies for community care. The extension of home ownership to lower income buyers on high mortgages relative to their income could further increase mortgage default. Sharp rises in interest rates could also have an impact. But if unemployment continues to fall and lenders respond to increasing risk of default with, on the one hand, help to those in difficulty and, on the other, more cautious lending policies, the trend of the past few years may be reversed.

40. Care in the community policies will continue to place extra demands on housing departments for many years as the number of people living in institutions continues to decline. Not all of those rehoused in the community will go through the route of being accepted as homeless by a local authority, but many will add to the total demand for council or other public sector rented housing.

41. On balance, however, this analysis suggests that there may be some levelling off of demand in the 1990s.
SUPPLY FACTORS

42. Trends on the supply side are even more difficult to analyse and forecast. In principle, the availability of housing affordable to those on low incomes depends on:
   — the vitality of the private rented sector;
   — the relationship between house prices and incomes; and
   — the provision of ‘social housing’ for rent.

43. Traditionally, many households found their first home in the private rented sector. Before the First World War, around 90 per cent of households lived in privately rented accommodation. For those who could afford market rents it provided instant access to housing, albeit often in poor and overcrowded conditions for those on low incomes. Since then, the private rented sector has declined steadily both in absolute numbers and as a proportion of the stock even during those periods when the market has been deregulated. Today it forms less than eight per cent of the housing stock in England and Wales and is still declining. There is little doubt that the decline of the private rented sector has contributed to the rise in homelessness. The Government has, of course, recognised the problems caused by the decline of the private rented sector and is taking steps aimed at reviving it. These policies are discussed further in Chapter 4.

44. As private renting has declined, owner occupation has steadily increased so that it now accounts for over two-thirds of the stock in England and Wales. At times of high house price inflation, concern is often expressed that increasing numbers of new households unable to afford to enter the market might generate an increase in homeless applications to local authorities. But over a long period house price/income ratios tend to fluctuate around a long-term average (Exhibit 10). It seems unlikely that changes in house prices have led to any long-term increase in the number of households accepted as homeless. However, there are long-term differences in the ratio of house prices to average incomes in different regions, with London and the South East having higher

Exhibit 10

HOUSE PRICE/INCOME RATIOS

House price/income ratios seem to fluctuate around a long-term average

Source: Building Societies Association
prices in relation to incomes than the North of England and Wales. This long-term difference, and the consequent greater difficulty for low income households in entering the private housing market in those areas, is likely to be of greater importance than fluctuations in house price/earnings ratios within regions.

45. In recent decades the most likely access to housing for many homeless households has been in the public rented sector. So the number of available local authority lettings is likely to be an important factor in influencing the number of homelessness applications. The authorities visited for this study put the point clearly: the fewer people they could house from the waiting list, the more people were likely to end up applying as homeless.

46. While there has been a decline in England in the number of new lettings and in allocations to the waiting list, with an increase in allocations to the homeless, this process has been much more severe in London (Exhibit 11). The supply of local authority lettings has been declining for two major reasons. First, there has been a reduction in local authority building programmes. In England and Wales there has been a decline from 112,000 local authority dwellings completed in 1977 to 18,500 in 1986. Second, from 1980 to 1986 around 800,000 local authority homes have been sold in

Exhibit 11
LOCAL AUTHORITY LETTINGS TO HOMELESS HOUSEHOLDS
The proportion of lettings to homeless households has increased while total lettings have declined

Source: DOE HIP returns for lettings to new tenants (excluding relettings)
England and Wales, mainly under the Right to Buy. Although sales do not have a significant impact on lettings in the short term, over a number of years the reduction in the size of stock will reduce the number of relets.

47. This is particularly true of family-sized accommodation, which accounts for a high proportion of sales and of lettings to homeless households. Authorities which are allocating 45 per cent or more of their new tenancies to homeless households are likely to be nearing the point where three-quarters or more of family-sized accommodation is going to homeless households. With the supply of lettings declining and homelessness continuing to rise, they will soon be at the stage where the number of homeless families accepted exceeds the total number of suitably sized properties available. Indeed some have already passed that point.

48. On the supply side, therefore, future trends will depend heavily on the success of government attempts to revive the private rented sector, on the availability of land in the South East on which to build relatively low cost homes for purchase, and on the access local authorities have to appropriately priced accommodation to let. The first two aspects are largely outside the scope of the study, though one aspect of the private rented sector is examined later; the third issue is addressed in Chapter 4.

GROWING PRESSURES ON THE HOUSING SERVICE

49. The growing number of applications and acceptances of homeless people by local authorities is putting serious strains on some housing services. Where staffing levels or working practices have not adapted to greatly increased caseloads, there can be a deterioration in the extent and quality of investigations into the circumstances of applicants. This can in turn lead to applicants being accepted who might not otherwise have qualified. By the time checks are made their previous accommodation may indeed be unavailable. It may also mean that others are rejected who should have been considered eligible.

50. The difficulties have reached a crisis point in some London boroughs over the past year or two and some Homeless Persons’ Units have closed their doors to the public, for a period. In those circumstances, it is difficult to see how an authority can fulfil its statutory duty to respond to applications from homeless households and to carry out enquiries into their circumstances. Indeed, the courts have recently ruled that an authority which opens its Homeless Persons’ Unit for no more than three hours a day and only on weekdays is in breach of its statutory duties (R v Camden London Borough Council ex parte Gillan and Others). In addition, delays in investigations have led to applicants being held for extended periods in temporary accommodation. Poor checking procedures have left some authorities open to fraudulent claims for payment for hotel rooms which are not occupied by homeless people placed there by the authority or for double payment for rooms.

51. The pressures of increasing numbers of homeless people have also, in some areas, had an adverse effect on other aspects of the housing service. Initially, it may be possible for authorities to respond by increasing the number of lettings of permanent homes to homeless people. As the number of new lettings is likely to be static or declining, this must mean increasing the proportion of lettings to the homeless and decreasing the numbers offered to other groups of applicants, primarily those on the waiting list. However, it was the experience of those authorities visited that as opportunities for rehousing from the waiting list reduced, more applicants from the list
would end up applying as homeless. Increasingly, homelessness becomes the main or only route into council housing. This development is sometimes then seen as 'unfair' to applicants who 'wait their turn' on the list.

52. It is an over-simplification to depict the allocation of council housing as a competition between homeless applicants and those on the waiting list, with the local authority holding the ring. There is a wide overlap between people on the waiting list and the homeless. In 58 per cent of authorities in the Audit Commission survey, more than a half of households accepted as homeless were on the waiting list before they became homeless. Homelessness procedures are more accurately seen as one among several different means of determining priorities in the allocation of council housing.

The other common methods are:

— points schemes, where the relative priority of applicants is assessed by awarding points for a variety of factors including bad housing conditions, overcrowding, personal factors such as health and length of time spent on the list or living in the area;

— date order schemes where applicants are offered vacancies according to the date on which they joined the list;

— group schemes where numbers of properties are allocated to certain groups. These groups might be based on types of household, or on types of housing need;

— 'merit' schemes where officers, councillors or both decide on individual cases on their merits.

In practice many authorities use a combination of these schemes. For example, an authority might operate a date order scheme but have special provisions for certain applicants, such as urgent medical cases, to go to the top of the list.

53. The term 'waiting list', with its implication of a queuing system, is not an accurate description of three out of the four schemes. Only date order schemes can be represented as a queuing system. Although some weight may be given in the other schemes to length of time on the list, it is not usually the overriding consideration. In fact, giving priority to homeless applicants can be perfectly consistent with points, group and merit allocation systems. Even date order schemes usually have provisions to take account of housing need, perhaps by operating different lists or only allowing those people onto the list who are judged to be in need. They also usually have provisions for urgent cases to go to the top of the queue.

54. The point is important because decisions about the standard of service given to homeless applicants and, for example, the length of time they spend in temporary accommodation, might be influenced by misconceptions about one orderly queue of applicants who are waiting their turn and another group of homelessness applicants who are 'queue-jumping'. Indeed, all the officers interviewed during the study believed that the great majority of homeless households currently being accepted for housing in their authority were people to whom the council would in any event have given priority.

55. A related view of the causes of growing homelessness applications might also seem to suggest that the extended use of low standard temporary accommodation has some useful functions. Since local authorities are providing housing at less than the market price, they are bound to operate a rationing or queuing system in allocating it. One view is that if one group (the homeless) are then given priority to 'jump the queue', this is bound to stimulate extra demand and it makes sense that they should have to
spend some considerable time in low standard temporary accommodation, both as a way of regulating demand and as a deterrent against abuse of the system. But authorities have wide discretion under the legislation to carry out enquiries and to decide who qualifies for housing. So homeless households are not a self-selected group. Whether the use of low standard temporary accommodation is an effective method of reducing demand is discussed further in paragraphs 98–99. It seems clear, however, that it can have high costs in social and, where B&B hotels are used, in financial terms.

THE FINANCIAL AND SOCIAL COSTS OF B&B HOTELS

56. At the end of September 1988, there were over 11,000 homeless households who had been placed in B&B hotels by local authorities. In some authorities families are faced with the prospect of months, or even years, in hotels. It is now widely accepted that B&B hotels provide generally the worst standard of accommodation at the highest cost and that conditions in these establishments are totally unsuitable for family life. Conditions are often insanitary and grossly overcrowded, with all the family living in one room without chairs or a table for meals. Bathrooms, toilets and kitchens may be on a different floor and shared with several other families. Parents have no privacy and children have nowhere to play or to do their school homework. Families' health, particularly that of children and pregnant women, often suffers. These problems are compounded if the family is placed in a hotel away from their home area since access to schools, social services and medical care is disrupted. Families may be moved between different areas a number of times. Children of homeless families may attend several different schools or none at all, particularly if parents do not know how long they will be staying in an area. There is often a loss of contact with social workers and health visitors. Families may find it difficult to register with a GP. The problem of large numbers of families placed outside their home areas is concentrated in London where around 70 per cent of households – over 5,000 families – in B&B are placed outside their own borough.

57. The use of B&B hotels creates serious problems, not only for the families involved, but also for a range of local authority and other public services, particularly where families are placed outside their home areas. Families in B&B hotels are likely to make additional demands on education, health and social services, not just because the stresses of hotel life create additional problems for families who are often already vulnerable but also because the delivery of services to temporary residents can create disruption and extra resource costs. For example, health visitors and education welfare officers have to devote time to tracing families who do not appear on official records. Schools have difficulty in maintaining contact with families and therefore welfare officers have to make visits to hotels. Families who leave the area often do not inform the school and much time is wasted checking on the reasons for children's absence when they have, in fact, moved away. Hotels tend to be concentrated in particular districts, and hotel children therefore become concentrated in particular schools. This concentration creates worry and resentment in the local community which rebounds on hotel families and their children.

58. There are, however, some advantages from the point of view of local authorities in the use of B&B hotels. First, where the authority decides it has no further responsibility for a household, it is a straightforward matter to end payments to the hotel. Where households are living in local authority owned accommodation, it may be a more difficult process to evict them. Some of the authorities visited during the study
pointed to this advantage. Second, several authorities also pointed out that B&B may deter applications and encourage households to seek alternative housing after they have been accepted if they are faced with long stays in hotels. Such a view may explain why some authorities have significant numbers of homeless households in B&B while using few alternative types of temporary accommodation and allocating a relatively small proportion of permanent lettings to the homeless.

59. The financial costs of keeping homeless people in B&B hotels are very high. The estimated annual cost of keeping a family in B&B accommodation in 1986-87 ranged from just over £5,000 in non-metropolitan districts to over £11,000 in London. The precise costs will vary from area to area, but the estimates give some indication of the scale of the bad value for money and the waste of resources that B&B hotels represent.

* * *

60. The problems described in this Chapter are widely recognised. Local authorities have been coming together in an attempt to improve their own management, but the underlying difficulties remain.

61. In the Commission’s view, there is more that could be done within the present system to improve the service provided to homeless people. The next three Chapters describe how improvements could be achieved and assess the impact they might have on the figures and trends described above.
2. Handling Applications

62. Local authorities are not powerless to tackle the problems created by the growth in homelessness. Good management practices at all stages can have a significant impact on the economy, efficiency and effectiveness of the service. This Chapter examines the way in which authorities manage applications from homeless people.

RECEPTION OF APPLICANTS

63. Local authorities’ housing duties under the Housing Act 1985 only arise if they have 'reason to believe' that an applicant is homeless or threatened with homelessness and that they are in priority need and not homeless intentionally. This means that authorities are able to carry out an initial sift of applications so that only those where a prima facie case exists need be subject to detailed enquiries. In five of the authorities visited, this initial assessment was carried out by housing advisory officers and in two by a receptionist. It is usually simpler for the authority to assess first whether applicants are in priority need, and those who are clearly not are filtered out at the initial stage. However, authorities are still under a duty to provide advice and assistance to non-priority applicants if they are homeless. In practice, it is usually a more efficient use of resources to provide advice and assistance to all those who are not in priority need rather than to investigate whether they are homeless before providing this service.

64. Most authorities give at least a preliminary interview to those who apply during office hours before placing any applicant in temporary accommodation, though eight per cent of authorities in the survey reported that, on occasions, they place households in temporary accommodation before even an initial interview, even where the application had been made during office hours. This should not be necessary except in the most unusual circumstances. Authorities should aim to interview all applicants and make a prima facie assessment on the day of application or on the first working day thereafter in the case of out of hours applications.

ENQUIRIES

65. The scope of enquiries carried out varies widely, ranging from the detailed and extensive to the cursory. To some extent the need to carry out detailed investigations is related to the restrictiveness of the authority’s acceptance policies. The more restrictive the authority's interpretation of its duties and use of its discretion under the legislation, the more detailed enquiries are necessary to assess an applicant's eligibility. Some officers interviewed believed that prolonged investigations were a waste of resources since they only rarely revealed a reason to change the assessment of eligibility that could be reached after relatively straightforward enquiries. Lengthy investigations can be costly not only because of the staff time involved, but also because they can entail prolonged stays in temporary accommodation for applicants. They may also make preventative work difficult or impossible if advice and assistance to prevent loss of the
home is delayed. Where enquiries are taking longer than the targets suggested below (see paragraphs 66–68), authorities should examine the nature of their investigations and assess whether decisions which could be reached at an earlier stage are changed in a significant number of cases as a result of more prolonged enquiries.

66. There are wide variations in the length of time taken by authorities to complete enquiries. At one end of the scale 18 per cent of authorities surveyed completed over half of their cases in one day, while 34 per cent of authorities did not complete any cases within a day. At the other end of the scale, five per cent of authorities had over a quarter of cases which took longer than 60 days to complete. It is recommended that authorities should set a target of completing all enquiries within 30 days unless there are exceptional reasons why the case has to take longer. Already around six out of 10 authorities achieve this target.

67. There are also wide variations in the average time taken to reach a decision once investigations are complete (Exhibit 12) though, interestingly, there is relatively little difference between the performance of stress and non-stress authorities.

Exhibit 12
AVERAGE TIME TO REACH DECISION ON HOMELESS APPLICATION
Almost half of all authorities reach a decision within 24 hours of completing their enquiries

Source: Audit Commission survey

68. While nearly half of authorities reached a decision within one day, 10 per cent took over a week and three per cent over four weeks on average. Those authorities which took longer periods to reach a decision were presumably referring many or all decisions to senior officers or members, leading to delays which could stretch to several weeks. If interviewing staff are properly trained in the authority’s statutory duties and the discretionary policies on eligibility are clearly set down, decisions on acceptances can, and should, be made on the recommendation of interviewing officers by their immediate seniors. This is already the procedure followed in many authorities. Only very unusual cases should need to be referred to a higher level. Authorities should have a target of reaching decisions on the same day or the day after the completion of enquiries.
69. Authorities not meeting the target times for completion of enquiries and reaching decisions should examine the costs they incur as a result in terms of staff time and the provision of temporary accommodation. The majority of authorities, and over three-quarters of stress authorities, had households placed in temporary accommodation during enquiries; over a fifth of stress authorities had more than 50 households in these circumstances. In addition to the costs to authorities, the stress experienced by homeless people is seriously exacerbated by prolonged periods of uncertainty about their future.

WRITTEN GUIDANCE AND STANDARD FORMS

70. The efficiency and effectiveness of investigations are likely to be enhanced if the authority’s criteria for acceptances are clearly set down and if enquiries are documented in a standard format. One in six authorities in the survey did not use a standard form and just over half did not produce written guidance notes for interviewing officers. It is difficult to see how consistent implementation of the authority’s policies can be ensured unless they are available in a clearly written format to interviewing officers, or how there can be effective monitoring of cases if standard forms are not used. The DOE has produced a Code of Guidance which offers advice on authorities’ exercise of their discretion, but in addition detailed guidance on procedures for investigating cases is needed. This can best be produced by practitioners.

71. All authorities should have a standard form and should consider carefully the benefits to be gained from written guidance notes for interviewing officers. Authorities may be concerned at allocating scarce staff time to producing these documents, particularly the guidance notes, and there is a strong case for considering the production of standard manuals and forms which could be adapted to local circumstances and policies. The quality of the design of the forms examined for this study varied widely and some authorities could benefit from the higher quality that should result from standard forms, particularly where applicants themselves are required to fill in some of the information. The forms should cover all the information required by authorities to reach a decision on an application. Standard forms would also assist greatly with the collection of statistics on homelessness, both for authorities themselves and for the regular national monitoring operated by the DOE and CIPFA. The London authorities are already studying the feasibility of producing a standard form.

STAFFING LEVELS AND CASELOADS

72. While the number of homelessness applications and acceptances has grown substantially in many areas, staff numbers employed to deal with them have not always increased proportionately. In six out of the seven authorities visited, interviewing staff had in recent periods carried excessive caseloads and the efficiency and effectiveness of their services had been adversely affected. The major problems caused were:

- a reduction in the scope of investigations to a level where applicants were being accepted who would not normally have been assessed as eligible. One authority reported that because of excessive caseloads, it was for a period carrying out only cursory enquiries and accepting 80 per cent of applicants. The recruitment of three additional interviewers, doubling the establishment, reduced this acceptance rate to 35 per cent without any change in policy on what types of applicant were considered eligible. As a result, net expenditure on temporary accommodation was reduced from a projected £116,000 to £61,000 per annum. In another authority, the recruitment of an additional interviewer, again doubling the establishment,
led to a reduction in the acceptance rate from 55 per cent to 49 per cent and expenditure on B&B hotels was reduced from £34,000 to £12,500 per annum;

- delays in investigations making preventative work less effective;
- a reduction in the amount of preventative work carried out. One authority reported that as a result of returning to manageable caseloads, it had been able to offer detailed advice on mortgage arrears cases and had reduced the proportion of households becoming homeless for this reason from 15 per cent to 10 per cent of acceptances;
- problems of stress and low morale amongst staff who are reduced to a reactive ‘firefighting’ role. This can lead to high turnover and difficulties in recruiting experienced replacements;
- in extreme cases, Homeless Persons’ Units have closed their doors to the public only allowing limited contact by telephone. In these cases, there is evidence that some applicants will be accepted who would not otherwise be eligible, while others who have a statutory right to assistance are turned away (Reference 5).

73. Several of the authorities visited made the point that in their experience caseloads could reach a critical level where the time taken on each case increases disproportionately because the longer applicants are kept pending, the more likely they are to make frequent enquiries about progress on their case, absorbing more and more of officers’ time in responding to such enquiries.

74. The question of what is an appropriately sized caseload is not a simple one and was examined from different perspectives in the study of authorities. First, information was obtained from the surveyed authorities on the ratio of interviewing officers to homelessness applications and acceptances. There were wide variations in the monthly number of applications which were handled by interviewing officers (Exhibit 13). A quarter of authorities handled 10 or fewer per officer month whereas a fifth handle more than 30. While there is less variation in the number of acceptances than in the number of applications, the range is still perhaps surprisingly wide (Exhibit 14).

*Exhibit 13*

**NUMBER OF HOMELESS APPLICANTS PER MONTH PER INTERVIEWING OFFICER**

<table>
<thead>
<tr>
<th>Number of cases</th>
<th>1 - 10</th>
<th>11 - 20</th>
<th>21 - 30</th>
<th>31+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of LAs</td>
<td>26</td>
<td>40</td>
<td>15</td>
<td>18</td>
</tr>
</tbody>
</table>

(100% = 122)

*Source: Audit Commission survey*

*Exhibit 14*

**NUMBER OF HOMELESS ACCEPTANCES PER MONTH PER INTERVIEWING OFFICER**

<table>
<thead>
<tr>
<th>Number of cases</th>
<th>1 - 5</th>
<th>6 - 10</th>
<th>11 - 20</th>
<th>21+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of LAs</td>
<td>34</td>
<td>40</td>
<td>20</td>
<td>7</td>
</tr>
</tbody>
</table>

(100% = 122)

*Source: Audit Commission survey*
75. These figures are only crude indicators. There are important differences in what is recorded as an application by authorities, with some recording all contacts by homeless people and others only those which pass the initial test of presenting a prima facie case of homelessness. The figures also make no allowance for the different responsibilities carried by interviewing officers in different authorities. For example, some officers also give advice and assistance, and some give continuing welfare support to homeless households after they have been accepted and while they are still in temporary accommodation.

76. A more accurate measure was obtained from the visits to authorities. Most of the officers interviewed considered that up to 30 'live' cases (that is, still under investigation) per interviewing officer at any one time were manageable. More than 40 live cases per officer were likely to cause problems. But there was variation according to the level of investigations carried out. In one authority, where only limited investigations were carried out, 50 live cases were thought to be the maximum manageable number. In another authority which carried out very detailed investigations, 30 live cases were thought to be the maximum manageable.

77. Where authorities are experiencing problems which may be attributable to excessive caseloads, the first step should be to ensure that there are accurate measures of workloads available to management. A study of London boroughs' Homeless Persons' Units found that there were no reliable measures in many boroughs (Reference 6). The next step should be to consider methods of increasing the efficiency of operations, including the recommendations and targets in this report. If it becomes clear that problems are being caused by understaffing, the authority should assess the consequences of this for the economy, efficiency and effectiveness of their homelessness service.

78. It may be possible to redeploy staff from other sections of the housing service where activity has declined. For example, many authorities are housing far fewer applicants from their waiting lists, but staffing may not have been adjusted accordingly. In one London borough the proportion of lettings to new tenants from the waiting list fell from 68 per cent to 22 per cent in four years; the staff in post remained virtually unchanged at 28 posts (Reference 6). Homelessness interviewers in the authorities surveyed averaged nine acceptances per month, whereas staff administering the waiting list averaged six applicants rehoused from the list each month. It might be argued that waiting list staff still have to administer as many or perhaps more applicants who are not offered housing, but this must raise the question of the efficacy of maintaining unchanged waiting list procedures with declining output in terms of people actually housed. It should be recognised, though, that the work carried out by interviewing officers with homeless applicants is very different from that carried out by staff administering the waiting list. Staff should not be redeployed from the one to the other without an assessment of their suitability and adequate training of those transferred. In addition to possible redeployments, the recruitment of extra staff may well be justified in some circumstances on the grounds of economy alone.

ACCEPTANCES

79. The authorities surveyed accepted 48 per cent of applications in the year to 31 March 1988. This compares with DOE returns showing an acceptance rate of 47 per cent in 1987 and 50 per cent in the first quarter of 1988. There were wide variations within this figure, with 23 per cent of authorities accepting a quarter or fewer of applications
and 13 per cent accepting over three-quarters. But there are differences between authorities in the definitions of an application and in recording practices. The effects of local policy differences can be more accurately assessed by examining changes within authorities, where definitions and recording practices have remained constant. It is, however, notable that the aggregate acceptance rate for stress authorities (50 per cent) was virtually identical to that of authorities in the full sample, indicating that the extra pressures in those authorities do not result from a higher rate of acceptance of applicants.

80. Local authorities have a considerable degree of discretion over which applicants to accept. A few authorities have in the past experienced serious difficulties because policy decisions to extend assistance to a wider group of applicants have not been matched by a sufficient supply of permanent housing. It also seems likely, though difficult to prove, that authorities where policies are known to be deliberately generous attract a larger number of applicants. The result was a large increase in the use of temporary accommodation in those areas followed by a retightening of acceptance policies. Two authorities visited had experienced significant changes in acceptance policies in recent years. In one the acceptance rate increased from 55 per cent to 75 per cent as a result of more open acceptance policies. The rate then reduced again to 65 per cent when policies were partially tightened up. They also noted an increase in applications as a result of more open policies.

81. The neighbouring authority, which operated only the minimum statutory requirements and which rigorously investigated applications, accepted 51 per cent of applicants last year. It therefore appears that the exercise of discretion could increase the acceptance rate by as much as 20 to 25 per cent. A second authority also noted an increase in applications after the opening up of acceptance policies but the rate of acceptance remained the same. In both cases there was an increase in total acceptances as would have been expected. Beyond the statutory minimum requirements, the number of homeless households for which an authority accepts responsibility is a matter for its discretion, subject to the availability of resources. Some of the authorities visited had a policy of operating only the minimum statutory requirements in respect of applications from homeless people, while others exercised their discretion to accept a wider group of applicants. This latter approach causes difficulties where there are not enough permanent lettings available to accommodate the additional applicants accepted, along with any other groups to which the authority gives priority.

82. Authorities should ensure that, where they decide to exercise their discretion to extend assistance to wider groups of applicants, this does not result in the acceptance of more households than the number of permanent lettings available to house them. They should establish clear policies for the operation of their discretion, while not fettering its exercise in determining the statutory eligibility of individual applicants. A good example of this are the draft guidelines on assessing the vulnerability of homeless applicants which have been produced by the joint working party of the Association of London Authorities and the London Boroughs’ Association (Reference 2).

liaison with social services, education and health authorities

83. Liaison with other public agencies is essential to the provision of an effective homelessness service. A rehousing duty normally only arises where the household contains children, a pregnant woman, or ‘vulnerable’ people. For these reasons, liaison with social services, education and health authorities is often essential. Effective
mechanisms need to be established for referrals of homeless and potentially homeless people from these services to the housing authority and from housing departments to these other welfare agencies. The latter is particularly important when households are placed in B&B hotels outside of their home area and away from local services.

84. Referrals both to, and from housing departments appear to be causing widespread problems. Every housing department visited had experienced difficulties over referrals from social services and health authorities, particularly over the discharge of ex-psychiatric patients under care in the community policies. The problems created by unplanned or inadequately financed resettlement in the community were detailed in Community Care: developing services for people with a mental handicap, an Occasional Paper published by the Commission in November 1987.

85. Housing officers thought that other agencies did not appreciate the difficulty of providing appropriate housing at short notice, and cited instances of applicants being referred without warning and without provision for adequate follow-up support. These problems had been eased in two of the authorities by the establishment of a post, jointly with the health authority and social services, to supervise such cases. This resolved the problem of mentally ill people arriving without prior notice from the health authority, and proved invaluable in making more informed assessments of the vulnerability of applicants. One of these authorities had also established a social work team placed in the Homeless Persons’ Unit. Housing departments which have experienced problems over referrals under care in the community policies might consider establishing similar arrangements.

ADVICE AND ASSISTANCE

86. Local authorities have a statutory duty to provide advice and assistance to homeless people for whom they do not have a long-term housing duty. This service can also help to prevent homelessness for applicants in priority groups whom the authority might otherwise have to rehouse. Advice and assistance can include help in retaining the applicant's present home through advice on legal rights and welfare benefits or help to find a new home through the private rented sector, housing associations or home ownership. In practice, the assistance given by authorities ranges from leaflets and lists of local B&B hotels and hostels given out on reception, to detailed casework by housing advisers. An example of detailed assistance that can prevent homelessness is the shared ownership mortgage scheme operated by Eastbourne Council and described in the ADC report Homelessness – meeting the tide. Such schemes can prove particularly effective where, for example, a woman is enabled to buy out her husband's equity in the property after a marriage break-up, with the help of a shared ownership arrangement with the local authority. This may be not only a better solution for the family involved, but also more cost-effective than the provision of accommodation by the local authority.

87. The variations in levels of service were reflected in the survey findings. The number of advice cases handled by authorities in the year to 31 March 1988 varied from nil to 2,809. Caseloads varied widely from two to 397 per advisory officer per month. Within these totals, the proportion of cases which had a priority need (to which the authority would also usually have a rehousing duty) showed wide variations; around a quarter (27 per cent) of authorities gave no advice to priority cases, presumably because they considered that a rehousing duty made further advice and assistance unnecessary; at the other end of the scale, 17 per cent of authorities reported that more than three-quarters of those receiving advice and assistance were priority cases.
88. Despite the considerable resources devoted by some authorities to housing advice, there appears to be very little monitoring of its effectiveness. A fifth of authorities could provide no information at all on the outcome of the advice and assistance they gave. Of the remainder, over two-thirds could only provide estimates. The outcome of 42 per cent of cases (including those where estimates were given) was unknown (Exhibit 15).

**Exhibit 15**

**HOUSING ADVICE AND ASSISTANCE CASES: RESULTS**

In just over half of all cases, the provision of housing advice and assistance led to a solution to the client's housing problems.

89. Further information on the effectiveness of advice and assistance was sought during the visits to authorities. Very different opinions were expressed by officers who were interviewed. Officers in Homeless Persons’ Units tended to believe that housing advice could achieve little, and at best only delayed the moment of homelessness. Housing Advisory Officers were more optimistic. No-one could provide detailed information on the effectiveness of this aspect of their work, though in one authority an increase in the provision of advice and assistance seemed to have been followed by substantial reductions in the number of people accepted as homeless in those categories where it could be anticipated that advice would have the greatest impact, such as mortgage arrears or threatened loss of private rented accommodation. At the same time, acceptances of homeless people from circumstances where advice would be likely to have least impact, primarily those having to leave the homes of relatives or friends, had shown no significant reduction.

90. It is not certain that these effects can be attributed to the impact of more detailed housing advice. More research and information on this subject would be useful. Some indication of the potential effectiveness of housing advice can be gauged from a survey of clients of a voluntary debt counselling agency, Housing Debtline. In answer to
the question 'Do you think that Housing Debtline helped you to keep your home?', 50 percent of respondents answered 'Yes' (Reference 7). If, as seems possible, good housing advice can prevent homelessness arising or even delay it and reduce the need for temporary accommodation, then the provision of such a service could be an extremely cost-effective investment for authorities. If, as the Government plans, authorities are increasingly to have an enabling role in carrying out their housing responsibilities rather than to be direct providers of housing, then housing advice is likely to be of growing importance in carrying out this function. Yet, at present, there is little reliable evidence of its effectiveness; and this is reflected in the very wide range of levels of service provided by different authorities. Local authorities and the DOE should consider means of establishing better monitoring systems.

MONITORING AND FORECASTING DEMAND

91. Local authorities cannot manage their homelessness services efficiently without accurate monitoring and forecasting of demand. The information required will include:

- the number of households applying as homeless;
- the number for whom responsibility has been accepted;
- the number to which advice and assistance has been given;
- the size and types of household accepted and which priority group they came into;
- the length of time taken to complete enquiries and reach a decision;
- the caseloads carried by interviewing officers;
- changes over time in all of the above and forecasts of future trends.

92. Without this information, decisions which vitally affect the economy, efficiency and effectiveness of the homelessness service can only be made on the basis of, at best, informed guesswork. Yet it did appear from the visits carried out for this study that while some authorities regularly produced such management information, others produced only very limited or sporadic reports. With the pressure of increased numbers of applicants, there is clearly a temptation to give lower priority to allocating resources to monitoring. Without this information authorities do not know whether any efforts they make to improve the economy, efficiency and effectiveness of their service are having the desired effect. In view of the common statutory framework under which authorities manage their homelessness services, and the difficulties some authorities might have in devoting sufficient resources to developing systems, there is a strong case for considering a standard model for data collection. The work carried out by the London authorities on the design of a standard form could offer a starting point for a wider programme.

93. There are already three systems for the collection of statistics on homelessness in England and Wales, one operated by DOE, one by the Welsh Office and one by CIPFA. The Welsh Office system depends on detailed returns being made on individual cases and both the DOE and CIPFA systems are known to lead to inconsistent and incomplete returns to the extent that, although they may be used to illustrate broad trends over a number of years, they are not sufficiently comprehensive or accurate to enable any detailed comparisons to be made. Given the unsatisfactory nature of both national and local monitoring systems, there is a strong case for establishing a new standard system which would provide authorities with the essential management information they need and could also form the basis of a national system which was
consistent between authorities. Such a system would also reduce the duplication involved in local authorities preparing separate analyses for the DOE or the Welsh Office, for CIPFA and for their own management purposes.

94. In the absence of such a system, all housing departments should at least prepare regular management reports on the items listed in paragraph 91. Those authorities visited who did prepare forecasts found that the simplest and most accurate means of doing so was on the basis of past trends with some adjustments in the light of the officers' practical experience. This process appeared to produce reasonable working estimates for one year forward, particularly if adjusted each quarter.

* * *

95. The evidence strongly suggests that, at each stage of dealing with applications from homeless households, the achievement of good practice targets can result in a more efficient and effective service. In particular all housing departments should aim to:

- make an initial assessment of the eligibility of applicants on the day of application or the first working day thereafter;
- complete investigations and reach a decision within 30 days;
- provide clear procedural guidance and standard forms for interviewing officers;
- ensure that the level of caseloads of interviewing officers enables proper enquiries to be carried out without unnecessary delays; around 30 to 40 live cases per officer is likely to be the optimum number, although each authority will have to make its own assessment depending on the duties carried out by officers and the tightness of the eligibility criteria operated by the authority;
- establish clear policies for the exercise of discretion on acceptances;
- ensure that there are standing arrangements for liaison between housing departments and social services, education and health authorities for the referral of homeless households both to, and from, the housing departments.

At a national level, there is a need to establish:

- means of monitoring the effectiveness of housing advice services that could be adapted by individual authorities;
- a standard system of monitoring homelessness applications and acceptances which would provide both local management information and national statistics.

96. These measures will enable authorities to process applications more efficiently, to provide a more effective homelessness service and to reduce the use of temporary accommodation while enquiries are in progress. They will not, of course, by themselves bridge the gap between the demand from eligible homeless households and the supply of accommodation. The provision of temporary accommodation is examined in the next Chapter.
3. The Use of Temporary Accommodation

97. The use of temporary accommodation often involves high financial and social costs. This Chapter considers the means which may be open to authorities of controlling costs and improving the standards of accommodation and services offered to homeless applicants.

REASONS FOR USING TEMPORARY ACCOMMODATION

98. The use of temporary accommodation is unavoidable if at any one time there are more acceptances of homeless applicants than there are available lettings of permanent housing. But there are other reasons for its use. Some authorities use temporary accommodation and B&B while allocating only a relatively small proportion of their permanent lettings to homeless applicants. Possible reasons for this are that it is seen as fairer to make homeless applicants 'wait their turn' or that an extended wait in temporary accommodation is seen as a means of weeding out bogus applications. The latter is, in effect, a means of 'investigating' applications.

99. Authorities should carry out proper investigations before acceptance, as indeed they are required to do by the Housing Act 1985. Prolonged stays in temporary accommodation do not appear to reduce the proportion of households which are eventually permanently rehoused by authorities. Of those authorities who quoted up to six months as the maximum time in temporary accommodation, 57 per cent eventually rehoused more than three-quarters of the homeless households for whom they had accepted responsibility. But of those authorities who quoted a maximum wait of seven or more months in temporary accommodation, a higher proportion (73 per cent) eventually ended up rehousing more than three-quarters of accepted households. Properly conducted investigations are likely to be a far more efficient and effective means of determining eligibility than subjecting all homeless households to prolonged periods in unsuitable, and often expensive, temporary accommodation.

TIME SPENT IN TEMPORARY ACCOMMODATION

100. Exhibit 16 overleaf shows the maximum times quoted by authorities for stays in temporary accommodation. Prolonged stays were, predictably, more common in the stress authorities.

101. The stress of long stays in temporary accommodation is exacerbated if homeless people are not told how long they can expect to be there. Information on the likely length of stay in temporary accommodation will enable parents to make plans for children's education and for health care, and may help to reduce the enquiries from people staying in temporary accommodation on when they will be rehoused. Those in
temporary accommodation should be given the name of an officer to contact with enquiries, and where significant numbers of people spend extended periods in temporary accommodation, the production of written information for them may be helpful.

102. Only two-thirds (68 per cent) of authorities stated that they always gave information on the likely length of time in temporary accommodation. Some authorities pointed out that it is often difficult to give a precise time limit. This may be true, but in such circumstances the authority can err on the side of overestimating the period; even if it subsequently turns out to be a shorter time, this is far preferable to providing no information at all. All authorities should, as a matter of policy, give all homeless people in temporary accommodation information on their likely length of stay.

103. For the same reasons, it is also important to give applicants as much information as possible on the likely type and area of permanent rehousing. This will help applicants to form realistic expectations and reduce subsequent problems with refusals of offers. In view of these benefits, it is unfortunate that only 37 per cent of authorities reported that they always gave information on the type of housing offered and only 20 per cent on the likely area of rehousing. It is not always possible to give precise details, but a substantial minority of authorities did manage to give such information and some indication is always better than none, even if it only sets out the minimum an applicant can expect.

TYPES OF TEMPORARY ACCOMMODATION USED

104. There are many different types of temporary accommodation in use; only around a third of homeless households in temporary accommodation are in B&B hotels (Exhibit 17). The second largest category – 'homeless at home' – includes people who have been accepted by the authority as homeless or at risk of homelessness and where a relative or friend is persuaded to provide (or continue providing) temporary accommodation for the applicant. The advantage of such an arrangement is that it may provide better accommodation, certainly at lower cost, than a B&B hotel. The difficulty is that

Exhibit 16
MAXIMUM TIME IN TEMPORARY ACCOMMODATION
Households accepted as homeless in stress authorities are likely to spend longer periods in temporary accommodation

Source: Audit Commission survey
it may bring into question the genuine eligibility of applicants, if they are continuing to stay in the same accommodation from which they were in danger of being evicted before making their application. That, in turn, may encourage others on the waiting list to seek reclassification as homeless while staying in their existing accommodation.

Exhibit 17
HOUSEHOLDS IN TEMPORARY ACCOMMODATION

<table>
<thead>
<tr>
<th>TYPE</th>
<th>FULL SAMPLE</th>
<th>STRESS SAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>B&amp;B</td>
<td>32%</td>
<td>40%</td>
</tr>
<tr>
<td>LA hostel</td>
<td>13%</td>
<td>8%</td>
</tr>
<tr>
<td>LA shortlife</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Permanent LA stock used as temporary accommodation</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Other hostels</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>Leased from private owner</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Leased from housing association</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>‘Homeless at home’</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Other</td>
<td>12%</td>
<td>11%</td>
</tr>
</tbody>
</table>

(100%=10,058) (100%=14,362)

Source: Audit Commission survey

105. Although stress authorities make somewhat greater use of B&B hotels and less of hostels, there is less variation than might have been expected between stress authorities and the rest. The stress authorities generally had more households in all types of temporary accommodation, not just in B&B hotels.

106. Since other forms of temporary accommodation almost invariably offer better conditions at substantially lower costs, it is vital for authorities to maximise their access to them. The comparative costs will vary from area to area, but as an example in one authority visited, which had over 100 households in privately leased schemes, the cost was less than one-seventh of the net cost of B&B hotels. The net revenue cost of a hostel unit may be only one-third of the cost of B&B (Reference 8).

107. Some authorities make far more effective use of other forms of temporary accommodation than others. For example, while 48 per cent of authorities were using B&B hotels, use of each of the other options varied from nil in many authorities to over 100 in others. Their availability and suitability will vary from area to area, but all authorities should be able to make use of at least some of these options. As an example of what can be achieved, in London the number of privately leased units of temporary accommodation was increased from 1,153 to 2,604 in the eight months from 30 September 1987 to 31 May 1988. Authorities could make substantial reductions in the use of B&B even if none of the other good management targets proposed in this report were achieved:

- if all authorities in the survey using B&B used at least 50 units of the other types of temporary accommodation, then 54 per cent of them could stop using B&B altogether and the number of households in such accommodation could be reduced by 12 per cent;
• if they all used at least 100 units of the other types of temporary accommodation, then 71 per cent could stop using B&B altogether and the number of households could be reduced by 23 per cent.

108. While a large number of authorities have relatively small numbers in B&B and could plan to end its use, a few have very large numbers of households in B&B. Ten per cent of the authorities accounted for over 80 per cent of households. Partly as a result of this concentration, and partly because authorities in those areas are often already making substantial use of the alternatives, the impact of using alternatives in the authorities in the stress sample would be much less. If all stress authorities who use B&B used up to 100 of the other types of temporary accommodation, they would achieve a 10 per cent reduction in the number of households in B&B.

109. At current levels of acceptances of homeless households and permanent lettings to them, the majority of authorities currently using B&B hotels could avoid their use by developing an appropriate mix of the alternatives listed in Exhibit 17. But there is a core of around 20 authorities who have large numbers in B&B and who already make substantial use of the alternatives, where the elimination of B&B is likely to be difficult or impossible within current resources. For example, one authority visited which had one of the worst levels of housing stress and homelessness in the country and with 145 accepted households in B&B, already had 126 households in privately leased accommodation and was planning to expand the private leasing scheme substantially.

110. In view of the advantages of other forms of temporary accommodation and the likely continuing shortfall of permanent lettings, it is not surprising that many authorities are planning to expand their provision of the alternatives, though there are still a number who have no current plans (Exhibit 18).

Exhibit 18
PLANS TO EXPAND TEMPORARY ACCOMMODATION
Most stress authorities are planning to expand their use of other forms of temporary accommodation

<table>
<thead>
<tr>
<th>Percentage of authorities planning to expand use of:</th>
<th>ALL</th>
<th>STRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hostels</td>
<td>40</td>
<td>50</td>
</tr>
<tr>
<td>Leasing</td>
<td>19</td>
<td>44</td>
</tr>
<tr>
<td>Shortlife</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Permanent as temporary</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Mobile homes</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Homeless at home</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>No plans</td>
<td>40</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Audit Commission survey
111. Unfortunately, recent DOE regulations designed to restrict local authorities' use of leasing arrangements are likely to have the effect of severely limiting the use that authorities can make of privately leased properties to provide temporary accommodation. The temporary regulations introduced on 9 March 1988 effectively prevented authorities from arranging leases of longer than three years, from renewing them at the end of the lease and from entering into agreements with landlords for even minor repairs or improvements before the lease is taken out. These conditions are likely to make schemes less attractive to landlords and much more difficult and costly for authorities to administer. A third of the stress authorities stated that their plans to provide privately leased temporary accommodation had been adversely affected by the restrictions.

112. The Government should ensure that the regulations, designed to prevent authorities from employing artificial devices to undertake borrowing over and above the levels permitted to them under existing capital controls, do not prevent them from using their resources more efficiently in the provision of privately leased temporary accommodation.

VACANT PROPERTIES

113. There are a number of measures authorities can take to minimise empty properties and to increase the number of permanent lettings. These are discussed in paragraphs 129–143. Where work on empty properties is unavoidably delayed, they should wherever possible, and where the property is suitable, be used as temporary accommodation.

114. A further potential source of temporary accommodation for homeless people lies in vacant properties owned by the other public sector landlords. Less than one per cent of households in temporary accommodation in the surveyed authorities were in properties leased from other public sector landlords (excluding housing associations). Grossed up, the returns suggest that there are fewer than 200 such units throughout England and Wales. Yet, according to local authority returns to the DOE, these public sector dwellings have the highest vacancy rate of any tenure group at six per cent in England, compared to 2.5 per cent of local authority dwellings, 2.7 per cent of housing association dwellings and 4.1 per cent of private sector dwellings. Local vacancy rates can be much higher. An Audit Commission study of five police authorities found vacancy rates of police houses of between nine and 24 per cent, and of between eight and 15 per cent if dwellings allocated for sale were excluded, while no authority leased more than four dwellings to the local housing authority. The National Audit Office found that 17 per cent, over 14,000, of Ministry of Defence dwellings were vacant in 1986 (Reference 9).

115. It is recognised that some public sector landlords, including the MOD and police authorities, have a policy of selling surplus dwellings and also that some dwellings will not be suitable for leasing. Nevertheless, authorities visited who had tried to lease properties they knew to be vacant and suitable had experienced considerable difficulties in obtaining them and were often unsuccessful in their efforts. Empty public sector houses are a considerable wasted resource. The DOE should take the initiative in seeking means to ensure that, where such properties are vacant and not for sale, they are made available for leasing to local authorities and housing associations. One way of encouraging better use would be for the accounting systems of all public sector landlords to show clearly the costs of maintaining void properties. For example, at present the Ministry of Defence and Metropolitan Police systems do not show these costs. In addition, public bodies should bear the true cost of leaving properties vacant and reap the financial benefits of bringing them into use.
BETTER MANAGEMENT OF B&B USE

116. Although the use of B&B could be much reduced, in some areas of very high housing stress, it will not be possible to eliminate it for some time. In those circumstances, there are a number of measures that authorities can take to ensure the best management of its use. They should ensure that all of the following conditions are met:

- hotels conform with health and safety regulations;
- they provide, within their inherent limitations, a reasonable standard of accommodation;
- they are well managed;
- no more than a fair market price is paid for rooms;
- payment is only made for rooms actually occupied by the authority's nominees;
- the hotel is in the authority's own area or, where that is not feasible, as close as possible to it.

117. Health and safety standards should be enforced by regular inspections by the Environmental Health Department. Housing officers will also need to visit the accommodation to ensure that it provides reasonable facilities. Access to proper cooking and washing facilities is clearly important, but small items such as the provision of a table to eat from, chairs and curtains can also make a substantial difference to the quality of life for those living there.

118. Authorities should draw up a management agreement to regulate their arrangements with hotel proprietors which covers all aspects of accommodation and management standards. Any matters likely to cause disputes between the authority, the hotelier and the occupiers should also be covered in the agreement; these will include, for example, immediate notification to the authority by the hotelier when a household gives up residence at the hotel, details of the rules imposed on occupiers, and arrangements for access to the hotel by council officers and other official visitors. The London boroughs have drawn up a standard agreement which could provide a model for others.

119. In areas of high demand for low cost hotel rooms, authorities have sometimes paid in excess of the usual market rate for accommodation. There can be no justification for this practice; indeed, in areas where authorities are substantial users of B&B facilities, they should be able to use their market position to secure favourable terms. The ALA/LBA working party has established detailed arrangements to achieve this goal. They involve zoning agreements, whereby boroughs seek to confine their bookings to certain areas of London with the aim of both reducing the risk of bidding up prices in particular areas and ensuring that people are placed closer to their home areas. Within zones, maximum prices related to room sizes were fixed. Where prices were higher than these levels, participating boroughs notified hoteliers that these were the maximum prices that would be paid. Already significant progress has been made in reducing prices and the working party estimates that across London there are potential savings of 15 per cent – over £21 million gross in a full year. But the performance of individual boroughs has varied widely. While a quarter of the boroughs who use B&B hotels have no placements above the target prices, and a further quarter have less than 25 per cent of placements above target prices, at the other end of the scale three boroughs have over 75 per cent of their placements above the target prices.
120. Audit checks in individual authorities have revealed that some authorities have paid for rooms which had not been occupied. For example, one authority reported that in the period April to July 1987, 190 cancellations of bookings were requested following audit checks and only one third of the households subsequently returned. A survey of 20 London boroughs carried out by the Audit Commission in 1987 found that only three internal audit sections and three housing departments carried out checks on a regular basis. As a result, the Commission has produced an audit guide *Homelessness in London: an audit approach* which sets out detailed recommendations for ensuring proper system controls on B&B bookings and other procedures relating to the administration of an authority’s homelessness services. All authorities who use B&B hotels should review their systems in the light of these recommendations.

121. Many homeless households are dependent on the Department of Social Security (DSS) for their income and housing costs. Those in B&B hotels are eligible for board and lodging payments from the DSS to assist with the costs, although in many areas these allowances are substantially below the actual price of the accommodation. The local authority usually pays the difference. The collection of accommodation charges from households in B&B presents particular difficulties to authorities because of the temporary, and often geographically scattered, nature of the accommodation. These difficulties are exacerbated if the household does not receive the correct payment at the time it is due from the DSS. They can be alleviated if payment of board and lodging costs is made direct to the local authority. However, authorities responding to the survey reported differences in DSS practice in different local offices (Exhibit 19).

Exhibit 19
PAYMENTS BY DSS OF B&B CHARGES
Percentages

<table>
<thead>
<tr>
<th>Percentage of LGAs</th>
<th>None made direct to LA</th>
<th>Some made direct to LA</th>
<th>All made direct to LA</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>41</td>
<td>42</td>
<td>18</td>
</tr>
</tbody>
</table>

Source: Audit Commission survey

122. Half of the authorities using B&B reported that they had experienced difficulties in the preceding year in securing payments from the DSS to the authority. Responsibility for the accommodation element of DSS payments will transfer to the housing benefit scheme and will be under the control of local authorities from April 1989, but it appears that current DSS practice is causing serious administrative difficulties to many authorities and the loss of income due from board and lodging payments. The DSS should consult with the authorities as a matter of urgency to resolve these difficulties, and to ensure that housing departments can receive direct payments where there is otherwise a serious risk of default by the homeless household.

* Available from Audit Commission (Publications), St. Lawrence House, 29/31 Broad Street, Bristol BS1 2EX.
At present some temporary accommodation is funded through the Housing Revenue Account and some through the General Rate Fund. The operation of the Housing Revenue Account is under review by the Government, and there is an opportunity to establish new arrangements which should aim to ensure both that the subsidy is targeted on authorities with the most severe homelessness problems and that there are incentives to minimise the use of B&B hotels.

This Chapter has shown that while for some authorities the use of temporary accommodation is inevitable, in many areas the use of B&B hotels could be reduced or eliminated. And where temporary accommodation is required, good management practice can mitigate some of its most damaging effects on individuals. But while all these measures are important in order to reduce the problems caused by temporary accommodation, the fundamental issue is the availability of permanent housing for the homeless. This question is examined in the next Chapter.
4. Permanent Housing

125. Surprisingly little information is available about what happens to households accepted as homeless. Half of the authorities surveyed could only provide an estimate of the proportion eventually rehoused. But the responses suggested that an average of 78 per cent were eventually rehoused by the authority. Very little is known about where the rest go. Some are nominated to housing associations, though nationally this accounts for only around two per cent of homeless households accepted in a year. Some find accommodation in the private sector; some no doubt return to previous dwellings. Some end up reapplying to the same or another authority.

126. Although the duty of authorities is not to provide housing to homeless households for whom they accept responsibility, but to secure that housing is available, so far this has usually meant the allocation of a local authority tenancy. In future, that will not necessarily be so, as the role of the local authority as provider of low cost housing diminishes.

127. This Chapter considers the availability to local authorities of permanent housing resources of all kinds for homeless households, and ways in which these can be maximised. It examines whether there is scope to increase the proportion of local authority lettings allocated to homeless households, means of making better use of the existing stock so as to increase the number of lettings becoming available, and access to other forms of permanent housing outside the local authority sector. The potential impact of improvements in all these areas on the numbers of people in temporary accommodation is assessed, and estimates of the residual ‘housing gap’ are proposed.

THE PROPORTION OF LETTINGS ALLOCATED TO HOMELESS HOUSEHOLDS

128. Nationally, as the number of homeless households accepted has risen and the number of lettings to new tenants has been static or declining, the proportion of lets allocated to homeless applicants has steadily increased. Within this national trend, there are marked local variations. While 22 per cent of authorities surveyed allocated over 40 per cent of their new tenancies to the homeless in 1987-88, 42 per cent of authorities still allocated 20 per cent or fewer of new tenancies to homeless households. Yet nearly three-quarters of this latter group regularly use temporary accommodation. There is scope for these authorities to reduce their use of temporary accommodation by increasing the proportion of permanent lettings allocated to homeless households. Visits to authorities revealed widespread concern that the fewer applicants who were rehoused from the waiting list, the more likely were these same applicants to apply as homeless at a later date. But the extent to which this occurs is not clear, and in any event, there will not be an exact correspondence of one extra homelessness acceptance for each household not rehoused from the waiting list.
BETTER USE OF THE EXISTING LOCAL AUTHORITY STOCK

129. It is essential that the existing local authority housing stock is managed as efficiently as possible to maximise the number of properties available for letting. This entails reducing the number of vacant properties to a minimum and where possible creating additional relets.

VOIDS

130. The Audit Commission has already drawn attention to the opportunities for improved performance in void management, particularly in London. At 1 April 1987, 112,000 council dwellings in England and Wales were reported vacant by local authorities. But the potential impact on homelessness must be carefully calculated. Gross figures for voids do not give the best indication of the availability of these dwellings for the homeless. First, properties which are undergoing major building works, or which are being demolished or sold, are often necessarily held empty. Of the 112,000 vacant dwellings, fewer than half were available for letting or to be let after minor repairs. Second, although vacancies between lettings can and should be minimised, there will inevitably be occasions when properties are empty for short periods. Third, the empty properties, even if they were available for letting, are not necessarily in the same areas as the homeless households; of the 20 authorities with the highest proportion of lettings going to homeless households, only three are also in the 20 authorities with the highest proportion of vacant council stock.

131. In spite of all these caveats, efficient management of the stock does have an important part to play in relieving the pressures of homelessness. There is a wide range of measures which authorities can take to ensure that the period during which properties are vacant is kept to a minimum. These were comprehensively described by the Institute of Housing in their Professional Practice Paper *The Key to Empty Housing*, and authorities who have not done so are recommended to review their procedures in the light of the guidance set out in that report. The key performance measurement is the period taken to relet properties which are available for letting or in need of only minor repairs. All authorities should set average and maximum targets for this period and assess performance regularly against these targets.

132. If all authorities achieved an average target period of six weeks in London and three weeks elsewhere for such properties, the effect would be the equivalent of an extra 17,700 lettings in England of family-sized accommodation (two bedrooms or more) in a year. If those authorities using B&B hotels gave priority in the allocation of these lettings to reducing B&B use, the effect would be a reduction of 2,500 households in B&B, bringing the total in B&B to around 6,500 households in England at the level prevailing at the end of March 1987. However, the majority of authorities who make substantial use of B&B would continue to have between 85 and 100 per cent of households still in B&B.

133. The Institute of Housing’s Professional Practice Paper also sets out a range of management measures for reducing vacancy periods on properties requiring major repairs. Where delays are caused by the lack of capital resources to carry out the work, the Government should give priority to targeting investment on such properties where they are in authorities which otherwise would have to resort to the use of temporary accommodation. In the past year, two additional Housing Investment Programme allocations by DOE to local authorities have incorporated such targeting. The last allocation produced nearly 1,000 extra lettings of refurbished properties at an average cost of around £18,000 in London and £13,000 per unit outside London.
MOBILITY SCHEMES

134. It might also be possible to achieve better use of the local authority stock nationally through improved mobility schemes, to enable homeless households to move to where housing is available. While most will have family or employment reasons for staying in their original areas, there will be others who might well wish to move if the opportunity was available. Present mobility schemes operate on a very restricted scale, and do not take account of the fact that in some areas of the country there is little or no shortage of council housing to meet local demands. At present, authorities in those areas do not have any significant incentives to offer tenancies to homeless households from other areas though, under the proposed new Housing Revenue Account arrangements, authorities will carry a rent charge for empty properties so will have some financial interest in letting them, even to 'imported' homeless people. This may not, however, be enough – particularly if work is needed to put the empty properties into a lettable condition – and the DOE should consider whether further financial incentives could be made available. At the same time, authorities with more homeless people than houses would need to advertise the availability of permanent tenancies in other areas.

SQUATTERS

135. In addition to vacant properties, in some areas significant numbers of local authority dwellings are occupied either by squatters or by unauthorised tenants, who move into a property and pay rent to the authority even though the tenancy has not been allocated to them. National estimates are not available, but a sample survey in London estimated that there were around 4,500 squatted council properties and that during 1986 around 10,000 new unauthorised tenants moved into local authority dwellings (Reference 10). This compares with 16,444 new secure lettings to homeless households by London authorities in the year to 31 March 1987.

136. If these findings are correct, a very substantial number of 'lettings' are taking place outside the normal allocation procedures, with no regard to authorities' priorities or statutory duties. There is an urgent need for action by authorities to ensure that vacancies of local authority properties are available for allocation by the authority. It seems likely that the problem is concentrated in stress authorities, so action to bring them back under local authority control would make a very substantial contribution to meeting their responsibilities for housing the homeless and to reducing the use of B&B hotels, although it is also likely that a number of the unauthorised occupants would themselves be eligible for housing if they were evicted.

CREATING EXTRA RELETS

137. In addition to action to reduce the number of voids and to eliminate unauthorised lettings, there are a number of ways in which authorities can generate additional lettings for homeless households. None is likely to produce very large numbers of lettings, but all are worth considering.

138. Some authorities have established schemes which offer cash grants, sometimes known as 'portable discounts', to tenants who vacate their property to buy in the private sector. At present these schemes are not widespread, only eight per cent of authorities surveyed were offering such grants, although a further 16 per cent were considering setting up a scheme. It is still too early for a full assessment of their effectiveness. A key question is the extent to which they succeed in helping tenants to buy in the private sector who would not otherwise have done so. Research into two of
the first schemes operated by the London boroughs of Brent and Bromley suggests that they may well be effective. Three-fifths of purchasers surveyed said that they would never have been able to buy without a grant, while only a sixth said that they would have bought even without the grant. The remainder stated that the grant meant that they were able to buy sooner than they otherwise would, typically by a period of about five years. Over a period of approximately one year, one borough generated 72 and the other 86 additional lettings (Reference 11). It seems likely that after the initial demand has been met, there may be fewer applicants in subsequent years. Nevertheless, initial indications suggest that these grants can be a cost-effective way of generating a limited number of additional relets and all authorities who have a shortfall of lettings for homeless households should consider their potential benefits.

139. A more common mechanism for encouraging council tenants to buy alternative properties has been low cost home ownership schemes with priority given to existing tenants. Over one-third of authorities surveyed reported that they operated such schemes, with most based on shared ownership arrangements.

140. Most homeless households require family-sized accommodation. In those areas where homelessness is causing the greatest pressure on allocations of permanent housing, it is the relative shortage of two and three bedroom homes that causes the greatest difficulty. In these circumstances, there are advantages in encouraging tenants who are underoccupying to move to smaller homes, thereby creating a relet of accommodation suitable for a homeless family. While many authorities give preference to transfer applicants who are releasing larger accommodation, only a minority of those surveyed offered positive incentives, with 16 per cent giving grants and 13 per cent other incentives. Typically, schemes offered removal expenses and some gave an additional bonus, usually in the range of £250 to £500. It would be useful to know how far these grants enable tenants to move who would not otherwise have done so. If they do achieve this aim, then they would appear to be an extremely cost-effective means of releasing family-sized accommodation. Authorities who have a relative shortage of family-sized homes should at least consider giving high priority for transfers to tenants seeking to move to smaller accommodation.

141. The Association of District Councils in its Best Practice Paper *Homelessness: meeting the tide* draws attention to a further option for authorities with available capital receipts and not receiving housing subsidy. They have the possibility of buying family-sized accommodation from elderly owner occupiers at a discounted price in exchange for the tenancy of a smaller home. Such a scheme could prove a cost-effective means of gaining some additional lettings for homeless families.

142. The combined impact of the measures described above could be substantial. Hitting the Commission's targets for good lettings practice could reduce the total number of households in temporary accommodation in England in March 1987 from just over 21,000 to around 15,000 and the numbers in B&B hotels from nearly 9,000 to 6,440. These figures take account of the current location of voids and homeless people; they do not assume any increase in mobility.

143. Beyond that, there is modest scope for further reducing the number of people in temporary accommodation by increasing the number of lets to homeless people, particularly in those areas where the proportion of lets to the homeless is less than 20 per cent. And a further impact on B&B could come from even a small expansion – up to 100 units per authority – in access to other forms of temporary accommodation (Exhibit 20).
THE IMPACT OF GOOD PRACTICE ON USE OF TEMPORARY ACCOMMODATION

Local authorities could significantly reduce the numbers of households in B&B

Source: Audit Commission analysis of DOE and CIPFA data
144. The net result is that, with better management, local authorities could improve their handling of applicants – making the process more rapid, humane and sensitive – and could reduce the number of households in temporary accommodation to around two-thirds of the current level. But a substantial problem remains, though one concentrated in a small number of authorities. Exhibit 21 shows those authorities which could, on the evidence available, avoid the use of B&B accommodation and those which could not do so, however well they managed their stock.

145. Although the number of authorities chronically affected is small, the numbers of families in temporary accommodation would still be three times as high as in the 1970s after all the improvements described. And the continuing revenue costs would be around £88 million a year – assuming no further rise in numbers. What more could be done to cut the numbers and reduce the cost?

Exhibit 21
THE IMPACT OF GOOD PRACTICE ON USE OF B&B
Good practice in housing management could confine B&B use to a small number of authorities

Source: Audit Commission analysis
HOMES FOR HOMELESS HOUSEHOLDS: THE FUTURE

146. Government policy is that local authorities should become progressively less important as direct providers of housing. Reduced building programmes, continuing sales and the possible transfer of stock to other landlords will mean a diminishing number of council lettings. The ability of authorities to secure accommodation for homeless people will depend increasingly on the extent to which they can gain access to other forms of housing. While some homeless households may be assisted with low cost home ownership, for the great majority rented housing at an affordable cost represents the only option. The extent to which sources of affordable rented housing, other than the local authority sector, can expand has become central to the ability of authorities to continue to operate their homelessness services.

HOUSING ASSOCIATIONS

147. Of the 70,000 homeless households housed through local authorities in England in 1986-87, only 2,000 were housed through nominations made to housing associations or new towns. Government policy is that housing associations will become increasingly important suppliers of rented housing to the groups of people who have to date been applicants for local authority housing. It is, therefore, likely to be necessary for authorities to make arrangements in the future for much larger numbers of nominations of homeless households to housing associations. There are three potential problems to be overcome:

— first, housing associations generally have a different type of housing stock from local authorities, with a greater concentration on smaller properties for single people and the elderly;
— second, all the authorities visited had experienced problems with at least some of their local associations over nominations of homeless households. In particular, there was concern that some associations were unwilling to accept nominees who might cause management difficulties;
— third, according to calculations made by the National Federation of Housing Associations, reduced levels of Housing Association Grant will mean that while properties in some areas will be affordable for some types of household, in high cost areas such as London and the South East, where the pressures of homelessness on local authorities are often the greatest, households on the average income for existing housing association tenants would face rents of 30 to 45 per cent or more of their net income, after allowing for housing benefit.

148. If housing associations are to become the main suppliers of new social rented housing at affordable rents, then there is a need for much more detailed consideration by the DOE, local authorities, housing associations and the Housing Corporation of the way in which they will respond to requests from local authorities to take homeless families. The Secretary of State has said that, in the case of large scale voluntary transfers of housing, he will need to be satisfied that adequate arrangements had been made by local authorities to continue to meet their statutory duties in regard to housing the homeless. Similar considerations will presumably apply where an authority, while it may not have transferred its housing en bloc, nonetheless has very restricted access to lettings of its own.
PRIVATE LEASING

149. A growing area of cooperation between local authorities and housing associations has been the development of leasing arrangements which bring private sector investment into the provision of rented homes. There have been several different types of scheme, but a typical arrangement is one where the authority sells land to a housing association which then raises private finance to build homes on it. These homes are then leased back to the local authority. Although such arrangements appear to be an effective way of ensuring cooperation between authorities, housing associations and the private sector in the provision of homes, they have now been caught by regulations designed to prevent the use of leaseback schemes as artificial devices to circumvent capital controls.

150. The local authority associations maintain that nearly 2,000 homes in London and 100 separate projects in district councils have been caught by the new regulations. These schemes encourage private investment and are a more economic means of providing better standard accommodation for homeless families than the use of B&B hotels. For example, in one inner London borough the gross revenue cost of a two bedroom unit would be £10,600 (£2,775 net) per annum compared to around £30,000 per annum for a family of four in B&B in the same area. Within the constraints of its capital expenditure controls, the DOE should consider means of enabling such schemes to continue.

PRIVATE RENTED

151. The Government is seeking to revive the private rented sector through removing controls on rents, reducing the security of tenure available on new lettings and tax concessions through the Business Expansion Scheme (BES). At present, private rented accommodation provides only a tiny proportion of the housing used by authorities for homeless households as permanent accommodation. The DOE survey found that over 80 per cent of authorities did not use private rented accommodation at all as a source of permanent housing and only four per cent rehoused more than 10 households a year in this way (Reference 1). In addition, a small but unknown number of homeless households find their own privately rented accommodation.

152. In his 1988 Budget, the Chancellor of the Exchequer announced an expansion of the eligibility of the BES to include funds investing in property rented to 'assured tenants' as defined in the Housing Act 1988. Under the scheme investors get tax relief at their top marginal rate on all funds invested for five years or more. Initial estimates of the inflow of funds suggest that the scheme has been far more successful than forecast. By October 26 1988 (the cut-off date for investors wishing to claim tax relief in 1987-88) around £100 million had been committed by investors. It is clear from the prospectuses issued that the funds are targeted at higher rent properties with tenants who make the least demands on housing management. New BES lettings coming onto the market are very unlikely to be available directly for occupation by homeless households. There might be some scope for housing associations to provide accommodation using finance raised through the BES, although in high cost areas additional subsidy is likely to be necessary either to the associations, or through housing benefit to the tenants, if properties funded in this way are to be affordable to low income households. The Government should consider whether the BES, or a variant of it, could be more clearly tailored to assisting housing associations to provide homes for low income tenants.
TARGETING INVESTMENT

153. All these avenues are potentially promising. And in total they may cause a further reduction in the use of temporary accommodation. But there is also a clear case for considering direct investment. One way of meeting at least part of this shortfall would be a better targeting of capital resources for housing investment. Research by the School for Advanced Urban Studies suggests that homelessness ‘is of scarcely any significance at present in the determination of where capital resources are available’ (Reference 12). There are two main reasons for this:
— first, homelessness plays only a very small part in the measurement of housing needs known as the Generalised Needs Index (GNI) which is used in determining capital allocations;
— second, the level of capital receipts available for reinvestment from council house sales is not related to the levels of homelessness in particular areas. In 1986-87 London had 21 per cent of the capital receipts in England but around 30 per cent of the acceptances of homeless households.

154. Thus while, on the demand side, the Housing Act 1985 gives priority to certain homeless households, on the supply side the system for allocating capital resources gives higher priority to other types of housing problems such as poor physical conditions and to the ability to generate capital receipts through sales of council houses. There is a case for remedying this mismatch by taking greater account of homelessness in allocating capital resources. This could be achieved by an adjustment to the GNI calculations, although that would be a relatively inefficient means of addressing the problem, since it would spread the resources very thinly. For example, doubling the GNI weighting given to homelessness from 10 per cent to 20 per cent would in the 1986-87 allocations have redistributed £60 million to around 100 London and South East authorities.

155. A more efficient approach would be to earmark a similar sum specifically for resources to tackle homelessness in the hardest pressed areas. Ideally, capital receipts should be available for reinvestment where the requirement for them is greatest, but failing this, a reduction of just two per cent in the prescribed level of their capital receipts which authorities could spend would allow £106 million to be targeted towards the areas with high levels of homelessness, without increasing the national total of housing capital investment by authorities beyond the levels planned by the Government (Reference 12). Even a shift of this magnitude would, if combined with the good management practices described above, make a major impact on the residual problems in a relatively short period (Exhibit 22 overleaf). After four years the numbers in temporary accommodation would revert to the levels which obtained throughout the 1970s of 5,500 households. These levels, while no cause for congratulation, appeared sustainable and may represent the ‘frictional’ minimum consistent with a statutory duty to provide accommodation to certain classes of applicant on demand.

156. There are a number of possible objections to such a redistribution of housing investment. First, it might be argued that it would not be justified where authorities were failing to make best use of their existing resources. The answer to this would be to make additional allocations subject to the authority meeting the type of performance targets recommended in this report. Second, it might be argued that it would act as an incentive to authorities to inflate the numbers of households accepted as homeless. However, if only those who were statutorily homeless and in one of the priority groups were included in the calculations, and if the statistical definitions were tightened up as recommended
in paragraphs 92–93, then reasonable comparability between authorities could be assured. It may be argued that a reduction in the percentage of capital receipts available to individual authorities would reduce their incentives to sell properties and thus conflict with the Government's policy of encouraging such sales. However, such an effect seems unlikely to result from a reduction as small as two per cent and, in any event, the great majority of council house sales are under the Right to Buy, are not subject to local authority discretion, and therefore not sensitive to the financial incentives available to the authority.

Exhibit 22

TARGETING INVESTMENT

Reallocating two per cent of capital receipts could provide 2,000 extra homes for the homeless each year

Note: These calculations assume:

1. The number of homeless households accepted remains at current levels
2. Two thousand additional dwellings are made available each year comprising 1,500 new build dwellings and 500 rehabilitated vacant dwellings at 1987 London prices

Source: Audit Commission analysis

157. Local authority associations have not in the past been in favour of capital sums being allocated for earmarked purposes by the Government. This method of allocation does reduce local authority discretion, but that disadvantage is outweighed by the consideration that such an arrangement appears to be the most efficient means of targeting limited funds towards relieving the worst pressures of homelessness. A similar approach has already been adopted twice in the past year in the allocation of additional Housing Investment Programme resources to some authorities for repairs to empty properties.

158. It is not for the Commission to recommend aggregate levels of investment in public sector housing. The purpose of this last section of the report has been to describe the scale of the problem which, it would seem, local authorities will continue to face however well they manage their affairs. It shows that good management could make a major impact, draws attention to the need to ensure that the needs of the homeless are taken into account as housing policy evolves, and demonstrates that a relatively modest redirection of investment could go a long way towards eliminating the most socially damaging features of the present problems.
Summary of Main Recommendations

The recommendations addressed to both local and central government are listed separately below. References are to the numbered paragraphs where the detailed proposals and the case for them can be found.

DEALING WITH APPLICATIONS

The recommendations for dealing with applications are designed to ensure that investigations are carried out thoroughly, consistently and with the minimum delay. They should help to provide a more effective and more efficiently delivered service and reduce the need to keep applicants in temporary accommodation during investigations.

RECOMMENDATIONS FOR LOCAL AUTHORITIES

1. Authorities should aim to interview and carry out a *prima facie* assessment of the eligibility of applicants on the day of application or on the first working day thereafter in the case of applications made out of office hours. (Paragraphs 63–64).

2. In order to reduce the unnecessary use of temporary accommodation, authorities should set a target of completing all enquiries into applications within a maximum of 30 days, unless there are exceptional reasons for taking longer. Decisions on cases should normally be made on the recommendation of the interviewing officer by their immediate senior within one working day of the completion of enquiries. (Paragraphs 65–69).

3. Authorities not meeting these targets should examine the additional costs of staff time and temporary accommodation they incur as a result. (Paragraph 69).

4. Where enquiries are taking longer than these targets, authorities should examine the nature of the enquiries they are carrying out and assess whether decisions, which could be taken at an earlier stage, would be changed in a significant number of cases as a result of prolonged enquiries. (Paragraph 65).

5. Authorities should record applications and enquiries on a standard form to enable monitoring of cases and to ensure that procedures and policies are properly implemented. (Paragraphs 70–71).

6. Written guidance for interviewing officers would help to ensure proper investigations and the exercise of the authority's discretion under the legislation in a consistent manner. (Paragraphs 70–71).

7. The local authority associations should consider the production of standard forms and guidance manuals at a national level in a format which could be adapted to local circumstances. These would help to expedite enquiries and decisions on applications and to ensure greater consistency between authorities. (Paragraphs 70–71).
8. Where authorities are experiencing problems which may be attributable to excessive caseloads, they should ensure that there are accurate measures of workloads available. A caseload of 30 to 40 'live' applications is likely to be the optimum, although local circumstances will vary. Where problems of understaffing persist, authorities should assess the case for redeployment of existing, or recruitment of additional, staff who may generate revenue savings in excess of the additional salary costs. (Paragraphs 72–78).

9. Authorities should establish clear policies for the exercise of the discretion the Act allows, and should only exercise it to accept additional groups of applicants where they have sufficient permanent homes to offer them. (Paragraphs 79–82).

10. Effective liaison arrangements with other public services and particularly social services, education and health authorities are essential. Where there are problems over referrals under care in the community policies, there may be benefits in the appointment of a specific post, jointly funded with the health authority and social services, to supervise such cases. (Paragraphs 83–85).

11. There is a need to establish methods of monitoring the effectiveness of housing advice services. (Paragraphs 86–90).

12. There is a need for much more effective monitoring of homelessness services and a case for establishing a standard model of data collection both for national statistics and for local management information. (Paragraphs 91–94).

RECOMMENDATIONS FOR CENTRAL GOVERNMENT

13. The DOE should consider what role it might play in establishing methods of monitoring the effectiveness of housing advice services. (Paragraph 90).

14. The DOE should discuss with authorities the assistance it might offer in establishing a standard model of data collection and the means by which its own statistical returns could be integrated into such a system. (Paragraph 93).

THE USE OF TEMPORARY ACCOMMODATION

The recommendations on the use of temporary accommodation are designed to ensure that its use is minimised and that reasonable standards and good value for money are achieved. In particular, the reduction, and in most areas the elimination of, the use of B&B hotels should be given the highest priority.

RECOMMENDATIONS FOR LOCAL AUTHORITIES

15. Authorities who require homeless households to spend a minimum time in temporary accommodation should reconsider this policy. Properly conducted investigations before acceptance of a rehousing duty are likely to be a far more efficient and effective means of determining eligibility than requiring all homeless households to stay for prolonged periods in unsuitable, and often expensive, temporary accommodation. (Paragraphs 98–99).

16. Authorities should give all applicants information on the likely length of stay in temporary accommodation and the likely type and area of permanent rehousing they will receive. (Paragraphs 100–103).

17. Where temporary accommodation is unavoidable, authorities should make the maximum possible use of the range of alternatives to B&B hotels. Even if no other steps were taken for the better management of the local authority's stock, as many as
three-quarters of local authorities currently using B&B hotels could end their use altogether and provide better standard temporary accommodation at lower costs. This would reduce the national total of homeless households in B&B hotels by a quarter. (Paragraphs 104–115).

18. Where authorities have no alternative to the use of B&B hotels they should ensure that the following conditions are met:
  • the hotels conform with health and safety regulations;
  • they provide, within their inherent limitations, a reasonable standard of accommodation;
  • they are subject to a detailed management agreement with the local authority;
  • no more than the usual market price is paid for rooms;
  • the occupation of rooms is regularly checked so that payment is only made for rooms actually occupied by the authority’s nominees;
  • the B&B is in the authority’s own area or, where that is not feasible, as close as possible to it. If households are placed away from their home area there should be arrangements for notifying, where necessary, the education, health and social services. (Paragraphs 116–120).

RECOMMENDATIONS FOR CENTRAL GOVERNMENT

19. The DOE should try to ensure that regulations designed to prevent a small number of authorities from evading capital controls do not prevent a much larger number from arranging privately leased temporary accommodation. (Paragraphs 111–112).

20. The Government should ensure that where suitable public sector properties are vacant and not for sale they are made available for leasing to local authorities and housing associations. (Paragraphs 113–115).

21. The Department of Social Security should consult with local authorities to resolve the difficulties over the payment of B&B charges promptly and directly to the authority where there is a serious risk of arrears. (Paragraphs 121–122).

22. Subsidy arrangements for temporary accommodation should be targeted on authorities with the most severe homelessness problems and there should be incentives to minimise the use of B&B hotels. (Paragraph 123).

PERMANENT HOUSING

For most homeless people the key issue is the availability of permanent housing. These recommendations are designed to ensure that maximum use is made of existing resources and that, where necessary, there is a better match between the number of eligible homeless households and the allocation of resources both between and within local authorities.

RECOMMENDATIONS FOR LOCAL AUTHORITIES

23. Authorities should consider the scope for reducing their use of temporary accommodation by allocating a higher proportion of lettings to homeless households, particularly where they are currently allocating 20 per cent or fewer lets (net of transfers) to homeless households and are also using B&B hotels. (Paragraph 128).

24. Authorities should ensure that they reduce their void properties to the minimum by following the guidance set out by the Institute of Housing. If authorities
achieved an average relet period of three weeks outside London and six weeks in London for properties available for immediate letting or in need of minor repairs, then an additional 17,700 lettings each year would be available and there could be a reduction of 2,500 households staying in B&B hotels. (Paragraphs 130–133).

25. Authorities should examine the scope for securing a substantial number of additional lettings by action to reduce squatting and unauthorised occupation and thus reducing their use of temporary accommodation. (Paragraphs 135–136).

26. Authorities should consider generating additional relets by introducing cash grants for council tenants who wish to purchase in the private sector. (Paragraph 138).

27. Authorities should consider the scope for releasing family-sized accommodation by giving priority for transfers to tenants who are underoccupying and by offering them assistance with removal costs. (Paragraph 140).

28. Authorities should consider the purchase of family-sized homes from elderly owner occupiers at a discounted price in exchange for the tenancy of a smaller home, thus gaining an additional family-sized unit. (Paragraph 141).

RECOMMENDATIONS FOR CENTRAL GOVERNMENT

29. Where delays in letting local authority properties requiring major repairs are caused by a lack of capital resources, the DOE should target resources on such properties where these are held by authorities who otherwise have to resort to temporary accommodation. (Paragraph 133).

30. The DOE should consider introducing incentives for authorities in areas of low demand for council housing to offer nomination rights to stress authorities with excess demand from homeless households. (Paragraph 134).

31. There will be a growing need for closer liaison between local authorities and housing associations and for associations to accept more nominations of homeless households from local authorities. (Paragraphs 147–148).

32. If housing associations are to make a greater contribution in future to housing homeless applicants, it will be essential to ensure that the new subsidy arrangements enable associations to offer accommodation at rents which homeless households can afford to pay. (Paragraphs 147–148).

33. Within the constraints of its capital expenditure controls, the DOE should consider means of enabling authorities to continue developing leasing arrangements with housing associations and the private sector. (Paragraphs 149–150).

34. The Government should consider whether the BES, or a variant of it, could be more clearly targeted on assisting housing associations to provide homes for low income tenants. (Paragraphs 151–152).

35. There is a strong case for taking greater account of homelessness in the allocation of capital resources by central government to local authorities. (Paragraphs 153–157).
APPENDIX 1: RESEARCH METHODS

In addition to reviewing currently available research, the Audit Commission study consisted of three main elements.

1. A postal survey conducted between June and August 1988 with two sampling frames. The first consisted of a 1:3 random sample of all housing authorities in England and Wales. The second sample, designated the stress sample, consisted of all housing authorities in England and Wales who had reported to the DOE or Welsh Office that in 1986-87 they had allocated 45 per cent or more of dwellings let to new secure tenants to homeless households. Some authorities came into both samples. A response rate of 92 per cent was achieved on both samples. Details of the responses are given in Exhibits 23 and 24.

Exhibit 23
SURVEY RESPONSE: 1:3 SAMPLE

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<tr>
<td>Other non-metropolitan authorities</td>
<td>64</td>
<td>3</td>
<td>67</td>
</tr>
<tr>
<td>Wales</td>
<td>8</td>
<td>2</td>
<td>10</td>
</tr>
</tbody>
</table>

Exhibit 24
SURVEY RESPONSE: STRESS SAMPLE

<table>
<thead>
<tr>
<th></th>
<th>RESPONSES</th>
<th>NON-RESPONSES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL LAs</td>
<td>55</td>
<td>5</td>
<td>60</td>
</tr>
<tr>
<td>London</td>
<td>22</td>
<td>4</td>
<td>26</td>
</tr>
<tr>
<td>Other metropolitan authorities</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Non-metropolitan authorities (South East)</td>
<td>18</td>
<td>0</td>
<td>18</td>
</tr>
<tr>
<td>Other non-metropolitan authorities</td>
<td>13</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>Wales</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

2. Seven authorities were selected for case studies. A sample of this size will not be statistically representative, but the authorities were chosen to represent a wide range of different types of area under different political control. All had significant levels of homelessness acceptances. The authorities comprised: three London boroughs, two non-metropolitan districts in South East England, one city council in North England and one city council in Wales. All were visited and structured discussions were held with the Director or Assistant Director of Housing and with staff responsible for the day-to-day operation of the homelessness service. The authorities also supplied written material on their policies and procedures and internal committee and management reports.

3. Discussions were held at several different stages of the study with officers of the relevant local authority associations.
APPENDIX 2: QUESTIONNAIRE FOR SURVEYS OF LOCAL AUTHORITIES

A. Processing Applications

In this section 'households claiming to be homeless' refers to people making applications under The Housing Act 1985, Part III (formerly the Housing [Homeless Persons] Act 1977). Where figures are not kept, please provide an estimate.

1. How many households claiming to be homeless applied to your authority in the year ending March 31 1988?
   Total households................................... .
   a Tick if estimate

2. For how many homeless households did your authority accept a duty to secure housing in the year ending March 31 1988?
   Total households....................................
   a Tick if estimate

3. Are households claiming to be homeless ever placed in temporary accommodation prior to an initial interview (other than when the application is made outside normal office hours)?
   Yes a No a If no, go to Question 6

4. How many households claiming to be homeless are currently placed in temporary accommodation awaiting a first interview?
   Total households.........................................
   a Tick if estimate

5. What is the current average length of time between the first application by a household and their first interview?
   Average time.............................................
   a Tick if estimate

6. How many households claiming homelessness are currently in temporary accommodation pending further enquiries on eligibility?
   Total households.........................................
   a Tick if estimate

7. What percentage of enquiries are completed within the times set out below?
   1 Day.........................................................% a
   2-7 Days...................................................% a
   8-14 Days................................................% a
   15-30 Days.............................................% a
   31-60 Days.............................................% a
   Over 60 Days............................................% a

8. Do staff who interview households claiming to be homeless use a standard form when carrying out assessments and recording decisions?
   Yes a No a

9. Do staff who interview households claiming to be homeless have written guidance notes on procedures for carrying out interviews and assessments?
   Yes a No a

B. Acceptances

In this section 'households accepted' means homeless households for whom your authority have accepted a rehousing duty.

10. What percentage of households accepted as homeless were registered on your authority's housing waiting list before their application as homeless?
    Percentage of all households....................
    a Tick if estimate

11. What is the current average length of time between the completion of enquiries and a decision on whether to accept a household?
    Average time.............................................
    a Tick if estimate

12. What percentage of all households applying as homeless are eventually accepted by your authority for permanent rehousing?
    Percentage of all households.....................
    a Tick if estimate

13. What percentage of all households accepted for permanent housing are actually rehoused by your authority?
    Percentage of all households.....................
    a Tick if estimate
14. Have there been any significant changes in your authority's policies on who is accepted as homeless or who is accepted as in priority need or who is treated as intentionally homeless in the past four years. Please tick all that apply.

Yes, homeless definition  
Yes, intentional homelessness definition  
Yes, priority need definition  
No change  

If yes, please give details of the policy changes below and an estimate of the resulting increase or decrease in the number of households accepted as homeless.

<table>
<thead>
<tr>
<th>Date of change</th>
<th>Description of change</th>
<th>Change in no. accepted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

15. Has your authority at any time in the past five years prepared a forecast of the number of households likely to be accepted as homeless by the authority?

Yes  
No  

If yes, please give details below.

<table>
<thead>
<tr>
<th>Forecasts</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of forecast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period covered</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of acceptances at start of period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forecast change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of acceptances at end of period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
C. Advice and Assistance

16. To how many homeless and potentially homeless households did your authority provide detailed advice and assistance in the year to March 31 1988 (not including those households for whom a rehousing responsibility was accepted)? If available, please give the breakdown between households in priority need and others.

Priority households........................................... a

Non-priority households................................ a **Tick if estimate**

Total households............................................. a

17. Please give below details of the outcome of the advice and assistance given. Where figures are not kept please give estimates. Note that the answers should add up to 100%.

**Outcome**

Accommodation retained.............. % a

New home found..............................% a

Other solution/improvement........... % a **Tick if estimate**

No solution possible....................... % a

Outcome unknown........................... % a

D. Current Use of Temporary Accommodation

18. Does your authority regularly place homeless households for whom it has a responsibility to secure housing into temporary accommodation, other than in emergencies or pending investigations?

Yes a No a If no, go to Question 29

19. What is the minimum length of time a household will currently spend in temporary accommodation before permanent rehousing?

Minimum time....................................... a **Tick if estimate**

20. What is the maximum length of time which a household will currently spend in temporary accommodation before permanent rehousing?

Maximum time......................................a **Tick if estimate**

21. How many homeless households for whom your authority has accepted a rehousing responsibility are currently staying in the following types of accommodation?

<table>
<thead>
<tr>
<th>Type of Accommodation</th>
<th>Number</th>
<th><strong>Tick if estimate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed and breakfast hotels</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Local authority shortlife</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Local authority hostels</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Permanent authority stock used as</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>temporary accommodation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Women's refuges</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Other hostels</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Accommodation leased from private landlords</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Accommodation leased from housing associations</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Accommodation leased from other public sector owners</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>'Homeless at home' (i.e. staying temporarily with relatives or friends)</td>
<td></td>
<td>a</td>
</tr>
<tr>
<td>Mobile homes</td>
<td></td>
<td>a</td>
</tr>
</tbody>
</table>

22. Does your authority have any plans to expand or reduce the numbers in the different types of temporary accommodation?

Yes a No a

If yes, please write in details below.

........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
........................................................................................................................................
23. Have any plans by your authority to provide temporary accommodation been affected by the DOE restrictions on leasing and barter arrangements announced on March 9 1988?

Yes  a  No  a

If yes, please give details below.

.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................

24. Are homeless applicants given information on the probable length of stay in temporary accommodation?

Always  a  Usually  a  Sometimes  a  Never  a

25. Has your authority used bed and breakfast hotels as temporary accommodation for homeless households during the past year?

Yes  a  No  a  If no, go to Question 29

26. Does your authority have liaison arrangements with any other local authorities over prices and standards of bed and breakfast hotels?

Yes  a  No  a

If yes, please write in details of arrangements below.

.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................

27. Are board and lodging payments from DHSS for homeless households in bed and breakfast hotels made:

All direct to the household  a
Some direct to the local authority  a
All direct to the local authority  a

28. Has your authority experienced any difficulties in the past year over securing payments from the DHSS to the authority?

Yes  a  No  a

If yes, please write in details below.

.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................

E. Permanent Housing

29. Are households applying as homeless told, at the time of their application, what type of permanent home they are likely to receive if they are accepted for housing?

Always  a  Usually  a  Sometimes  a  Never  a

30. Are households applying as homeless told, at the time of their application, in which neighbourhood they are likely to be offered a home?

Always  a  Usually  a  Sometimes  a  Never  a

31. Does your authority make grants to enable council tenants to buy a home on the private market ('portable discounts')?

Yes  a  No  a  Not yet, but being considered  a

If yes:

How many such grants were made in the year ending March 31 1988?

Number of grants.................................................................

What was the average size of grant?

Average grant £.................................................................

32. Does your authority make grants, or offer other incentives, to council tenants who are underoccupying family sized accommodation to encourage them to move to a smaller council property?

Yes, cash grants  a  Yes, other incentives  a  No  a

If cash grants or other incentives are given, please write in details below.

.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................

33. Does your authority operate any other home ownership schemes for tenants aimed at releasing properties for reletting (e.g. equity sharing or low cost schemes)?

If yes, please write in details below.

.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................
.......................................................................................................................................................................................

59
34. Please give below the numbers of dwellings let to new secure tenants (i.e. not including transfers) in the year to March 31 1988 who were:

<table>
<thead>
<tr>
<th>Displaced through slum clearance or redevelopment</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homeless households</td>
<td></td>
</tr>
<tr>
<td>Housed from waiting list (normal allocation)</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

(Number This information is recorded on the annual HIP1 return made to DOE.)

35. Has your authority produced any reports comparing the characteristics of waiting list and homeless applicants?

Yes ☐ No ☐

If yes, please enclose a copy of the report when returning the questionnaire.

F. Staffing
This section asks questions about the number of staff carrying out certain duties. Please give the total number of posts, including those currently vacant. If some staff spend only part of their time on the duties specified, please add together the proportion of time each one spends to give the full time equivalent. For example: 2 people full time + 1 person half time = 2.5 staff.

36. How many staff are currently employed in total in the housing department on carrying out the authority's duties towards homeless applicants (excluding staff who manage temporary accommodation)?

Total staff (full time equivalent)...................................................

37. How many staff are currently employed in the housing department in directly interviewing and assessing homeless people making applications under The Housing Act 1985, Part III (formerly the Housing [Homeless Persons] Act 1977)? Please include all relevant staff, whether or not they are working within a Homeless Persons Unit.

Total staff (full time equivalent)...................................................

38. How many staff are currently employed in giving advice and assistance to homeless or potentially homeless applicants (not including staff time recorded under Question 37)? If available, please also give the breakdown between staff time spent on priority need cases and others.

Priority need cases (full time equivalent).................................

Non-priority need cases (full time equivalent)............................

Total staff (full time equivalent)..............................................

Thank you for your help with this research.

39. How many staff are currently employed in operating the housing waiting list (including interviewing applicants and home visits)?

Total staff (full time equivalent)...................................................
REFERENCES

1. Evans A and Duncan S, Responding to Homelessness: Local authority policy and practice, HMSO, 1988


3. Audit Commission, Managing the Crisis in Council Housing, HMSO, 1986


7. Housing Debtline, Housing Debtline Review, 1988


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<td>December 1984</td>
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<td>December 1984</td>
<td>£4.20 net</td>
</tr>
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<td>February 1985</td>
<td>£5.25 net</td>
</tr>
<tr>
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<td>0 11 701281 5</td>
<td>March 1985</td>
<td>£3.30 net</td>
</tr>
<tr>
<td>Capital Expenditure Controls in Local Government in England</td>
<td>0 11 701280 7</td>
<td>April 1985</td>
<td>£4.60 net</td>
</tr>
<tr>
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<td>0 11 701284 X</td>
<td>June 1985</td>
<td>£5 net</td>
</tr>
<tr>
<td>Saving Energy in Local Government Buildings</td>
<td>0 11 701289 0</td>
<td>November 1985</td>
<td>£4.80 net</td>
</tr>
<tr>
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<td>0 11 701290 4</td>
<td>March 1986</td>
<td>£5.95 net</td>
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<tr>
<td>Towards Better Management of Secondary Education</td>
<td>0 11 701294 7</td>
<td>May 1986</td>
<td>£5.90 net</td>
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<td>October 1986</td>
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<td>0 11 701314 5</td>
<td>November 1986</td>
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<td>0 11 701323 4</td>
<td>December 1986</td>
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<td>Improving Supply Management in Local Authorities</td>
<td>0 11 701329 3</td>
<td>March 1987</td>
<td>£4.20 net</td>
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<td>0 11 701365 X</td>
<td>September 1987</td>
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<td>Survey of Computer Fraud and Abuse</td>
<td>0 11 701065 0</td>
<td>December 1987</td>
<td>£9.50 net</td>
</tr>
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<td>0 11 701067 7</td>
<td>February 1988</td>
<td>£4 net</td>
</tr>
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<td>May 1988</td>
<td>£4 net</td>
</tr>
<tr>
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<td>0 11 701069 3</td>
<td>May 1988</td>
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</tr>
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<td>Performance Review in Local Government Action Guide</td>
<td>0 11 701395 1</td>
<td>September 1988</td>
<td>£13 net</td>
</tr>
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<td>0 11 701396 X</td>
<td>September 1988</td>
<td>£7 net</td>
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</tr>
</tbody>
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