

London local government expenditure on 'Everyone In'
An independent review by LSE London

Kath Scanlon and Christine Whitehead
November 2020

Introduction

London Councils and the London Housing Directors' Group have collected data from its member authorities on the amount they have spent accommodating rough sleepers since March 2020, and expected future expenditure for this group until they enter settled accommodation. LSE London has a strong record of research into homelessness expenditure; based on the understanding developed through that research we have prepared this independent assessment of the London Councils figures.

The 'Everyone In' policy and what it required

Rough sleeping is the most public and visible manifestation of homelessness, but in strictly legal terms most rough sleepers are not classified as 'statutorily homeless' and local authorities normally have no duty to accommodate them. There was, however, an existing pan-London GLA programme called 'Life Off the Streets', which included a No Second Night Out service and a clearing house to move people on from emergency accommodation. This programme had a budget of nearly £20m in 2019/20 and had taken some 5,500 people off the streets. Boroughs also received funding through the Rough Sleeper Initiative to provide some additional outreach and support for rough sleepers, which amounted to £28.5m in 2020/21.

The situation changed dramatically at the start of the pandemic. Announced on 26 March, the 'Everyone In' policy, which replaced No Second Night Out, looked to bring into safe accommodation all those sleeping rough, or in shared sleeping facilities such as shelters. Based on an April snapshot, MHCLG reckoned that 90% of individuals identified by English local authorities as rough sleepers or in 'shared sleeping sites' – a total of around 5,400 people – had been accommodated. In London the number was 3,600, of whom 1,200 were accommodated in GLA-procured hotels and 2,400 in borough sponsored accommodation.

This London figure for the number of people in emergency accommodation had risen to 4,450 by May 14th. By October 15th the number had fallen to 3,497 – with a further 2,968 people having been secured permanent move-on accommodation since March by a borough or the GLA. The figures for London come mainly from London Councils.

Why the cost-estimation exercise was carried out

Local authorities have a detailed record-keeping system¹ for expenditure on homeless households, but as rough sleepers are not considered 'homeless' in the statutory sense the data are unlikely to be collected in a comparable format. London Councils therefore collected this information to provide an evidence base for understanding how the 'Everyone In' policy affects local government expenditure in London.

How the numbers were collected

London Councils is a membership organisation that represents the interests of all 33 local authorities in London (32 boroughs plus the City of London). It collected the information using a questionnaire

¹ H-CLIC, or Homelessness Case Level Information Classification

in the form of an Excel spreadsheet, which was circulated to all member authorities and to the GLA. The questionnaire format was developed by officers from the boroughs of Camden and Hackney and reflects the internal financial and recordkeeping procedures of those councils. Not all boroughs use the same procedures, which has resulted in some inconsistencies in the data (discussed below).

The questionnaire was circulated in mid-June 2020, with returns being submitted into July and capturing boroughs' actual and anticipated spend at that point. It was completed by borough housing and/or finance officers. The survey was completed by 30 of the 34 organisations approached (33 local authorities and the GLA), which is a very high response rate given the pressures facing local authority housing departments and officers during the pandemic.²

Caseload

The survey showed that about 6700 individuals were given shelter in London from the start of the initiative to the end of June 2020 (Table 1). About 2400 were accommodated by inner London boroughs, 3000 by outer London boroughs and 1300 by the GLA.

Table 1: Responsibility for rough sleepers accommodated during 'Everyone In'

Inner London boroughs	2,400
Outer London boroughs	3,000
GLA	1,300
TOTAL	6,700

Source: LSE London calculations based on London Councils/London Housing Directors Group/GLA data. Includes imputed figure for nonresponding boroughs. Rounded to the nearest hundred

Across boroughs there was a wide variation in the numbers accommodated, from a low of 26 to a high of 427. This variation can be explained partly by the extent to which boroughs use (or have within their areas) night shelters and other shared accommodation, the proportion of cases accommodated by the GLA, and boroughs' earlier policies on finding accommodation and responding to rough sleepers. These figures are gross – that is, they include *all* rough sleepers accommodated during this period. Some would have been accommodated even in normal circumstances, through the pan-London initiative, charities and mainstream borough programmes, had the pandemic not occurred.

Local authorities classify rough sleepers according to their eligibility for public funds, which in turn depends on their migration status. Many people without leave to remain indefinitely have the right to work but do not have access to benefits, notably Housing Benefit or Universal Credit; others are awaiting clarification of their immigration status or appealing against decisions made by the Home Office. About 1700 (a quarter) of the 6700 individuals accommodated were non-UK nationals who are not normally eligible for public assistance (categorised as 'No Recourse to Public Funds' or NRPF). Because it was a public health emergency, the Everyone In policy required local authorities to accommodate all rough sleepers including NRPF cases. Central government provided some

² Four boroughs did not respond. According to separate, regularly collected data on caseloads, these boroughs housed about 12% of London's rough sleepers in June 2020. The caseload and expenditure figures reported here include imputed numbers for the four non-responding boroughs.

money to local authorities to cover the costs but did not extend eligibility for Housing Benefit or Universal Credit to these households.

Table 2 categorises the individuals accommodated by their eligibility for public funds.

Table 2: London Rough sleepers accommodated April-June 2020, by eligibility for public funds

<i>Public funding status</i>		<i>Boroughs reported</i>	<i>imputed figures for nonresponding boroughs</i>	<i>GLA</i>	<i>TOTAL</i>
eligible for public funds		3600	400	900	4900
No recourse to public funds (NRPF)	EEA national eligible for housing benefit ³	100	0	400	1700
	EEA national not eligible for housing benefit	600	100		
	Non-EEA national	500	100		
TOTAL INDIVIDUALS ACCOMMODATED		4800	600	1300	6700

Source: LSE London calculations based on London Councils survey of boroughs, June 2020, and GLA data.

Includes imputed figures for nonresponding boroughs; estimates rounded to the nearest hundred

Net expenditure

London boroughs were asked to provide costs⁴ for three phases:

- Phase 1: the initial three-month expenditure period comprising April, May and June⁵, when councils were accommodating rough sleepers. The assumption made was that Phase 1 ended on 30 June for all local authorities.
- Phase 2: the transition period, during which this cohort of individuals would gradually move on from emergency accommodation (normally in hotels) to move-on temporary accommodation and then to settled accommodation. Each local authority was asked to indicate how long Phase 2 would last; the responses ranged from 3 to 24 months. This variation can be attributed to factors including caseload levels, the availability of suitable studio and one-bed accommodation locally, and how strict procurement policies are (for example, some boroughs limit procurement to properties within their own boundaries).
- Phase 3: costs incurred after clients were placed in settled accommodation. These costs were for ongoing support with for example drug and alcohol problems and would be incurred in some cases for long periods.

³ Even though housing benefit is a type of public fund, EEA nationals eligible for housing benefit are classified—confusingly—as NRPF.

⁴ Net of Housing Benefit but not of any other grants or income.

⁵ The questionnaire did not capture expenditure data for the period from the announcement of lockdown until the end of March (8 days). Costs were incurred during this period but they would likely add a relatively small amount to the overall total.

According to LSE London calculations, **boroughs** could be expected to incur costs net of Housing Benefit of **approximately £59.0 million in the first year⁶**, from April 2020 – March 2021. Some £19.5 million was spent during Phase 1; this is likely to be a good estimate as the survey was conducted in June, near the end of that period. In Phases 2 and 3, boroughs anticipated spending £39.5 million in the first year on moving this cohort into temporary accommodation, then eventually settled accommodation, and supporting them there. Separately, the **GLA** expected to spend some **£39.8 million** accommodating rough sleepers in the first year.

This establishes a **total anticipated cost across London of £98.8 million for the year 2020/21** as a result of the ‘Everyone In’ response to the March 2020 Covid-19 lockdown (Table 3).

Table 3: Total anticipated cost across (£m)

		Non-NRPF	NRPF	OVERALL
Boroughs	Phase 1	£14.7		£4.8
	Phase 2	£23.8		£7.5
	Phase 3	£8.2		
	Subtotal boroughs	£46.6		£12.3
GLA		£19.0		£20.8
	TOTALS	£65.6		£33.1
				£98.8

Source: LSE London calculations based on London Councils survey of boroughs, June 2020, and GLA data. Includes imputed figures for nonresponding boroughs.

In addition, there will be follow-on costs in subsequent years, mostly because former rough sleepers often have additional support needs. The boroughs estimate costs at **£31.3 million** in the next financial year, while the GLA expects to spend **£13.1 million** after the first year.

This brings the total cost to London local government of accommodating the roughly 6700 ‘Wave 1’ of rough sleepers to **£143.2 million**, suggesting a per-capita cost for the Wave 1 cohort of **£21,400** (Table 4).

Table 4: Total expected expenditure by London local government on Wave 1 (£ million)

	2020/21	subsequent years	TOTAL
Boroughs	£59.0	£31.3	£90.3
GLA	£39.8	£13.1	£52.9
TOTAL London	£98.8	£44.4	£143.2
Per capita	6,700	cases	£21,400

Source: LSE London calculations based on London Councils/London Housing Directors Group/GLA data. Includes imputed figures for nonresponding boroughs

⁶Includes costs reported by boroughs and GLA for NRPF and non-NRPF cases, plus an uplift to borough costs to reflect estimated costs for four nonresponding boroughs. The uplift factor was 12%, based on the nonreporting boroughs’ proportion of rough sleeper caseloads in June 2020.

The average annualised cost of temporary accommodation⁷ reported by the boroughs was £15,500 for each individual non-NRPF case (although note that not all individuals remain in TA for a full year). This is somewhat lower than the average costs of nightly paid accommodation in London that we calculated last year for MHCLG. However, the accommodation provided for rough sleepers was for single people, while pre-Covid most such accommodation was procured for families. The cost of hotel extension accommodation was somewhat higher, at £19,900 per annum.

For NRPF cases, the estimated annual cost of move-on accommodation was lower, at £13,500.

As noted before, practices differed across boroughs and not all classified expenditure the same way. For example, boroughs provided food to some former rough sleepers, and the reported cost of this ranged from £1 to £28 per person per night.

Findings from qualitative research

LSE London researchers conducted interviews over the course of summer 2020 with representatives of 12 London boroughs, the GLA and homelessness charities. All the local authorities saw the rough-sleeping emergency as the most difficult and most expensive element of lockdown. On the whole, the number of people approaching local authorities for help with homelessness slowed considerably. Boroughs did not see the rises in illegal eviction and domestic violence they had expected, which raised concerns that incidences may not be presenting at homelessness services. Those who did come through the normal channels were more likely to be single as compared to pre-Covid experience.

Accommodation

Most local authorities placed some rough sleepers in hotels that they had already been using, or found them wherever they could – often spread across London. These have now been reorganised so more of those accommodated in this way are in-borough. This has cost implications especially for inner London authorities, as they still receive only 90% of 2011 rents through LHA.

Skills

In dealing with rough sleepers, boroughs found that ensuring safety in hotels and providing food, support and security used different skills to those in traditional homelessness teams. The biggest challenges for boroughs were around (i) initial health and need assessments – which appeared to have gone well; (ii) maintaining support and other services for those accommodated in hotels; (iii) sorting out individuals' benefit status/NRPF position; (iv) moving people into temporary accommodation - so maintaining Housing Benefit rights; and (v) finding settled accommodation, where the benefits available would generally be lower. These issues required not only traditional housing allocation skills but also legal advice; health, alcohol and substance abuse support; and help with employment.

⁷ Simple unweighted average of borough monthly costs. Most but not all boroughs provided these figures.

Self-contained vs non-self-contained accommodation

Our interviewees said 'Everybody In' aimed at ensuring safety against Covid and higher standards of housing rather than just providing shelter. An unknown proportion of those housed had been in shelters or shared accommodation rather than sleeping on the street. Equally, some who had been on the street for many months or even years were prepared to go to a good quality hotel room. This mass move away from non-self-contained accommodation has implications for future provision. For instance, only perhaps 50% of night shelters can be made Covid secure for the coming winter, and other types of shared accommodation need to be reorganised into self-contained. A bad winter will put additional pressure on the system. Government is funding some of these changes via the GLA allocation under Move On and the four-year £433m New Rough Sleepers Accommodation Fund.

NRPF

Interviewees said the most difficult issue had been the high number of NRPF cases. They were housed because we are in the midst of a public health emergency, and they have been promised continued accommodation and support. Those interviewed said that individuals with no recourse to public funds increasingly dominate new arrivals of people on the street (now said to be running at pre-Covid levels). Those turning to rough sleeping include people who have lost their jobs and been 'asked to move' from non-secure accommodation.

Looking ahead

The No Second Night initiative is now running again, as is the pan-London clearing house. But there is considerable concern among those organising support services that those accommodated since March are being moved on more slowly than in the past, generating additional health and welfare problems. A big concern now is that mainstream homelessness services – notably temporary accommodation -- will be competing for basically the same accommodation as move-on from emergency rough sleeper accommodation. In addition, the former rough sleepers will need more resources per person because of individual problems. This is of great concern because of the limits on Local Housing Allowance (LHA) and Universal Credit and the extent to which the mainstream has shifted towards single people.

Finally, there was continued concern among those working in the local authorities that despite considerable improvement and weekly or indeed sometimes daily meetings among the major participants, the different initiatives did not always fit together coherently.

Discussion

Rough sleepers are the visible face of homelessness but, confusingly, local authorities are not legally required to offer them shelter unless they come forward as homeless and meet relevant requirements. There is a different strand of government support for rough sleepers delivered through the GLA and borough Rough Sleeping Initiative programmes. This changed with the pandemic, at least during the initial months.

Local authorities receive government funding towards the costs of accommodating homeless households through longstanding grant arrangements, some of which is not ring-fenced for homelessness. London boroughs must top up expenditure with their own funds as the amount notionally allocated to homelessness does not cover the costs of temporary accommodation (as

noted in our forthcoming report *The cost of temporary accommodation in England*, to be published by the MHCLG).

In any case, central government funding of homelessness expenditure is not designed to cover the cost of accommodating rough sleepers, who are not generally ‘statutorily homeless.’ In recognition of this, central government provided an additional ring-fenced grant to cover the costs of the ‘Everyone In’ policy. This amounted to £94.72m in England, of which London local authorities (and the GLA) received £44.01m.⁸

Although rough sleepers still remain outside the legal definition of homelessness, those accommodated in the March-June 2020 period are now in the temporary accommodation system and will therefore normally be eligible for Housing Benefit. Over the course of the next year or so, local authorities plan to move them into more suitable long-term accommodation. This is sensible and humane; there would rightly be an outcry if these individuals were sent back onto the street (although some have themselves decided to return). Of those who stay in the system, many have support needs that will entail continuing expenditure over a period of months or years and some at least of this accommodation will be subject to LHA limits. At the moment, however, there is no mechanism for local authorities automatically to recoup the considerable costs they incur, especially as LHA, from the point of view of the local authority, is limited to 90% of 2011 rents.

One issue affecting the numbers considerably is that some ‘rough sleepers’ had not been sleeping on the street but were in non-self-contained accommodation, including night shelters, which was not suitable during a pandemic.

The cases and the costs discussed here refer *only* to individuals accommodated during the first three months of the pandemic under the ‘Everyone In’ policy. That policy never formally ended although government assumed it did so at the end of June. There has been, and will continue to be, a continuing flow of rough sleepers arriving on the street. If individuals needing shelter do not come forward as homeless, or do so but qualify only for advice rather than accommodation, they will obtain support from other organisations or find their own solution—which is sometimes rough sleeping.

Informed sources say there may now be more rough sleepers than at the beginning of the pandemic, and that a higher proportion of these are NPRF. If the pandemic conditions dictate the return of an Everyone In-type policy this will create a ‘Wave 2’ cohort. As a starting point, we would expect that the costs to local government in London of housing Wave 2 would probably be similar to those for Wave 1. We estimate these costs at £21,400 per individual supported.

⁸ This includes £0.85m of funding provided in Coronavirus Emergency Support for Rough Sleepers announced March 2020 (23.6% of the national total) and £43.16m provided in Next Steps Accommodation Programme funding allocated in September 2020 (47.2% of national allocation, including £19m of funding for the GLA).