

The Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London, SW1A 2HQ

Dear Jeremy,

The unprecedented pressure on temporary accommodation services

An unprecedented number of people are turning to councils as the last option for support when they face homelessness. As councils, we are proud of the help we give to people when they need it, but our situation is becoming untenable. We have had no option but to rapidly escalate our use of temporary accommodation, which is threatening to overwhelm our budgets.

The level of concern was demonstrated when 158 councils attended a 31 October summit on the issue, organised by the District Councils' Network (DCN) and Eastbourne Borough Council. The scale of the problem was also shown by a recent DCN survey in which 96% of our member councils reported an increase in use of temporary accommodation – four-fifths of them describing this as 'significant'.

The ensuing increase in costs is a critical risk to the financial sustainability of many local authorities and we urge you to act swiftly to ensure we can continue our vital work. The pressure is particularly acute for district councils because housing costs constitute a far bigger proportion of our overall expenditure.

Without urgent intervention, the existence of our safety net is under threat. The danger is that we have no option but to start withdrawing services which currently help so many families to avoid hitting crisis point. There will also be a knock-on impact on other cherished council services, which councils could also have to scale back, and on other parts of the public sector – such as the NHS – which will be left to pick up the pieces.

Councils and our partner organisations in health, policing and education, as well as the voluntary sector, have had considerable success in recent years in moving the whole local system towards preventing homelessness, rather than just dealing with the consequences.

However, the supply of permanent, affordable housing has fallen in many places while the impact of the rising cost of living is making housing too costly for many people. This impacts on the health and wellbeing of households affected. Some areas also experience added pressure due to the placement of asylum seekers in local hotels and other temporary accommodation.

We do believe there is a way forward, as DCN set out to you in our Autumn Statement submission on 13 October. We are urgently calling on the Government to:

- Raise Local Housing Allowance rates to a level that will cover at least 30% of local market rent and commit to annual uprating.
- Provide £100m additional funding for Discretionary Housing Payments in 2023-24 and an additional £200m in 2024-25.
- Provide a £150m top-up to the Homelessness Prevention Grant for 2024-25.

- Review the cap for housing benefit subsidy rate for local authority homelessness placements.
- Develop policy to stimulate retention and supply in the privately rented sector.
- Give councils the long-term funding, flexibility and certainty needed to increase the supply of social housing.

Considering the urgency of these matters, we would welcome a meeting with you ahead of the Autumn Statement.

We firmly believe that action on these issues will ensure that district councils can continue to provide an effective homelessness safety net. We also believe that these measures will be cost effective by ensuring homelessness is prevented, reducing public expenditure in future.

The human cost of homelessness is immense. With your help we can prevent it worsening.

Yours sincerely,

Councillor Sam Chapman-Allen
Chairman, DCN

Councillor Stephen Holt

CC: The Rt Hon Michael Gove MP, Secretary of State for Levelling Up, Housing and Communities
The Rt Hon Mel Stride MP, Secretary of State for Work and Pensions