

## **Housing and residential property journalist**

### **The cost of homelessness: council spend on temporary accommodation revealed**

<https://www.insidehousing.co.uk/insight/insight/the-cost-of-homelessness-council-spend-on-temporary-accommodation-revealed-57720>

With this extensive and detailed research, Nathaniel demonstrated a crucial skill for any journalist: tying an ongoing, complex problem into a neat series of engaging facts which tell a story without oversimplifying the issue.

Gathering a vast amount of data through Freedom of Information requests, he was able not only to highlight just how much public money is being spent on temporary accommodation, but also show where that cash is channelled.

But the figures alone would do nothing without clear-headed analysis and accomplished copy. Nathaniel wove his research into a tight feature which points out the key issues for local authorities while remaining accessible to readers who are less familiar with homelessness and temporary accommodation policy.

After publication, housing professionals from multiple organisations including the Greater London Authority contacted Nathaniel with further questions about the data and the story was featured in *Private Eye*.

### **Fire safety: who foots the bill?**

<https://www.insidehousing.co.uk/insight/insight/fire-safety-who-foots-the-bill1-52480>

This piece of analysis is a prime example of *Inside Housing's* commitment to inform its readers on the key questions in the aftermath of the devastating Grenfell Tower fire.

At the time the social housing sector was awash with uncertainty about the financial implications of fire safety works.

Nathaniel cut through the confusion to identify the significant questions and answered them with clarity and skill, drawing on help from top legal experts in the field. In so doing, he showed his ability to understand quickly technical issues and convert them into a digestible format which informs affected readers – the hallmark of a capable trade hack.

In addition, his research uncovered an important scoop about Wandsworth Council's plan to charge leaseholders for sprinklers, which was later [followed up by the Guardian](#).

### **Piloting the Right to Buy**

<https://www.insidehousing.co.uk/insight/insight/piloting-the-right-to-buy-extension-56524>

The extension of the Right to Buy for housing associations, David Cameron's flagship 2015 general election policy, has made headlines across the media and been a subject of great division in the social housing sector.

But few have stayed committed to following the trajectory of this policy, which if rolled out nationally would likely alter the picture of social housing in the UK forever.

Nathaniel has demonstrated an impressive commitment to his patch, breaking a series of exclusive stories on the 'Voluntary Right to Buy' in recent months.

These include scoops about a [1,000-home threshold for the policy's major pilot](#), [the government's decision to reject a rural 'sub-pilot'](#), and, most significantly, [the number of social homes officials expect to be sold through the trial](#).

In his piece, 'Piloting the Right to Buy', Nathaniel identified the two key tests for the policy – including the tricky concept of portability – and explained them with aplomb.

His stylish use of language ensured that the article is engaging despite its specificity, while his sparing use of quotes helped keep the material strictly informative.



**I**t's been a long time coming. More than three years on from when the Conservative election manifesto recommended the extension of Right to Buy discounts to housing association tenants, the policy will finally be piloted at scale this summer.

From August, tenants of housing association homes across the Midlands will be able to purchase their properties at a discount.

It follows on from a smaller pilot involving just five landlords, which was previously run in 2016 - though this new trial will be a different beast altogether.

All housing associations with more than 1,000 homes in the Midlands - both east and west - are expected to take part, and smaller organisations can still sign up if they wish.

According to government guidance on the new pilot issued last month, a full list of participants "will be published in due course" via the National

Housing Federation (NHF) or Ministry of Housing, Communities and Local Government (MHCLG) website. Boards are currently deliberating on whether to join, but *Inside Housing* understands that no landlords with more than 1,000 homes are expected to opt out.

**"We guarantee we will build homes for local people in perpetuity."**

Funded through £200m from the Treasury, the new large-scale pilot will also throw two crucial and as-yet-untested concepts into the mix: portability of discounts and one-for-one replacement.

*Inside Housing* takes a look at the key sticking points.

This looks set to be the most administratively complex element of the pilot. It means that tenants are

able to use their Right to Buy discount to purchase a different housing association home to the one they currently live in, including properties owned by other organisations, if theirs is exempt.

Many are likely to be. For instance, units delivered through Section 106 arrangements will often be required to remain affordable in perpetuity, while rural homes and specialist supported housing are also likely to be exempt. In the smaller pilot, 32% of homes were omitted. Scaled up across an entire region, this will be tens of thousands of homes.

It is housing association boards that will ultimately decide whether or not individual homes are sold.

Associations will therefore be expected to publish their own 'local policy' for exemptions and discount porting.

It's easy to see how this might lead to difficulties; some housing associations will inevitably want tighter ►

With the Right to Buy extension pilot due to land this summer, *Nathaniel Barker* unpicks two sticking points

# Test flight

# News analysis

## The Right to Buy extension: a timeline

### April 2015

The Conservatives announce an extension of the Right to Buy to housing association tenants as the flagship policy of their election manifesto launch. To criticism from housing figures, the party says the extension will be funded through the mass sale of high-value council homes, and later wins a surprise majority at the election.

### September 2015

Amid reports that the government is planning to nationalise and sell off the housing association sector, associations are asked to vote on a deal developed by the National Housing Federation to adopt the Right to Buy extension policy voluntarily.

### October 2015

The sector votes in favour of the deal. Soon after, housing association debt is added to the national accounts by the Office for National Statistics, and the government promises to deregulate to reverse this position rather than the feared nationalisation.

### November 2015

A pilot of the policy with five associations is announced in the Autumn Statement, to get under way in April.

### June 2016

The EU referendum results in a vote for Brexit, leading to David Cameron's resignation and the appointment of Theresa May as prime minister. Ms May's

government institutes a less homeownership-focused housing policy.

### November 2016

A large-scale Right to Buy pilot is announced. The Midlands later emerges as the location.

### August 2018

Large-scale regional pilot due to begin.

rules than others around which properties can be sold off - and indeed, who can move into their stock.

These issues are likely to be particularly acute in rural areas, where rural exception sites are often the only land available for development. Associations are able to build in these places because they can convince planners the homes will provide affordable housing for local people forever. Portability, which could see people from other areas moving in to purchase one of these homes, therefore poses a problem.

That was certainly the view taken by Warwickshire Rural Housing Association. With a stock of around 550 homes, it was not expected to join the pilot - but was keen to take part to help test some of the concerns rural housing associations have been voicing about the Right to Buy extension in practice.

"The rural associations across the country have got a big issue about portability and therefore, although there was this threshold, we sought legal opinion because we felt there would be a benefit for rural associations to be involved," says Derrick Dyas, chair of Warwickshire Rural Housing Association.

"But when we were informed that by joining we would have to accept that all of our units could be thrown into the mix, we decided against it. That would be sending the wrong message to the rural communities that we work with. We guarantee when we work with parish councils that we will build the homes for local people in perpetuity only and that they would never be sold to people without a connection to the area."

The association had

intended to keep a "watching brief" over a special rural offshoot to the main pilot, which 10,000-home Connexus had offered to run. However, the MHCLG turned this proposal of a special pilot down, telling *Inside Housing* it "did not meet the criteria for us to proceed with it".

However, other attempts to gear up for portability appear to have been more positive. Matrix Housing Partnership is made up of Accord Group, Rooftop Housing Group, Trent & Dove Housing, Trident Social Investment Group and Watmos Community Homes, and is collaborating to form a common policy for how portability will work in the pilot.

**"[The terms of the deal] acknowledge the challenges of replacing on a like-for-like basis."**

Boris Worrall, chief executive of Rooftop and chair of the West Midlands regional committee at the NHF, explains: "The concept of portability is inherently complicated, so a number of us are actively exploring the development of a common framework for that. Potentially others could join that, too. The more that we can agree upfront how to manage it, the better."

Collaboration of this kind will surely be essential.

### One-for-one replacements

The second major test point will be whether the homes sold can be replaced on a one-for-one basis. This is another of the four key principles agreed with the government.

For the policy to be a success it is vital that the replacement element works; the loss of social housing associated with the traditional version for council tenants is the major reason the Right to Buy has become so controversial. Here the mechanism for funding replacements will be quite different, with associations given full compensation for the discounts offered, paid for by the Treasury.

And it's important to pay attention to the specific terms of the deal for associations: the replacements are to be delivered "nationally".

"That acknowledges some of the challenges of replacing homes that have been sold on a like-for-like basis in a real-world setting," says James Prestwich, head of policy at the NHF.

When Mr Prestwich insists that the Right to Buy extension "must absolutely not come at the cost of social and affordable housing", he likely speaks for many.

But preventing the loss of social housing at a local level may be difficult - particularly if the policy

proves especially popular in certain areas. And under the guidance, the "type, tenure and location of replacements are a matter for the housing association as long as the property can be deemed to be affordable".

In theory then, a home let at social rent in a Shropshire village could be 'replaced' with a shared ownership unit in central Birmingham and still comply. This would doubtless lead to friction with the local authority concerned.

Mr Prestwich emphasises that here again, co-operative working between housing associations will be key - indeed, he suggests that is a major opportunity presented by the Right to Buy extension.

Preparations over the next few months will focus on developing complementary plans for the replacement policies themselves, as well as strategies to communicate these with tenants.

Some time after the pilot finishes in 2020, once long enough has passed for the replacements to be completed, an evaluation report will be published. This document will provide figures for how portability and the one-for-one rule work in practice.

Perhaps this is the biggest signal of the future of a policy which remains a hangover from a previous era of Conservative government and for which there is no longer a clear funding mechanism for national roll-out.

It is possible this latest stage in the saga represents an opportunity to boot the full extension another three years down the line.

So while the pilot will land in the Midlands this summer, don't expect the scheme to be taking off nationally any time soon. ■



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**FROM:  
SINGLE RO  
DOUBLE R  
INCLUDING**

**2013/14**  
**£602m**

**2014/15**  
**£685m**

**2015/16**  
**£775m**

**The true cost of the**



15/16  
73m

2016/17  
£870m

2017/18  
£937m

# the homelessness crisis

New research has revealed how much councils are spending on temporary accommodation across England, Nathaniel Barker analyses the financial impact

**E**xclusive *Inside Housing* research has revealed that English councils spent £937m on temporary accommodation for homeless households in the past financial year alone.

That's a lot of money. But it's far from the only eye-opening figure revealed by data obtained from 290 local authorities through the Freedom of Information Act (FOIA). Here, we analyse the financial impact of the crisis on town halls.

Between 2013/14 and 2017/18, English town halls coughed up a total of £3.87bn for temporary accommodation. Over that period, the annual bill rocketed by 56% - up from £602m five years ago. If that trend continues, the spend for 2018/19 could well run into 10 figures. In fact, given that 36 councils had not responded to our information requests by the time this story went to press - including the major metropolitan ►

areas of Bristol, Leeds and Leicester - the actual figure for the past year could already be close to the £1bn mark.

The numbers quoted above represent the gross spend; that is the total initial spend not including money clawed back in rental income - almost all of which will be paid through housing benefit. Analysis of data from the 54 authorities which provided both gross and net figures shows they only bore 21.4% of the costs themselves over the past five years.

In other words, the government paid out an estimated £3bn in housing benefit to keep people in temporary accommodation in the 290 councils that responded to our request for information.

Behind these figures are thousands of people and their families. Some of them will be highly vulnerable, some will have disabilities, while others will be working people - nurses, cleaners and teaching assistants - unable to afford rising housing costs. Often they will be moved many miles away from their jobs, children's schools and support networks or living out of bags in cramped, inadequate conditions as councils attempt to limit the massive cost of giving them shelter.

According to the last official count, there were 79,880 households in temporary accommodation at the end of March - an increase of 44.8% since 2013. However, housing charity Shelter says that figure downplays the true scale of the crisis and believes close to a quarter of a million households could be in temporary accommodation, according to responses to its own FOIA question from November 2017.

### 'Little choice'

Perhaps unsurprisingly, of our respondents the top 10 biggest spenders are London boroughs. The capital's 33 authorities accounted for 78.2% of temporary accommodation expenses in 2017/18 and 80% over the past five years.

Newham Council, in east London, spent the most of any authority in 2016/17 with a £61.1m bill - up £11.5m from the previous year. Unfortunately, it would not release the 2017/18 figure as it said it has not yet been finalised, but the borough remains England's homeless capital with an estimated one in 25 people in temporary accommodation, so it would likely top the list again given the number of households it had in temporary housing rose by 435.

For the purposes of the data, we have assumed its spend would be the same as the previous year - though in reality it may well have increased.

"Soaring rents, a skewed housing market and stagnant wages are fuelling the housing crisis we are seeing in Newham and across London," a

## Top 10 biggest spenders

Council	Spend (2017/18)
Newham	£61.1m (approx)
Hackney	£54.8m
Enfield	£49.9m
Westminster	£48.0m
Haringey	£38.9m
Brent	£38.0m
Ealing	£37.2m
Redbridge	£34.3m
Kensington and Chelsea	£33.6m
Croydon	£32.9m



Source: Inside Housing

spokesperson for the council tells *Inside Housing*. "In Newham, we have lost 1,178 social rent council homes over the past eight years and it is one of the reasons why the number of genuinely affordable homes we have has declined dramatically. Until we can change that, we have little choice but to house our residents in expensive temporary accommodation which is not ideal at all."

Hackney, Enfield and Westminster also had enormous bills in 2017/18, spending £54.8m, £49.9m and £48m respectively.

Outside London, the biggest spender was Birmingham City Council - the country's largest local authority - which handed over nearly £23m last year. Manchester, Brighton and Hove, and Luton were the only other non-London councils in the top 30.

Most councils have seen their temporary accommodation spending spiral over the previous five years. For some, like Folkestone and Hythe in Kent on the South Coast, the bill has increased more than fourfold. Both say they have now overhauled their homelessness strategies. Meanwhile, Peterborough City Council's outlay surged in 2016/17. Its spend last year was £3.7m, compared with £235,000 in 2013/14. A spokesperson for the authority says the rise was "due to an unprecedented increase in demand from households presenting to us as homeless, at the same time as seeing reducing numbers of available affordable rented accommodation".

In response, it has expanded its housing team to prevent more cases of homelessness and set up a joint venture to deliver affordable housing.

There were some areas which managed to reduce their costs, however. For instance, Great Yarmouth Borough Council's temporary accommodation spending plummeted from

## "Soaring rents, a skewed housing market and stagnant wages are fuelling the housing crisis."

£1.2m in 2013/14 to £139,000 last year. It said that was down to a number of expensive lease agreements coming to an end and being replaced with cheaper alternatives.

The figures we gathered also provide an insight into where the money is going. Of the councils which released information, 181 broke the data down into different types of temporary accommodation spending.

These authorities spent just over £1bn putting up homeless people in B&Bs, hotels and guest houses in the past five years - with an 83.4% yearly rise over that period not including the figure for Newham in 2017/18.

They also paid out a little over £1bn for private sector temporary accommodation, most commonly either leased from individual private landlords or contracted out to companies. *Inside Housing* has previously revealed that hundreds of these properties are ex-local authority homes sold under the Right to Buy.

Spending in this area - which will include repairs and maintenance costs on leased properties - increased 11.3% over the period covered, again not including Newham.

Of course, the true figure for spending on B&Bs and other private sector temporary accommodation across all 326 councils with responsibility for homelessness in England will be significantly higher. In comparison, these 181 respondents specified just £18.9m of spending on temporary accommodation agreements with housing associations over the

same period, with annual amounts staying pretty much flat.

Another £321m was spent keeping homeless people in hostels - though this data is less useful as most authorities did not specify whether the hostels were council-owned, from a housing association or private provider. Most of the remaining spending is accounted for by local authority temporary accommodation.

The Ministry of Housing, Communities and Local Government points to the work of its homelessness advice and support team, aimed at helping councils with families in B&Bs for longer than the six-week legal limit. It says the team's work saw the number of families with children in B&Bs drop by 24% between September and December 2017.

### Attempts to handle

A spokesperson also cites the £1.2bn it is providing through a range of homelessness reduction programmes "so those who are homeless get the support they need".

It's not clear whether temporary accommodation costs will rise or fall. The Homelessness Reduction Act 2017, which came into force in April, places new duties on local authorities in an attempt to cut the number of people who become homeless in the first place. For instance, councils now intervene 56 days before a tenant is given a notice period, double the previous time frame.

Critics say that the £72.7m provided by government over the next three years to cope with these new responsibilities is inadequate, and the efficacy of the new homelessness strategies introduced by many town halls in response to the act is as yet unproven.

In any case, ministers, civil servants and councils will no doubt be desperate to get a handle on the spiralling cost of homelessness. ■

The battle over who will pay for cladding removal has only just begun. *Nathaniel Barker* takes a look at what shape this row could take over the coming years

# Fire safety: who foots the bill?

**A**t around one in the morning on 14 June this year, a new era began in social housing.

The post-Grenfell age has moved the parameters of debate about investment in homes.

Unlike the previous era of austerity, the question is no longer should we spend money, but how much and who should pay? Removing dangerous cladding and improving fire safety are no longer optional.

So this latter question is already starting to look vexed. The bills for cladding removal, sprinklers and other changes are mounting and the question is beginning to turn, inevitably, to who picks up the tab.

### Pushing ahead

It now looks certain that the answer will be councils and housing associations. The government has repeatedly said it will not allow financial restrictions to prevent work going ahead, but it is now clear that would only apply where a social landlord faced bankruptcy if it tried to do the work itself.

In a revealing letter, seen last week by *Inside Housing*, Alok Sharma declined a request by Nottingham City Council for help with the £6m cost of retrofitting sprinklers in its

blocks. In doing so he revealed the government expects “building owners” to fund the cost of improvements and regards sprinklers as “additional, not essential” work.

But this may not be the end of the story. Social landlords are already reviewing their options and the final decision about where the bill will fall, in particular for cladding removal, is likely to be one decided by the courts, with contractors, leaseholders and landlords all potentially on the hook. Here, we take an early look at how this battle could pan out.

**“We expect providers to look into whether they have recourse against third parties.”**

The most high-profile example so far of a landlord considering legal action has been in Camden. In the wake of Grenfell, the north London council became aware of significant flaws on four towers at its Chalcots Estate in Swiss Cottage, London.

The issues were extensive, but one particular sticking point has been the buildings’ cladding. It was installed by Rydon and subcontractor Harley Facades - the same pair that carried

out the now-infamous refurbishment of Grenfell Tower last year - under a private finance initiative contract. Work to remove the cladding system started this month after it failed the government’s in-depth combustibility tests.

### Legal challenge

Georgia Gould, leader of Camden Council, had strong words for Rydon. She said the panels “were not to the standard that we had commissioned” and that as such the authority would “be taking urgent legal advice”. Rydon vociferously denied this accusation, hitting back with its own threat of legal action against these “inflammatory” and “highly damaging” remarks.

Camden is not alone in exploring the legal route as a way of finding ways to pay for cladding work, according to Helen Stuart, partner at law firm Trowers & Hamblins. She says: “Given that the government’s current expectation is that landlords will fund any remedial works from their own resources, and the high costs of these works, we would expect most affected housing providers to look into whether they have any recourse against any third parties in respect of these blocks.”

For landlords to have any case ►



Inside Housing's Never Again campaign is calling for immediate action to implement the learning from the Lakanal House fire, and a commitment to act - without delay - on learning from the Grenfell Tower tragedy as it becomes available. We're also asking government to provide urgent advice on the installation and upkeep of external insulation, and update and clarify building regulations immediately - with a commitment to update if additional learning emerges at a later date from the Grenfell Inquiry.



# News analysis

for a claim against a contractor, a few things will need to be determined, Ms Stuart explains. “The first step is to establish whether there is a defect in the works which needs to be remedied. Once you have established that, you need to look at whether any third parties owe obligations in respect of the defective works, whether contractually or otherwise, and what those obligations are. You will need to appoint technical experts to give their opinion as to whether those obligations have been breached as a result of the defect.”

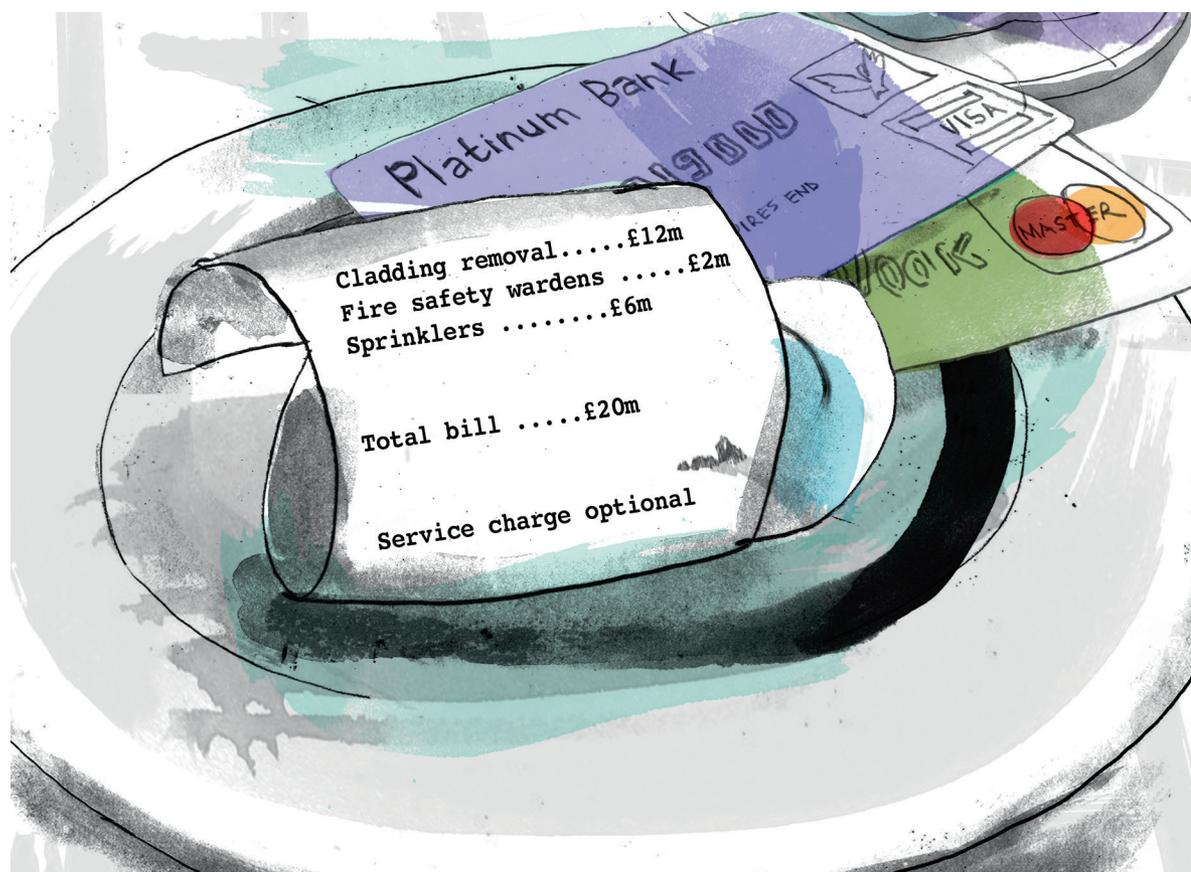
Simply put: is there something wrong with the cladding due to either substandard workmanship to install the system, or because the product used is not what was requested? Then, does the small print on the contract agree that the builder must put it right?

But there are a number of challenges here. For one thing, “defect” specifically relates to the contract. That means cladding which has failed fire safety tests and been found out as potentially dangerous is not necessarily defective in this sense.

“In terms of the cladding itself, it’s not prima facie a defect because it’s only a defect post-fact - at the time it was installed, there was no wrong committed,” says Charis Beverton, senior associate at Winckworth Sherwood. “The only way I can see that a claim could be made is if it becomes clear there was no reasonable basis for considering that this cladding was safe. Then you could start making claims against the builders or the surveyors but that is quite a difficult claim to make.”

Then there is the issue of responsibility. In many cases, Ms Beverton points out, tower block refurbishments where cladding has been installed are carried out by a “package” of contractors and sub-contractors. In the case of Grenfell, for instance, more than 60 companies and organisations were involved. That means it can be tricky to identify precisely who is responsible for, say, poorly fitted insulation behind cladding panels which render the system unsafe.

In addition, it’s important to be clear on what replacement cladding system should be put in place. That’s because contractors should usually be given the opportunity to put the works right before entering into an all-out legal dispute, explains Ms Stuart. However, this is of course



made harder by an ongoing lack of certainty over which types of cladding are safe.

Given these sticking points, some landlords, freeholders, contractors and sub-contractors have chosen to work collaboratively to put issues right as far as possible rather than reach for the statutes and casebooks, Ms Beverton claims. “From an industry perspective, it’s better just to fix it,” she says.

## Service charges

Another potential route to recovering at least some of the cost of fire safety work is through leaseholder service charges.

Following legal advice, Wandsworth Council in south-west London is scoping out this option for its ambitious £24m plan to retrofit sprinklers in all 100 of its high-rise blocks. This week, its executive approved recommendations from Brian Reilly, the council’s director of housing and regeneration, to impose costs of between £3,000 and £4,000 on its 2,358 leasehold properties over an extended 48-month period.

But this might not be on the table for all social landlords.

“I think your default position is always going to depend on what your leases say,” says Emma Chadwick,

**“Your default position is always going to depend on what your leases say.”**

partner at Winckworth Sherwood. “All of Wandsworth’s leaseholders are probably on similar terms, but for the vast majority of others it will be more complex. The general principle is you can only recover what it says you can recover. Most are very clear that you can just recover the repairs to the building.”

Indeed, in a report to the council’s executive, Mr Reilly wrote: “The standard Wandsworth Right to Buy lease contains a provision which enables the council ‘to do such things as the council may decide are necessary to ensure the efficient maintenance, administration or security of the block’.”

“Landlords need to treat every building and every type of work individually. There is no one size fits all. Housing associations will find themselves with lots of different leases as there are more variations in what they have in their portfolios,” adds Ms Chadwick.

David Firth, head of litigation at Capsticks, agrees. He says: “This

question is likely to run and run. The starting point is to read the lease. Typically, it will allow for recovering via the service charge for repair works - assuming due consultation has taken place.

“The situation becomes more complex where the existing cladding is not in disrepair but is to be replaced nonetheless: does the lease allow for works of improvement to be recovered from leaseholders?”

Even if the lease does allow for fire safety works to be met through service charges, it is still wise to tread this path carefully, warns Ms Chadwick.

“You have to consider that if you give these people a huge bill they are likely to complain. Landlords need to bear in mind that just because the lease says you can, you might still face challenges from leaseholders.”

And in the current environment, a large falling-out with residents and a series of tribunals could be the last thing councils and housing associations need.

The debate over who foots the bill is only just beginning and will rumble on for years.

The only thing that is clear at this stage is that someone will have to pay. The highest price is the one for not acting. ■