

# Capital Letters Final Report

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## Executive Summary

### The starting point

Capital Letters was launched in 2019 with a number of core objectives:

- to reduce competition between boroughs which landlords could, and did, take advantage of to increase rents and incentive payments;
- to increase the potential for boroughs to accommodate homeless households in their own borough by reducing competition from other boroughs;
- to strengthen capacity to negotiate more effectively, reduce costs and increase supply;
- to enable the substitution of settled accommodation particularly with respect to nightly paid accommodation; and
- to provide a tenancy sustainment service to support households moving into the private rented sector and their landlords and to reduce repeat homelessness.

At its inception Capital Letters had 13 member boroughs and this has since grown to 21 boroughs. Although this number is expected to grow further not all member boroughs are fully active.

Funding of £38m was initially provided by MHCLG (now DLUHC) by top slicing the Flexible Homelessness Support Grant but Capital Letters has always had ambitions to be self-financing. An early plan to transfer PSL property to Capital Letters proved to be more problematic than expected but new proposals introducing private finance appear to have more potential.

Early successes included

- Putting in place an agreement between the 21 member boroughs to standardise pan-London incentive payments for PRS landlords. This has significantly reduced inter-borough competition and helped to stabilise rents;
- a pan-London property standard which Capital Letters argues '*has improved the consistency, safety and quality of accommodation offered to homeless families*'; and
- putting in place a tenancy sustainment service which supports both tenants and landlords.

### Procurement

From the start, Capital Letters' core activity has been the procurement of properties let on 2-year ASTs tenancies which enable boroughs to discharge their homelessness duties. Initially delivery was slower than planned for reasons mainly outside of Capital Letters' control. However, in the year from March 2020 to February 2021 it was able to offer almost 4,000 properties - significantly increasing the numbers of ASTs used to accommodate homeless families in London.

Since then progress has been rapid. In the six months from March 1<sup>st</sup> 2021 to August 31<sup>st</sup> 2021 the numbers of properties offered was close to the numbers for the full year before.

Importantly three boroughs which had hardly been involved in the previous year are now very significantly involved with over 90% of their offers coming in the last six months. All but one active borough increased their involvement over the same period.

To date, 67% of families have been housed in-borough compared to the IBAA results for all London of 41% - this reduces tension between boroughs who place their families in properties in cheaper boroughs.

However, procurement depends on both employing/seconding more negotiators and increasing their productivity. This could be a significant bottleneck to further rapid growth.

The numbers of staff transferred from boroughs has been far fewer than planned and most boroughs wish to retain some of their own procurement capacity - a position inconsistent with the original proposals. While this hybrid model is clearly working well for the boroughs, it has placed more responsibility on Capital Letters to ensure efficient procurement overall.

A core remaining challenge is the low conversion rate between the offer of properties and a family being housed by boroughs. This ranges from over 75% to under 30%. This does not necessarily mean the properties remain unfilled as, if the offer is not accepted by the original borough they are often taken up by other boroughs, although some are lost because of delays. But increasing the conversion rate would reduce costs and speed up the lettings process and Capital Letters is now incentivising this – improvement depends on detailed discussion with individual boroughs who have varying priorities.

A major concern is finding property which is affordable for those on Universal Credit – especially those affected by the welfare cap. The numbers of properties that meet affordability criteria varies greatly between areas but are very limited in some boroughs and for larger homes. To assist boroughs Capital Letters has made available a paid-for affordability assessment service, although some boroughs have chosen to retain their own assessment provision.

## **Sustainment**

Since the end of 2020 Capital Letters has enhanced its offer to member boroughs through the development of a free tenancy sustainment service for both tenants and landlords. In essence, all tenants and landlords are offered the service in order to identify issues as they arise and provide assurance for landlords that the household will be supported to pay the rent.

Success is measured in two ways: the successful recovery of benefits, grants and loans for tenants; and tenancy sustainment during and after the initial tenancy. So far over £650,000 has been recovered and the number of evictions has been tiny - extremely important in limiting re-presentations.

## **Relative costs of different approaches to accommodating homeless households in London.**

The cost of managing a homelessness acceptance – the most expensive type of case – has been measured for London Councils at over £9,500 per case in London. The cost of managing prevention and relief was estimated at around £2,500 per case. The unit cost for one year of those already in temporary accommodation was estimated at around £15,000.

The value of keeping people out of homelessness is obvious – especially as households who do go into temporary accommodation in London probably spend twice as much time in temporary accommodation compared to the rest of the country, extending into years in some instances.

Evidence suggests that private sector rents plus incentive costs represent a significant saving over the cost to boroughs of temporary accommodation in part because boroughs must top-up housing benefit. There are additional savings from reductions in administrative costs as well as additional benefits to tenant wellbeing from the greater security and support.

But while there are strong indications of significant savings it is not yet possible to undertake a full value for money evaluation at this stage. The fact that London has been slow to adopt H-CLIC, compounded by the lack of capacity to track households over time has adversely affected the capacity to quantify the difference that Capital Letters has made, particularly in relation to re-presentations.

### **Engagement with boroughs and landlords/agents**

Boroughs engage with Capital Letters to varying extents – from procuring all their private rented dwellings to more specific requirements. However, all but one has increased their usage since March 2021.

A number still see Capital Letters as simply a procurement agency but most see it as a partner with whom they interact very regularly. In the interviews there was considerable praise for the progress Capital Letters has made in establishing itself as a clearly defined presence particularly over the last year.

One borough summed up a view held by several in saying that it had been a bumpy ride at the start but there was widespread agreement that Capital Letters was now working effectively, and several stressed that the procurement service was now delivering really well.

The landlord and agent we spoke to were very positive about the service provided by Capital Letters. The agent noted: “Yes, I believe in Capital Letters. I think they’ve disrupted the market and I like that. They’re making boroughs more accountable to get properties filled more quickly”

### **Conclusion**

Perhaps the more fundamental issue is that there is a growing acceptance that, especially for those owed a prevention duty, enabling households to move directly into settled accommodation is likely to be the best option. In particular, maintaining tenancies helps to ensure that households do not re-enter the homelessness process. The potential for increasing the proportion of households who can be offered an AST in this way is clearly a major reason for Capital Letters existence. Its progress especially over the last six months suggests that the potential benefits are increasingly being realised.

## 1. Main Findings

The Homelessness Reduction Act, by extending borough powers to help prevent homelessness, opened up new ways to approach the homelessness problem. A particular problem in London, unlike much of the rest of the country, is that it is impossible for boroughs to accommodate most homeless households in secure socially rented housing within a reasonable timescale.

Capital Letters is an initiative supported strongly by both London Councils and MHCLG aimed at providing a pan-London service which could efficiently procure settled accommodation in the privately rented sector for families facing homelessness. Now in its third year of operation, the concept has been proved to work. Most boroughs are signed up and both their numbers and their use of the service continue to grow.

Detailed findings include:

1. During 2021 there has been increasing success both in the growth of member boroughs and in members expanding their usage of Capital Letters services. The six months up to the end of August 2021 has seen activity almost as high as the whole of the previous year.
2. The more boroughs that become active members, the more value comes from the pan-London agreements on standardised incentive payments to landlords and on quality standards.
3. In addition, a reduction in inter-borough competition strengthens Capital Letters' capacity to negotiate, reduces costs and increases supply. This leads to more homeless households being accommodated in-borough because the home borough is offered first refusal.
4. The system is developing by bringing together willing landlords, willing tenants and willing boroughs - but it requires a great deal of co-operation between the professionals in the boroughs and Capital Letters to make the process work smoothly and to retain landlords' confidence in the letting process.
5. Once housed, the tenancy sustainability service provided by Capital Letters makes two fundamental contributions towards a better system: it helps ensure that tenants obtain the welfare benefits to which they are entitled so that their tenancy continues to be affordable; and by providing an interface between landlords and tenants to resolve issues as they arise, it gives landlords confidence both to accept homeless families and to renew their leases when the initial two-year period expires.
6. The current system is more of a hybrid than was originally envisaged. Most boroughs see it as their responsibility to maintain some capacity to find their own accommodation directly in addition to that which they accept from Capital Letters.
7. As the Capital Letters operation continues to expand – with more negotiators coming on board, better use of data to target boroughs' requirements and the potential for becoming a large scale manager of property – one can expect to see boroughs rely on that capacity to a greater degree. This should enable many potential efficiencies to be realised more fully.
8. The most important immediate concern is to cut the wastage between a borough accepting a property and actually putting a tenant in place. This is a continuing problem. Many of these properties are subsequently taken up by other boroughs but some landlords are not prepared to wait so their properties are lost to the system sometimes together with their carefully established goodwill.
9. The data show clearly that the proportion of main duty discharges that are going into ASTs has grown considerably, reflecting Capital Letters increased activity. However, it still remains the smallest subsector of placements made and the use of nightly paid accommodation

remains extremely high. With the very limited turnover in social housing in London, there are clearly opportunities for large scale growth in the AST approach.

10. Many of the boroughs recognise AST accommodation as a particularly suitable means of addressing their prevention duty, as it has the potential for ensuring that people do not experience the problems associated with temporary accommodation.
11. But it can also meet the needs of those who have been in temporary accommodation for long periods of time – as long as the property to which they move is affordable. This potential could be enhanced if boroughs are prepared to allow people accommodated in this way to remain on their waiting list without loss of priority.
12. While the available evidence clearly supports the expansion of the Capital Letter’s approach, we currently lack the detailed metrics to quantify the costs and benefits to households, landlords, boroughs and the public purse in adequate detail. It should be a priority to fill this gap over the coming two years.

## 2. Background

The objective of our research is to clarify the role that Capital Letters was initially intended to play in the market for accommodation to house homeless households in London; how that role has developed; and how, in a rapidly changing environment, it might develop further over the coming years.

This involves detailed analysis of how Capital Letters has been operating in relation to its own business plan to procure and manage 2-year ASTs and then comparison to other local authority models in use in London which aim both to provide temporary accommodation and to enable effective move-on into settled housing. This implies a financial assessment and comparison, to the extent possible given the data available.

First we provide some background information against which this initiative was introduced, covering:

- (i) the Homelessness Reduction Act (HRA)
- (ii) the base statistics on homelessness and how these have changed since the HRA;
- (iii) literature review of policy and practice – including welfare policy as well as homelessness policy and housing provision;
- (iv) the impact of the pandemic;
- (v) the core issues.

### (i) What the Homelessness Reduction Act was expected to change

The Homelessness Reduction Act (HRA) 2017, which came into force in April 2018, was intended to effect three major changes in the way local authorities dealt with homelessness: first, to require them to intervene at an earlier stage to *prevent* homelessness; second, to extend support to more *types* of households; and third, to improve the quality of *information* given to homeless households. The expectation was that households would be better supported to remain in their existing homes or find suitable new ones before ever becoming homeless, thus improving outcomes for the households involved and, eventually, reducing costs for local authorities.

Before the HRA came into effect, basically only local households with children (or other vulnerable members defined as being in ‘priority need’) who were deemed to have become homeless through no fault of their own were likely to be entitled to accommodation from their local authority. Other types of households, including single people and childless couples, were entitled to advice but not to other forms of help, although some local authorities chose to provide it. The HRA widened the duties of local authorities, who are now required to provide certain types of advice and support (but not necessarily accommodation) to *all* homeless individuals or households.

MHCLG recognised that the provisions of the Act would place new requirements on local authorities, and that these would entail additional costs in the short- to medium-term. As a result, the Flexible Homelessness Support Grant was introduced to help authorities prioritise prevention under the new

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This section summarises the most relevant elements of the changes; LGIU (2018) provides a fuller treatment of the details of the legislation and how local authorities are affected.



burdens' principle, whereby central government gives financial compensation to local authorities who are required to perform new or changed activities, to offset the additional cost involved.

Boroughs must accommodate statutorily homeless households, but the legal and financial constraints within which they operate mean that rather than finding them long term homes they have little choice but to place them in costly temporary accommodation. Central government controls both sides of the equation: they set the rules for what services must be provided, and they control the funding arrangements. On their own, local authorities cannot change the way the system operates; they must convince central government of the need for reform.

Capital Letter can be seen as one response to this dilemma in that it is a private company limited by guarantee whose role is to secure 2-year AST leases (i.e. settled accommodation), which can enable a local authority to discharge their prevention, relief or main duty to those accepted under the HRA<sup>2</sup>.

## **(ii) Statutory Homelessness: Data Collection and Analysis**

From 1st April 2018 the Homelessness Case Level Information Collection (H-CLIC) data system replaced the aggregated data return (collected using the P1E form) for all new homeless applications. The replacement of the aggregated return coincided with the introduction of the new legislation, the 2017 Homelessness Reduction Act (HRA). This new system collects more detailed data than previously on households, the activities offered to assist them, and their outcomes.

A User Note published in June 2018<sup>3</sup> noted that 'P1E provided important information about the number of households accepted as statutory homeless and those living in temporary accommodation (TA) by [a] local authority each quarter. However, P1E did not provide any information about each individual case. Additional detail or breakdowns were not available. The move to H-CLIC and case specific information means much more information will be held by MHCLG and there will be opportunities to publish more detailed summaries in tables alongside the quarterly statutory homelessness release'. It also set out the process by which H-CLIC data would be published as Experimental Statistics at the end of 2018 covering data from April 2018 when the new system was introduced.

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### <sup>2</sup> **Definitions:**

#### **Prevention Duty:**

Local authorities owe prevention duties to help stop households at risk of homelessness losing their accommodation. It applies where homelessness is predicted in 56 days or less.

#### **Relief duty:**

If the local authority is satisfied a household is homeless, the local authority owes them a relief duty to provide some sort of accommodation.

The authority must 'take reasonable steps to help the applicant to secure that suitable accommodation becomes available for the applicant's occupation' for at least six months.

If in priority need there is an interim accommodation requirement.

If nothing happens to solve the problem in 56 days, households in priority need are owed a main duty.

#### **Main housing duty:**

The main housing duty is a duty to provide temporary accommodation until such time as the duty is ended, either by an offer of settled accommodation or for another specified reason.

<sup>3</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/719811/Changes\\_to\\_statutory\\_homelessness\\_statistics\\_user\\_note.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719811/Changes_to_statutory_homelessness_statistics_user_note.pdf)

The Ministry published a Technical Note about the progress made in introducing H-CLIC in early 2020<sup>4</sup>. It noted that the change means that some data collected via H-CLIC are broadly comparable to data collected via P1E. The new method of reporting means initially that evidence on recent trends about households in temporary accommodation should be made with caution. Importantly, prevention and relief information collected by H-CLIC cover new legal duties introduced from the 3<sup>rd</sup> April 2018, so these are not comparable to the activity information collected in P1E.

The definition of main duty acceptances remains the same, but the introduction of these new prevention and relief duties means there are now steps local authorities take with households before they reach a main duty. In terms of comparability, however, temporary accommodation figures remain the most consistent with historical data; the criteria for temporary accommodation have not changed.

A significant difference is that H-CLIC is a household case level data collection and contains new information not collected in the P1E return. H-CLIC includes some information on all individuals within the household and not just the main applicant.

When HCLIC was introduced local authorities were able to present their data either in H-CLIC or P1E form - or indeed both. By late 2019, 77% of authorities were providing H-CLIC data but these data only accounted for around a half of those in temporary accommodation. The core issue was how to address the data for those who had been placed in temporary accommodation prior to the Homelessness Reduction Act. This issue disproportionately applied to London authorities. At that point only just over a third of London boroughs were producing some H-CLIC data with far more still making only P1E submissions. Some boroughs have been unable to provide either H-CLIC or P1E data in particular quarters.

An updated note published in August 2020 reflected the progress that had been made in coverage<sup>5</sup>. By the first quarter 2020 85% of authorities were submitting only H-CLIC information while fewer than 10% were still submitting only P1E material. Even so H-CLIC still covered slightly less than 50% of those in temporary accommodation. Again this reflects those authorities that still have high proportions of pre-HRA cases in temporary accommodation and the extent to which this is concentrated in London. A majority of London authorities were still doing only P1E returns with a small number submitting a partial H-CLIC. It is a matter of concern that a number of London authorities were identified as having inadequate data - meaning that some numbers will have been imputed.

Interview evidence from our earlier research (Scanlon et al, 2019) suggested that local authorities faced a number of challenges in providing the data required for those entering the system after the introduction of the HRA. Most importantly it meant that at the initial interview the LA staff felt glued to their computer rather than able to interact with the person in front of them and thought that this reduced the value of the initial interview. This may have improved during the pandemic as computer-based interaction remained the norm. Secondly, quite large proportions of those who came forward simply took the information provided at that point and were not seen again – at least by that Authority. Staff felt that too much time was being spent on procedures at this stage with little evidence that adequate help could be provided.

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<sup>4</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/873528/Statutory\\_Homelessness\\_Technical\\_Note.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873528/Statutory_Homelessness_Technical_Note.pdf)

<sup>5</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/910413/Statutory\\_Homelessness\\_Technical\\_Note\\_Jan-Mar\\_2020.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/910413/Statutory_Homelessness_Technical_Note_Jan-Mar_2020.pdf)

Although the transfer to H-CLIC was inevitable because of the new statutory requirements, whether that necessarily had to involve increased data collection is less clear. The data required are detailed and not always easy to collect and interpret. In principle, it should be possible to undertake far more detailed, individually based, analysis but up to now this has been relatively limited. In the short run it has made it more difficult to be sure how trends are developing. On the other hand, it has, for instance, identified the increasing proportion of single people identified as Statutory Homeless, which would not have been so obvious from P1E statistics.

It is important to note that these problems are, to a very significant extent, London specific because of the concentration of homelessness in London and the length of time it takes to re-house those placed in temporary accommodation. The result is that the lead-in time to significant benefits from better data is far longer.

Finally, it was initially intended that H-CLIC would trace individuals longitudinally so that, for instance, it would become obvious if, when, how and where people were re-presenting as homeless. This element has not yet been made operational and it is unclear when it will be available. It is the only way that people coming back into the system could be identified consistently.

Overall, there will be significant benefits into the future from having these more detailed, individually based data available. However, these benefits have been slow to achieve – in part because of the pandemic but also because of fundamental challenges both in terms of the quality of data required and getting to the point where more detailed analysis based on individual data can be undertaken.

The fact that London has been slow to adopt H-CLIC, compounded by the lack of capacity to track households over time has adversely affected the capacity to quantify the difference that Capital Letters has made, particularly in relation to re-presentations.

### **(iii) Benefit and Welfare Reforms**

A number of changes to the Benefits and Welfare regimes have combined to increase pressure on low-income tenants and make it harder for local authorities in high-cost areas, notably in London, to find suitable affordable housing for homeless households. The latest papers from the House of Commons Library (Wilson and Barton, 2020; Hobson, 2021; Wilson and Hobson, 2021) analyse these changes in detail.

Specifically, there are some general issues around Universal Credit that are seen as particularly challenging. In particular, the 5-week wait for the initial payment means that people frequently get into debt which they find hard to repay. There are also issues regarding how adjustments are made when circumstances change.

With respect to placing homeless households into ASTs one important concern relates to the proportion of private tenants on Universal Credit who have to make a contribution to their rent payments. A study by the Institute for Fiscal Studies in 2017 showed that by 2016, 90% of private tenants in the bottom 40% of the income distribution were having to make a contribution (Joyce et al, 2017). They further estimated that this proportion would increase as a result of the LHA freeze introduced in 2016 and initially expected to last until 2020.

In London however it is often the Benefit Cap (which takes account of a range of welfare benefits) that matters more to family households than the LHA rate. This is because the Cap is based on

median earnings and therefore does not vary with household size. Larger households – those with two children or more - who do not work at least to the earnings threshold (which is equivalent to 16 hours at the national living wage) are particularly likely to be capped, because it is set nationally and takes no account of differences in costs such as rent payments.

All these factors must be taken into account when the local authority is assessing whether the rent charged on a property that will enable them to discharge their duty to a homeless household is affordable. This has led some boroughs to suggest that it is close to impossible to find adequate accommodation that meet the affordability criteria in their own borough. Others argue that where the welfare cap applies it will be problematic to find suitable accommodation across London. The Savills report to Capital Letters on available stock across London identifies areas which meet the affordability criteria and found that in some boroughs the numbers are very limited, especially for 3 bed homes.

#### **(iv) The impact of the pandemic**

##### *Government initiatives*

The Government responded to the pandemic by increasing the basic Universal Credit rate by £20 per week which appears to have helped large numbers of households to keep out of debt. As of 6<sup>th</sup> October 2021 this has been removed and replaced by a support grant allocated by local authorities. The grant, however, will not help ensure consistent affordability for tenants so there is very considerable concern about how people will manage, especially given all the other inflationary pressures that are emerging. At its simplest it means that a segment of the market will no longer be available to those on Universal Credit.

Early in the pandemic the Government also raised the LHA rates back to the 30% decile, which increased the rent to which Universal Credit could be applied. This has helped some tenants and also landlords whose incomes were increased. The fact that LHA rates have now been frozen at April 2020 levels will reduce the value of this change over time.

What the government did not do was raise the Benefit Cap which remains tied to median incomes. This has meant that significant numbers of private tenants in London have not benefitted from the rise in LHA. In providing adequate affordable housing for those to whom a duty is owed this has become one of the most important issues – with respect particularly to both larger family households and larger accommodation.

##### *Numbers coming forward*

Looking more widely at the impact of the pandemic on the numbers coming forward as homeless, it is clear that there was a significant reduction in family households needing accommodation because of the ban on both notice and evictions as well as the extent to which social and private landlords both modified their own behaviour - enabling some forbearance (Barton and Wilson, 2021). The bans have now been lifted but, as yet, the legal processes remain slow so that the numbers coming forward have by no means returned to pre-pandemic levels. Many of those who have been coming forward as potentially homeless have been lodgers or part of a more informal element in the privately rented sector (Whitehead et al, 2021).

The second clear change in the pattern of those coming forward has been the increasing proportion of households without children and particularly single vulnerable people – many of whom need

additional support. This trend is at least technically separate from the other significant pandemic initiative Everyone In, which accommodated individuals who were sleeping rough or at risk of so doing or who were living in Covid-unsafe, often shared facility, accommodation (NAO, 2021; Kerslake Committee 2021)).

At this stage it is difficult to predict whether this very large relative increase in the proportions of non-family households coming forward will continue or whether the demographics will return to a more pre-pandemic mix of household types and needs. The removal of the £20 Universal Credit uplift; the potential increase in unemployment; energy price rises and more generally higher inflation; and the end of the eviction ban all suggest that the numbers of families will rise, perhaps back to pre-pandemic levels over the next years.

#### *Move-on accommodation*

The capacity to move people on into settled accommodation was significantly reduced during lockdowns and by the working practices that boroughs had to employ in order to provide accommodation services.

On the other hand, as the market opened up again many landlords found it more difficult to find new tenants and a proportion of these landlords came forward to offer properties to boroughs (although often at inappropriate rent levels). In the year to May 2021 private rents in London fell by one half of one percent – while in all other regions rents rose. The evidence of increasing activity by Capital Letters since early 2021 to some extent reflects these opportunities.

### **(v) Core Issues.**

In the rest of this report we concentrate on 3 main sets of issues:

The evolution of Capital Letters since 2017 and how this has impacted on objectives, operations, financial planning and future plans with respect to growth and diversification.

The market in which Capital Letters operates; the nature of the product they provide as compared to other forms of procurement; the types of households being accommodated and the types of accommodation provided; how prevention, relief and main duties are being discharged; evidence on costs and potential benefits; and how Capital Letters has grown in the market over the past two years.

How Local Authorities have worked with Capital Letters; how both they and landlords and agents see its role and their understanding of future opportunities.

Finally, we provide an overview of our findings and their implications.

### 3. The Development of Capital Letters – Evolving Structure and Objectives

The evolution of Capital Letter has been a complex and responsive process, addressing emerging issues and moving towards a viable longer-term model<sup>6</sup>.

The original consultant's report by Tim Grey was commissioned in early 2017 to provide a feasibility study on the options for enhancing pan London collaboration in procuring privately rented accommodation for homeless households in London. The report sets out recommendations with associated justifications, of which the most important are:

**1. Setting up a new borough and /or GLA owned organisation (working title “Capital Letters”) to take advantage of FHSG devolution and reduce Temporary Accommodation (TA).** Current TA with the Local Authority as the landlord could transfer such that Capital Letters becomes the tenants' landlord, thus claiming 100% current LHA, rather than 90% January 2011 LHA and saving boroughs up to £37m per year, depending on how many properties in which locations are transferred. Where feasible and desired by boroughs, a homelessness duty could be ended in leased accommodation as a PRSO or qualifying offer. Outside Central London the additional Housing Benefit available by doing this averages £34p.w. for 2-beds and £42p.w. for 3 beds.

**2. Developing a management function for Capital Letters.** This would allow property management and/or rent collection to be transferred to Capital Letters with the landlord status on an optional basis. This could be on the basis of an appropriate fee matching the transferring borough's existing costs and/or by secondment or transfer of staff. This might, for example be desirable in cases where

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<sup>6</sup> We have six main documents to draw on in this review:

1. 'Development of a feasibility study of options for enhancing pan-London collaboration in the procurement of private rented accommodation for homeless households in London boroughs. Options Appraisal and Recommendations.' by Tim Gray Consultancy Ltd September 2017
2. Capital Letters Business Plan 2019-2022. We have a draft version v0.2 written 'while the company is being established'. It is accompanied by an Annex in the form of a spreadsheet putting forward the financial business model. This has been described by CEO Sue Coulson as *“The original 2019 approved Business Plan with financial appendix, which I inherited when I commenced in post and we now fondly refer to as our “bible” as it contains many of the founding principles underpinning what we do, including the basis for which we have received grant. This included many assumptions that have not proved either viable or workable”*
3. Capital Letters (London) Ltd Business Plan 2021-2025. This is also accompanied by a spreadsheet titled Approved I E Account summary appendix to Business Plan Jan 21. Described by Sue Coulson as *“Our current Business Plan and financial assumptions which updates the earlier Plan”*
- Two further documents (4 and 5 below) described by Sue Coulson as *“Two documents created for MHCLG which summarise our experience to-date: the first sets out the challenges during our first year of operation and the business case for extending the original allocated grant over two additional years; the second sets out the rationale for our 2021/22 targets based on our further experience, particularly of member borough performance”*
4. 'Business Case for Capital Letters Revised Targets and Funding Profile' July 2020
5. 'Capital Letters targets 2021-22 (Revised)' A subsequent document created for MHCLG in order to make the case for further grant provision from March 2022.
6. 'Capital Letters Spending Review Business Case: Bid for Grant', July 2021

a duty has been ended or prevented and the borough does not wish to collect rent or manage, and in cases where properties are located at a distance from the placing borough.

**3. Developing a procurement function for Capital Letters.** Boroughs would be able to second or transfer procurement staff to Capital Letters. Also a core team of centrally based staff would be recruited to boost activity, using a proportion of the top sliced DCLG FHSO funding available to support co-ordinated London activity (up to £25m over 2017/18 and 2018/19, with potential continuation into future years). Seconded/transferred staff could still be based locally in boroughs or in sub-regional hubs where that would make sense, but would act as a single team with management coming from Capital Letters. The bulk of the DCLG funding would incentivise boroughs folding their procurement function into Capital Letters by directly subsidising properties procured by Capital Letters and thus substantially reducing the costs of properties to participating boroughs. We estimate that this could be a subsidy of the order of £25p.w. per property for the first few two years, with future subsidy dependent on DCLG's future decisions on FHSO.

**4. Developing a London branded offer to landlords.** A marketing pitch using co-branding from the Mayor, London Councils and possibly the NLA (who are interested in supporting this approach), might be effective at bringing on board landlords who currently let through agents. The service could feature the best of current borough practice, with an effective handholding and troubleshooting offer for landlords, excellent customer service and an effective tenancy sustainment offer. If 2. above is implemented for existing TA, then there could also be important economies of scale, and a de-risking of the enterprise by it gaining an instant portfolio of existing properties.

**5. Establishing an IT Platform and a Property Allocations system for centrally procured properties.** A fair allocations system needs to be developed, which should take into account:

- Historical levels of procurement by staff transferred to Capital Letters from boroughs
- Levels of contribution (e.g. by seconded staff) of each borough into the procurement process
- Expressed need for properties by participant boroughs
- Locating tenants in their own borough or as close to it as possible, taking into account the provisions of the homelessness suitability of accommodation order
- Ensuring exporting and importing boroughs each receive similar standard properties.

Tim Gray's report was useful in convincing the Treasury but over-optimistic on the potential of the new organisation to work with the London boroughs and integrate their processes many of which were specific to individual boroughs.

There was considerable delay in setting up Capital Letters which was finally established in December 2018. 13 London Boroughs came on board in early 2019 but the company only fully commenced activity in September 2019 once Sue Coulson had been appointed as CEO in June 2019. The original Capital Letters Business Plan was approved by the Boroughs Representative Body (BRB) in May 2019 before Sue's arrival but was already stating that Capital Letters' primary objective was *'to increase supply from the Private Rented Sector (PRS). Additionally, [a] further objective of Capital Letters is to reduce the use of nightly let and paid temporary accommodation, and also to ensure that properties are allocated more locally than is currently the case.'*

A further objective makes clear that *'By removing unproductive competition and duplication of effort between London Councils, and by providing an organisation to represent all the London boroughs, it is intended to offer a simpler and more straightforward interface for London's landlords, managing agents and developers able to provide properties for those families and other households most in need of accommodation.'*

The expectation was that Capital Letters would grow in phases to include if not all, then the majority of London Boroughs. More specifically *‘By the end of the third year of operation it is envisaged that Capital Letters will have a staff complement of around 265 officers and an annual income of £147m. By this stage it will have secured almost 21,000 additional properties to help prevent and tackle homelessness and will have an estimated 2500 properties either fully or partially under its management’*.

By July 2020 the number of boroughs included in the scheme had increased to 17 with a plan to grow to 25 over the following two years, however, in the first of the two documents for MHCLG, Capital letters was outlining the difficulties that had led to its slow start and readjusting its expectations.

Delivery has been slower than planned due to delays in the set-up arrangements which were outside of Capital Letters’ control:

- No preparatory work had been undertaken to establish operational working arrangements or to employ staff prior to the commencement in post of the CEO
- The Secondment Agreement was finally signed off by the member Boroughs in September 2019; this meant that the anticipated secondees did not start with the company in July 2019 as originally envisaged
- The first 2 secondees commenced work with Capital Letters in August 2019; a number subsequently joined the company on a phased basis; not all Boroughs have yet seconded staff.
- Some Boroughs have taken a cautious approach to their investment in the company, delaying secondments until 2020/21 until the proof of concept has been tested
- Not all Boroughs have staff they can second requiring the company to recruit procurement staff on their behalf – recruitment of the right people has been challenging
- Agreement on the landlord incentive package for PRSO properties was agreed in October 2019 and PSL top-up payments in January 2020; this impacted on Capital Letters’ ability to procure properties efficiently as the member Boroughs continued with their existing arrangements, in competition with Capital Letters
- Capital Letters have only procured properties for Boroughs who have seconded staff or provided the budget to recruit on their behalf; this has reduced the number of properties that could be procured as delivery is directly related to the number of procurement staff employed

As a result, Capital Letters proposed that the start-up year 2019/20 should be regarded as “proof of concept” and that 2020/21 be taken as its first year of operation. Together with revised targets for the company it proposed to MHCLG that the original grant of £37.8m be spread over an additional two years.

The report makes clear that procurement targets are dependent on staffing and outlines the problems associated both with the secondment of staff from the boroughs and recruitment and retention of additional staff of the right calibre.

It also notes that in practice the balance of private rented sector (PRS) and private sector lease (PSL) procurement was different to that predicted with far less demand from boroughs for PSL than expected. Both the incentive payments for landlords and the grant arrangements differ between PSL and PRS properties with the changed balance potentially allowing the grant to go further and more properties to be procured.

Perhaps more importantly it makes clear that the anticipated transfer of TA properties from the boroughs to Capital Letters to manage, had proved more complicated than expected. The transfer and



subsequent management had been projected to generate an independent income stream which was no longer included in its financial plans.

The Revised Business Plan for 2021-2025 reiterates that in addition to the 17 boroughs which had already joined the organisation it was expected that membership will grow to 25 by 2022/23.

The Plan concludes that:

*Capital Letters is one part of the solution to the issues facing London, and not a panacea. However, the company's USP is that – for the first time – London Boroughs are collaborating and working together to find new ways of working to resolve the challenges they face. The company is focussed on providing a fast paying, efficient customer service for landlords in return for dampening their expectations of incentive payments.*

It also notes the ambition that *Capital Letters intends to develop independent income streams over the life of this Business Plan so that it exists to provide its' services over the long-term and beyond the provision of MHCLG grant. All surpluses generated by the company will be reinvested in the core purpose of the company to cross-subsidise services for members, maintain procurement and tenancy sustainment services and to work in partnership to solve the homelessness crisis across the Capital.*

However, supplementing this Plan is the second document for MHCLG 'Capital letters targets 2021-22 (Revised)' which highlights another emerging issue – the difference between Capital Letters' procurement performance and member boroughs conversion to let rates. By the 1 April 2021 the number of member boroughs had grown to 21 (although with only 17 live members – now 18 as Merton has become operational - Bexley having paused its membership, Southwark remained a sleeping partner while Greenwich is preparing to go live during the course of the year). However, the conversion to let rate within the 17 fully active boroughs - the number of properties accepted and let to a homeless household as a percentage of the number offered - varied from 22.27% to 74.88%.

Several reasons are given for this, including the pause in evictions during Covid that meant that fewer homeless families were presenting with a corresponding greater focus on single homeless. More problematic for Capital Letters is the concern that the internal structures and processes within individual boroughs mean that it is not always straightforward for them to let the properties offered and also that boroughs do not prioritise the use of Capital Letters' properties as part of their TA reduction strategy.

This results in quality homes not being accepted by the host borough and in some cases not being accepted by any boroughs who are offered the property through the algorithm. As there are still members who wish to accept these properties Capital Letters has responded by enabling access for other members to those properties that remain in a 'basket' of available but not yet accepted properties. These properties are used in different ways. Some by the core homeless team of other boroughs – particularly those boroughs who are not committed by internal policy to housing households within their boroughs. Others are made available to view to boroughs' adult social care, social services and domestic abuse teams supporting more joined up working within the borough and aiding upstream prevention of homelessness.

In recognition of this issue, the targets for 2021-22 now include a target to reflect Capital letters' procurement performance and a separate measure of property let/conversion rates so that these two measures of success can be evaluated separately. The first is clearly Capital Letters' responsibility

while the second can only be improved by member boroughs. This is a matter of concern for Capital Letters as they see boroughs' varying priorities distracting from a necessary focus on a shared commitment to change practice to realise the benefits of a pan London approach.

To incentivise more members to achieve a conversion rate of 75% Capital Letters is using the top-sliced grant available to off-set the costs of incentive payments to landlords in such a way as to encourage boroughs to let more properties. So, for those achieving at least 50% of their annual let target during the first half of the year, the grant per property would be higher for all properties let in the second half of the year (£1050 compared to £750). For those boroughs not achieving the six-month target the grant per property let remains at £750 for the whole year.

However, by July 2021 when the Spending Review business case was put together for MHCLG there was further mention of this new approach although only in passing. Capital Letters also recognised that *'whilst we [Capital Letters] were hitting the overall procurement target numbers – we need to be smarter about our procurement tactics and that investing time to work more closely with members to convert them to let is essential.'*

A number of factors have enabled this shift of emphasis, one being the launch of the new CAPS information system which from 1 October 2020 has provided Capital Letters with the opportunity to utilise and analyse information in far greater detail to support decision making.

Data provided for the first five months of the financial year 2021/22 from 1/4/21 to 31/8/21 show that whilst the numbers of properties being sourced and offered by Capital Letters is continuing to increase and all boroughs are being offered proportionately more properties than they were in 2020/21, the numbers of properties accepted as a percentage of the number offered remains stubbornly low for many boroughs.

In response, Capital Letters has adjusted the staffing structure of its acquisitions teams, creating seven area teams, strengthened the management structure and relationship management, and is replacing some housing negotiators with Lead Generators. The expectation is that with a better understanding of boroughs' needs locally, negotiators will target and source properties that more immediately meet boroughs needs. But overall, the number of housing negotiators is now substantially below that projected in the original business plan for 2021/22 at 67 compared to 125 and was expected to stay at that level over the next two years. However, Capital Letters is currently recruiting up to 20 additional housing negotiators to meet the expected increase in demand from boroughs although productivity also needs to be increased to meet targets.

By working at a sub-regional level, Capital Letters aims to understand member boroughs' needs and their reasons for rejecting properties better and to this end has also added further questions into the CAPS system to explore both reasons for rejection and issues of affordability.

However, the business case submission also notes the impact on landlords of the relatively high rejection rate of properties. If properties secured are not used landlords lose rental income and are less likely to engage in repeat business, undoing a lot of the effort put in to build relationships.

Alongside this and an awareness of the need to persuade landlords to let to tenants on low incomes, Capital Letters had, from inception, intended to put in place what it now describes as *'the most important part of what Capital Letters does'* – a free tenancy sustainment service for both tenants and landlords.

Established in mid-2020/21 Capital Letters states that the service *'is unique and something that no other service provider does.'* In essence, all tenants and landlords are offered the service at the start

of each tenancy, support is provided for the first three months and contact is made quarterly throughout the two-year AST. The objective is to avoid evictions by providing support for tenants as they move in, identifying issues as they arise during the tenancy and providing assurance for landlords that the household will be supported to ensure the rent will be paid and the property looked after. A named contact is available to the landlord should problems arise. During 2020/21 the team responsible for this service grew from 2 to 26, with two regional service managers and four team leaders, plus 19 tenancy sustainment officers and one administrator. Capital Letters evaluates the success of the service through two main measures: income and tenancies maintained over time. Under the first it has noted that between January and the end of August 2021 the tenancy sustainment team recovered £650,000+ of benefits, grants and loans for tenants placed in homes sourced by Capital Letters. In relation to tenancies sustained, the numbers of evictions are tiny in relation to the number of tenancies created, although there is a recognition that numbers may increase as the eviction pause is lifted. Positive feedback from landlords provides further justification for the team's activities.

The report identifies two other positive outcomes which were included in the original proof of concept and implemented during the first year of full operation. These were agreement between member boroughs to:

- Standardise pan-London incentive payments for PRS landlords, and
- A pan-London property standard which Capital Letters argues '*has improved the consistency, safety and quality of accommodation offered to homeless families.*'

But significant as these achievements are, as the bid for grant document makes clear '*Right from inception, it was expected that Capital Letters would develop alternative income streams to replace grant so that it could have a long-term sustainable future.*' However, the transfer of PSL portfolios from boroughs to Capital Letters which was proposed from the outset has proved much more complex than envisaged. In its place a number of alternative funding arrangements are being progressed in order to achieve the objective of creating surpluses to cross-subsidise the costs of the business as usual (BAU) procurement and tenancy sustainment services.

Chief amongst these is a new scheme whereby Capital Letters will lease up to 4,500 properties over the next four years using private ESG investment (circa £1.5bn) to purchase homes in London with the aim of further assisting homeless families and member boroughs to meet their statutory responsibilities. The resultant rental stream is estimated to be around £42.3million per annum at current levels by the end of 2025/26 and Capital Letters argues this is only possible because of the pan-London nature of its operations, its potential funders having made clear that working with individual boroughs would be both inefficient and too complicated and that the investment can only work effectively through Capital Letters.

The intention is to create a subsidiary body in which boroughs that provide credit support will be involved so ring-fencing it from mainstream services. To date six boroughs are interested and to provide the necessary confidence for prospective partners about future lease payments are signing Memorandums of Understanding (MOU) to demonstrate their commitment to the plan. Final decisions about whether to provide the necessary credit support will be made by member boroughs' Cabinets or full Councils during 2021/22, once the detailed due diligence, financial, governance and operational arrangements have been completed.

## **Evolving structure: summary**

It is four years since Tim Gray set out the first proposals for a pan-London body in September 2017 and two years since Capital Letters fully commenced activity in September 2019. In that time the objectives set out for Capital Letters have remained much the same but the process of delivering them has evolved and developed and Capital Letters has been required to be fleet of foot to adapt to changing circumstances and sometimes complex interactions with the growing number of member boroughs. It is to the credit of the Capital Letters management as well as the BRB and the board that so much has been achieved. But inevitably problems remain and amongst these are the attitudes and responses of some member boroughs themselves. The interviews we have carried out indicate that 'buy in' is not complete across all member boroughs and that some continue to compete with Capital Letters in procurement or only partially engage with its services. Capital Letters itself notes that *'[the] capacity of borough teams is often part of the issue with conversions [from offers to lets] and a lack of understanding at the frontline of the purpose and role of Capital Letters. Boroughs that have introduced shared targets so that they are also measured on their Capital Letters let performance have significantly improved performance'*.

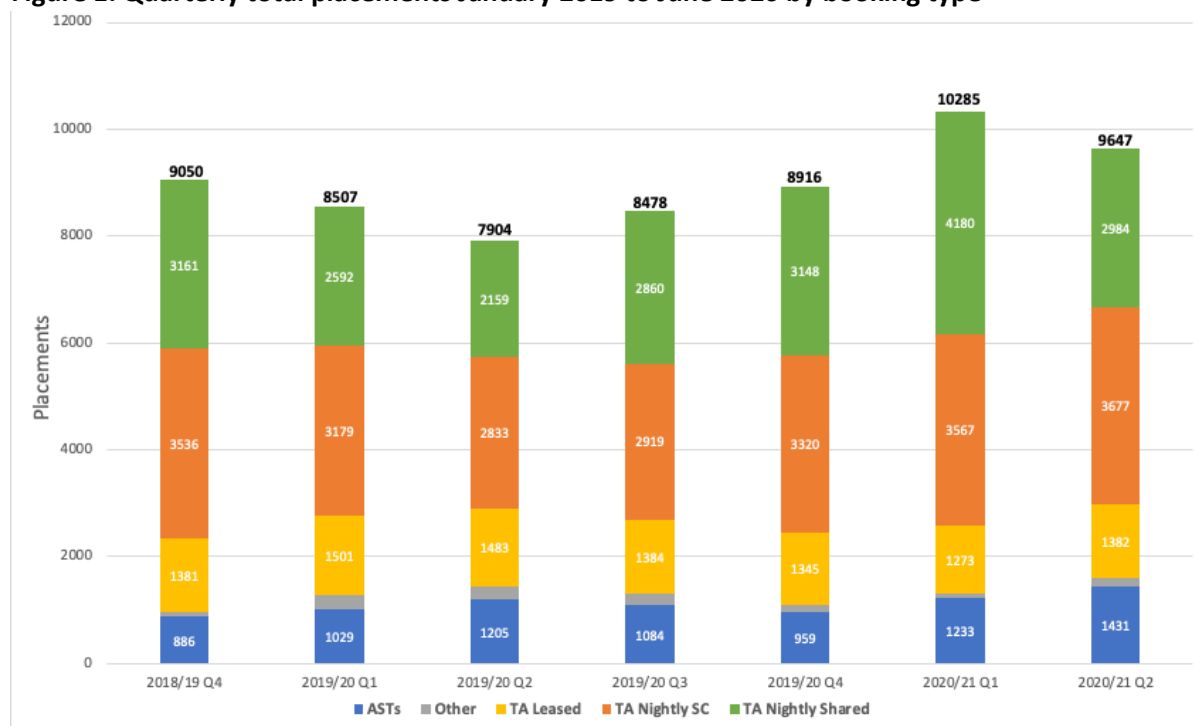
## 4. Capital Letters, the market and other providers

### (i) What is provided?

The best source of data about the types of placements made for homeless families in London comes from the IBAA data series. However, it is a voluntary system and is currently not up to date (new data will be available in November 2021).

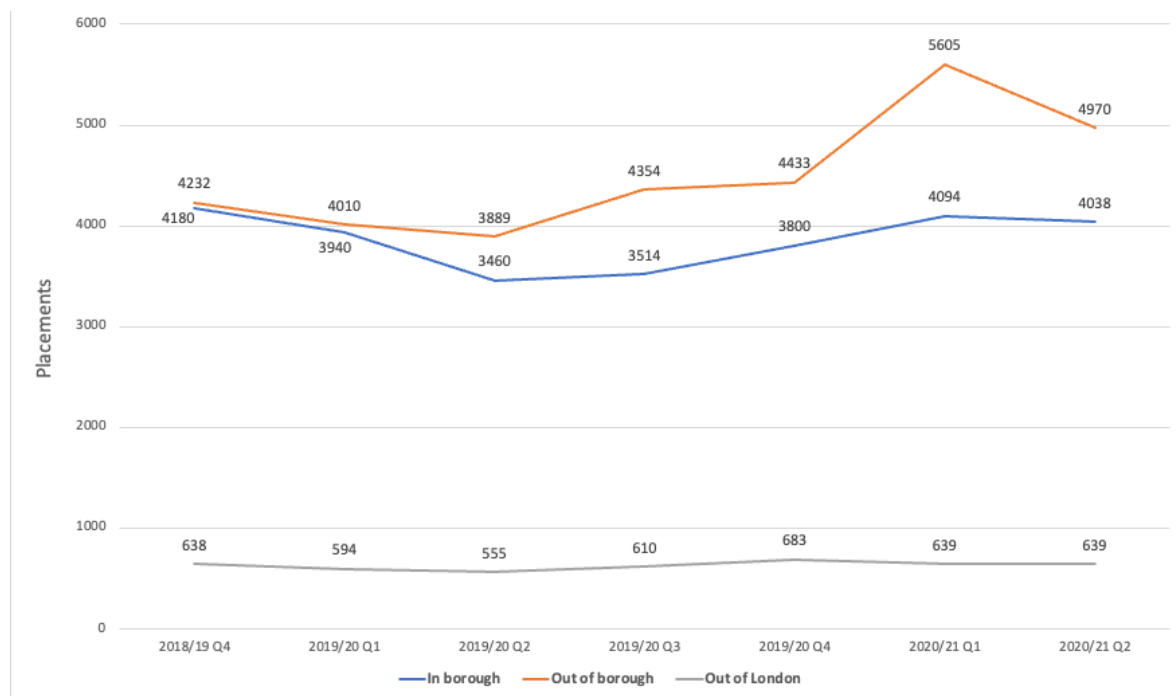
IBAA notes that AST placement reporting continues to fall short of the numbers reported by MHCLG. In the 2020/21 Q2 report, the latest available, the total of AST placement reported to IBAA was 786 compared to 1,210 reported by MHCLG. Although AST placements continue to be under and variably reported by boroughs, it has been improving. In addition to underreporting, some boroughs have occasionally failed to report certain data. The most recent example is Croydon which failed to report nightly paid placements in Q2 2020.

**Figure 1: Quarterly total placements January 2019 to June 2020 by booking type**



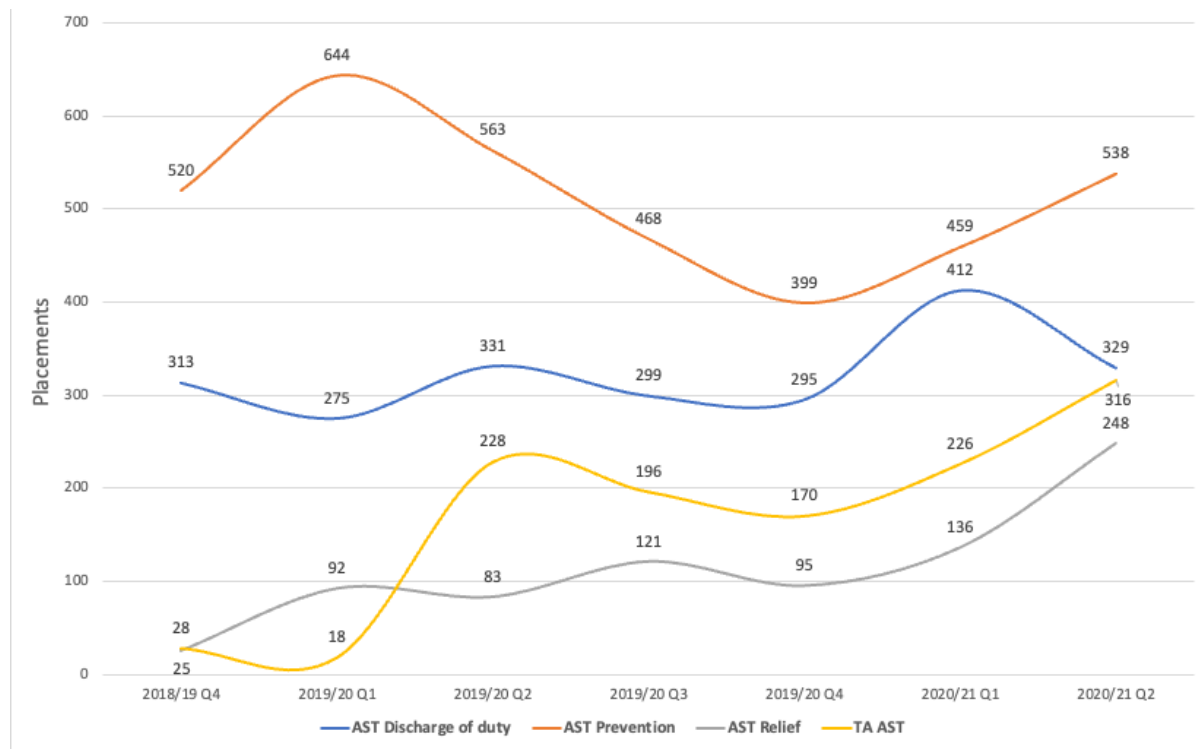
Total placements have increased slightly from Q4 2018/19 to Q2 2020/21 by 6.6% from 9,050 to 9,647. The two categories with the biggest increases are ASTs, which have increased by 62% from 886 to 1,431, and Other bookings, which have increased by 101% from 86 to 173. The use of nightly shared temporary accommodation has decreased over the same period by 6% from 3,161 to 2,984.

**Figure 2: Placements January 2019 to September 2020 by location**



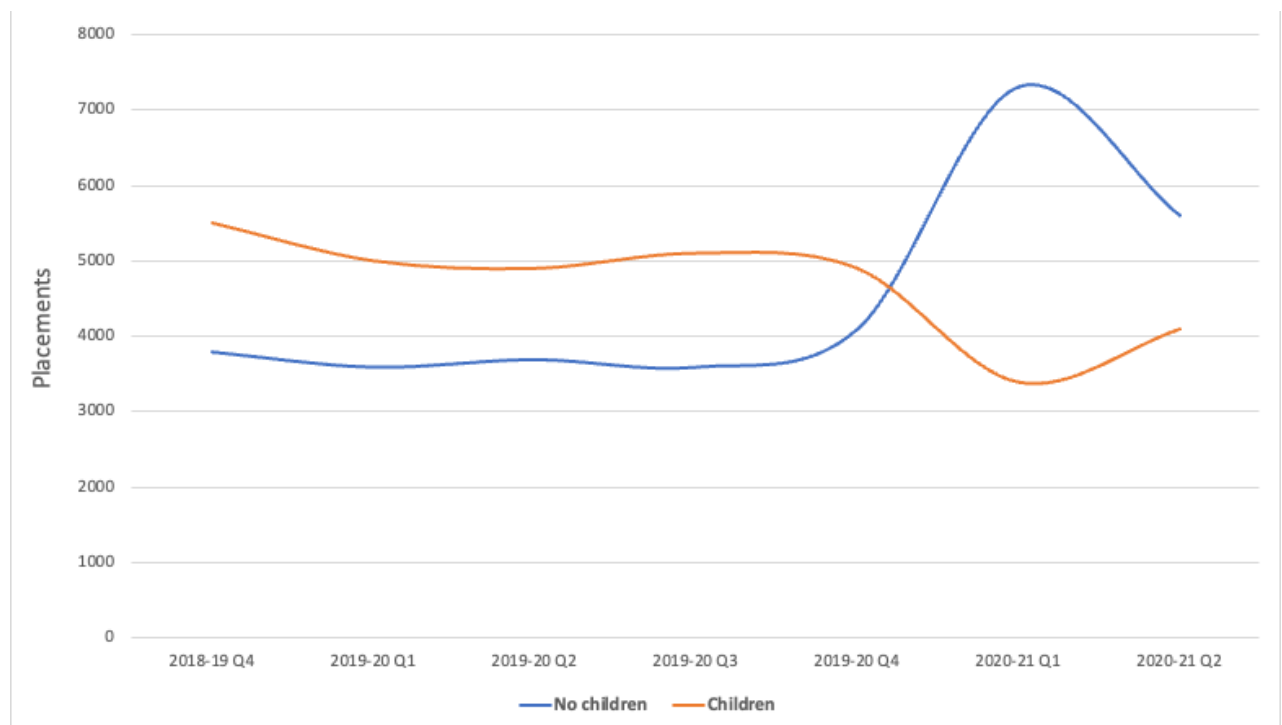
Placements out of borough has increased by 17.4% since Q4 2018/19.

**Figure 3: Total AST placements January 2019 to June 2020 by type**



The increase in AST placements have mainly been driven by increases in AST relief and AST temporary accommodation. AST relief increased over the period by 892% from 25 to 248, while TA AST increased by 1,029% from 28 to 316.

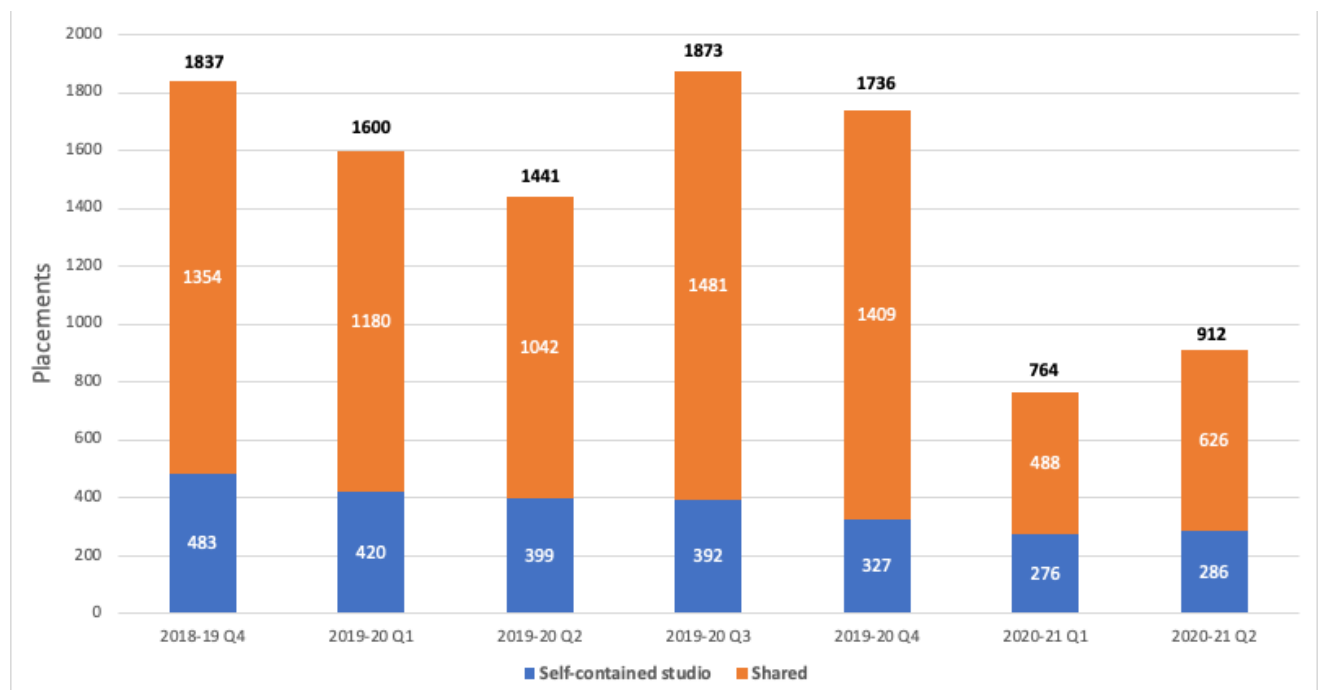
**Figure 4: Placement January 2019 to September 2020 by household type**



There had been a slow convergence in the relative proportions between households with children present and those without children since at least Q1 2016. Single placements subsequently experienced a dramatic increase in Q1 2020/21. This was accompanied by a 32.8% rise in nightly shared temporary accommodations from 3,148 to 4,180.

In terms of overcrowding, the use of shared or studio accommodations for families has decreased by -71.7% since Q1 2016/17 and by -50.4% since Q4 2018/19. However, as family sizes and accommodation sizes vary this is a fairly imprecise measurement of overcrowding.

**Figure 5: Placements of families in shared or studio accommodation**



## Concentration by borough

**Table 1: Boroughs with the most placements**

		2018/19 Q4		2020/21 Q2*
1	Croydon	11.8%	Southwark	9.6%
2	Newham	7.0%	Newham	6.6%
3	Southwark	6.2%	Wandsworth	6.1%
4	Brent	5.7%	Haringey	5.8%
5	Wandsworth	4.9%	Redbridge	5.0%

*\*No reported AST figures for Croydon*

**Table 2: Boroughs with the fewest placements**

		2018/19 Q4		2020/21 Q2*
29	Westminster	1.1%	Westminster	0.9%
30	Kingston upon Thames	0.9%	Hounslow	0.9%
31	Havering	0.5%	Havering	0.6%
32	Merton	0.5%	Merton	0.4%
33	City of London	0.2%	City of London	0.1%

*\*No reported AST figures for Croydon*

Tables 1 and 2 above show the top 5 boroughs with the most placements in a given quarter and the bottom 5. The 3 boroughs that have experienced the largest relative increases between Q4 2018/19 and Q2 2020/21 are Haringey (145%), Bexley (115%) and Kingston upon Thames (100%) and the 3 boroughs with the largest relative decreases during the same period are Croydon (-91%), Brent (54%), Hounslow (-45%). As Croydon did not report AST figures in Q2 2020/21, it is also of interest to look at relative changes between Q4 2018/19 and Q2 2020/21. The boroughs with the top 3 increases during this period were Haringey (280%), Tower Hamlets (92%), and Islington (81%), and the 3 boroughs with the largest decreases (excluding City of London) were Croydon (-61%), Southwark (-35%), and Hounslow (-35%).

Nineteen boroughs (including the City of London) made more placements in other boroughs than they received. Kingston upon Thames (4.3), Richmond upon Thames (4.1), and Kensington and Chelsea (3.0) were the boroughs with the largest send/receive ratios in Q2 2020/21 while Croydon (0.1), Hounslow (0.3), and Westminster (0.4) had the lowest. These boroughs, apart from Westminster, have been net senders and net receivers in each quarter from Q4 2018/19 to Q2 2020/21. The fact that 19/33 boroughs are net senders reflects the fact that there are a few big receivers, such as Croydon, Redbridge and Brent.



The data have three important implications for Capital Letters:

1. Even given the fact that the IBAA data are out of date, Capital Letters is already an important part of total AST provision to the point where much of the increase probably reflects Capital Letters activity;
2. But AST remains the smallest identified type of placement – so there is plenty of potential for growth;
3. The levels of nightly paid accommodation are frighteningly high – and it is the most expensive form of provision. This is recognized as presenting significant potential for substituting better value AST accommodation. However, the issues involved are legally challenging and should initially be addressed with a small number of willing boroughs.

**(ii) Who is being accommodated?**

According to MHCLG live data (Table 3) the numbers of households in temporary accommodation increased by about 13% in London between the beginning of 2018 and the beginning of the pandemic. However, the increase was significantly more – over 20% - in the country as a whole. Since then, the levels have fallen slightly and then stabilised in both London and England. As a result, the proportion of those in temporary accommodation in London has fallen from almost 69% of the national total to ‘only’ 63% in the first quarter of 2021.

Table 3: Number of households in temporary accommodation, 2018-2021			
		London	England
<b>2021</b>	Q1	60,010	95,450
	Q2	62,650	98,260
<b>2020</b>	Q3	60,530	94,610
	Q4	60,440	95,100
	Q1	59,930	92,190
	Q2	57,070	86,240
<b>2019</b>	Q3	58,230	87,390
	Q4	58,670	88,310
	Q1	56,780	85,040
	Q2	56,330	82,390
<b>2018</b>	Q3	56,190	83,430
	Q4	56,540	83,540
	Q1	55,440	80,720
	Q2	56,330	82,390

**Source:** 2019 Q1 – 2021 Q1 MHCLG H-CLIC Homelessness returns (quarterly), 2018Q1 - 2018Q4 MHCLG P1E Homelessness returns (quarterly) <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

This may in part reflect the relative success boroughs have had in meeting the prevention duty by finding privately rented, particularly self-contained, accommodation, in 2020/21 as compared to 2019/20 - an area where Capital Letters has played an increasing role.

Even so, the total amount of temporary accommodation required by London authorities at the beginning of 2021 was nearly 7% higher than when the HRA was introduced - and is likely to rise over the coming months as the potential impact of section 21 and at least a partially working legal system begins to bite.

The second big change is in the mix of households accommodated (Table 4). At the beginning of 2018, 3 out of 4 households accommodated were families. This proportion fell slowly until the pandemic but then dropped to around 65% of the total. Thus, those coming forward became more diverse, in part because the nature of vulnerability changed as a result of the public health emergency.

Were this changing mix to continue it would probably be appropriate for Capital Letters to review its remit. Currently, this specifically concentrates on family households because it is currently seen as the area where the greatest improvements can be made using the Capital Letters model. While Capital Letters is now contracted by MHCLG to procure studios for those still accommodated in emergency hotel accommodation, this is, at this point, a one-off – as is the request to Capital Letters to find larger dwellings for Afghani refugees.

		Families	Singles	Other households
<b>2021</b>	Q1	64.9%	22.4%	12.7%
	Q2	64.7%	22.8%	12.5%
<b>2020</b>	Q3	65.9%	22.2%	11.9%
	Q4	66.6%	22.1%	11.3%
	Q1	69.4%	19.7%	10.9%
<b>2019</b>	Q2	71.1%	17.9%	11.1%
	Q3	71.4%	17.6%	11.0%
	Q4	71.8%	17.5%	10.7%
	Q1	72.2%	17.6%	10.2%
<b>2018</b>	Q2	72.8%	18.0%	9.2%
	Q3	73.1%	17.8%	9.0%
	Q4	73.5%	17.7%	8.8%
	Q1	74.9%	17.0%	8.1%

**Source:** 2019 Q1 – 2021 Q1 MHCLG H-CLIC Homelessness returns (quarterly), 2018Q1 - 2018Q4 MHCLG P1E Homelessness returns (quarterly) <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

## Prevention, relief and main duty discharge

The Homelessness Reduction Act put in place a much stronger prevention element which gives boroughs the opportunity to help those owed a prevention duty either to maintain their existing tenancy or to move on to something more sustainable.

At the same time the new H-CLIC system of data collection started to be brought in. This provides rather more individual detail but will take some years to settle down, so comparisons must be made with care.

Table 5 gives basic information about initial assessments made in the financial year 2020 – 2021. It therefore covers the first year of the pandemic during which for much of the time both notices and evictions were on hold and movement was generally constrained. Even so the comparisons between England overall and London remain relevant.

Around 95% of those who were initially assessed were found to have a prevention or relief duty owed - suggesting that the HRA system was working well. Importantly those in London accounted for under 20% of the overall England total. Compared to the relative numbers of those in temporary accommodation that looks very low. Mainly this reflects the much longer time that London homeless households on average spend in temporary accommodation. However, it may also reflect the specifics of the pandemic and movement out of the cities, particularly out of London.

Within the overall totals, prevention accounted for about 45% and the more traditional relief for 55% (Table 5). The numbers affected by a valid Section 21 was held down by Covid regulations against notice and evictions. Table A1 in the annex provides the same information by borough and shows that boroughs were dealing with anything from 300 to 3,600 cases over the year; that the proportions accepted as owed a duty were consistently over 90%; and that prevention generally dominated.

**Table 5: Number of households by initial assessment, 2020/21**

	Total initial assessments	Assessed as owed a duty			
		Total owed a prevention or relief duty	Threatened with homelessness within 56 days - Prevention duty owed	Of which: due to service of valid Section 21 Notice	Homeless - Relief duty owed
<b>England</b>	282,240	268,560	119,400	8,940	149,160
<b>London</b>	54,890	51,760	23,990	1,560	27,770

*Source: MHCLG H-CLIC Homelessness returns (quarterly). Latest update: September 2021*

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

Turning to success in ending the prevention duty with accommodation secured, the proportion solved through local authority intervention was higher at 80% for England as a whole compared to 76% in London. But the big difference is between the mix of tenure in the accommodation provided (Table 6). In England the proportions of social and privately rented accommodation were roughly equal at 49% and 51% respectively. However, in London the proportions were totally different with social housing accounting for 24% and private renting for 76% of accommodation secured.

**Table 6: Number of households whose prevention duty ended by type of accommodation secured, 2020/21**

	<b>Total number of households whose prevention duty ended with accommodation secured</b>	Total private rented sector	Total social rented sector	Other <sup>1</sup> /Unknown
<b>England</b>	<b>69,120</b>	28,370	26,860	13,900
<b>London</b>	<b>13,670</b>	7,910	2,450	3,320

*Source: MHCLG H-CLIC Homelessness returns (quarterly). Latest update: September 2021*

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

<sup>1</sup> Notably staying with family

Table A2 gives the same information by borough. It shows that prevention duty is far more likely to be ended by using privately rented than social sector housing – except in Islington and Southwark where social housing was more usual.

Table 6 also shows the different ways in which the duty is discharged. It suggests that in England accommodation was found for some 57% of those whose prevention duty was ended by being helped to find a new home. The rest were generally helped to stay in their existing home through mediation or financial support. In London the proportion helped to find additional accommodation was lower, at around 50% but the proportions varied very considerably between boroughs.

The picture with respect to ending relief duty is somewhat different (Table 7). Total numbers are rather lower. Across England 80% were found accommodation in either the social or private rented sector but in London the proportion was only around 63%. Moreover, in England 60% of those accommodated went into the social sector but in London that proportion was at only 32%, inherently much lower, given the very limited turnover in social housing, with over two thirds going into the private rented sector. Borough information (Table A3) shows very different approaches across authorities - with Tower Hamlets and Croydon concentrating more on social housing and among the remaining boroughs, most emphasising private renting but others looking more to financial support.

The proportion of those who found new accommodation in England was very similar to that for prevention. The main difference was the very much higher proportion (17%) who required supported housing. In London, the proportion with respect to relief at 77% was much nearer that for the country as a whole than for prevention.

**Table 7: Number of households whose relief duty ended by type of accommodation secured, 2020/21**

	<b>Total number of households whose relief duty ended with accommodation secured</b>	Total private rented sector	Total social rented sector	Other <sup>1</sup> /Unknown
<b>England</b>	<b>66,240</b>	20,890	31,580	13,770
<b>London</b>	<b>11,190</b>	4,770	2,280	4,140

Source: MHCLG H-CLIC Homelessness returns (quarterly). Latest update: September 2021

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

<sup>1</sup> Notably staying with family

### Main duty

The total number of households whose main duty was ended in England during the financial year 2020/21 at around 27,000 equates to roughly 30% of those in temporary accommodation at the beginning of that period (Table 8). 77% of that total were accommodated in either the social or private rented sectors. Others found other ways out or refused such accommodation. Of those accommodated in the social and private rented sectors, 88% were housed in the social sector.

The story in London was very different. At 6,230, the number whose main duty ended was only just over 10% of those in temporary accommodation at the beginning of the period. Within that total 70% were accommodated in social and privately rented housing, with 25% of accepted offers being in the private rented sector. Indeed, almost 30% of all privately rented acceptances in England were in London.

**Table 8: Number of households whose main duty ended by reason for duty end, 2020/21**

	<b>Total households whose main duty ended</b>	<b>Housing Act 1996 Pt6 social housing offer</b>		<b>Private rented sector offer</b>	
		<b>Accepted</b>	<b>Refused</b>	<b>Accepted</b>	<b>Refused</b>
<b>England</b>	26,950	18,280	880	2,610	220
<b>London</b>	6,230	3,260	110	1,110	140

Source: MHCLG H-CLIC Homelessness returns (quarterly). Latest update: September 2021

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

Overall, the picture of how prevention, relief and main duties are ended with accommodation secured shows that the two biggest differences between London and the country as a whole are:

- (i) It is harder for local authorities to help people who are accepted as in need of prevention, relief or main duty in London than it is in the country as a whole; and
- (ii) In England as a whole it is far easier to accommodate people in the social rented sector than it is in London. Accommodation is much more likely to be found in the privately rented sector in London.

But it is also important to recognise that authorities in addition do a lot to maintain people in their current home and in some cases to provide financial support to make that possible.

### **Evidence on Costs and Potential Savings**

At this stage in the development of Capital Letters there is very little empirical evidence that can be adduced which is specific to this initiative. However, there are more general analyses of the costs of temporary accommodation and of the processes which could be expected to lead to benefits from the Capital Letters approach.

#### **Costs of temporary accommodation**

The most directly relevant published analysis covered the costs to government and local authorities of the current system of emergency and temporary accommodation. The report for London Councils (Scanlon et al, 2019) suggested that:

‘In 2017/18, London local authorities spent over £900 million assessing, assisting and accommodating homeless households. Some £200 million of this money came from their own general funds (i.e. costs not met from specific central government homelessness grant funding or from income received – such as from rental payments).

As intended, the Homelessness Reduction Act (HRA) has increased the number of households approaching boroughs for assistance since its introduction in April 2018. In the first year of the HRA, around 55,000 households were assessed by a London borough homelessness service as compared to an average of under 30,000 per annum over the previous ten years.

Looking forward, our estimates suggest that on the most likely (central) scenario, the call on boroughs’ general funds will rise from £201 million in 2017/18 to £237 million in 2022/23, in real terms’.

Analysis also suggested that the unit cost of handling a homelessness case in London is more than twice as much as in England as a whole. The cost of managing a homelessness acceptance – the most expensive type of case – was measured at over £9,500 per case in London. The cost of managing prevention and relief was estimated at around £2,500 per case. The unit costs for one year of those already in TA were estimated at around £15,000.

#### **Length of time in temporary accommodation**

Another major reason why costs are so high in London is that those placed in temporary accommodation tend to stay in temporary accommodation very much longer than in other parts of the country.

At its simplest the evidence on the flow of households owed a main duty in any given period as compared to the ‘stock’ of households in temporary accommodation shows that across the country

around 40% of those in TA were assessed in the same year. In London that proportion is around 18%. Roughly therefore households are staying in TA for at least twice as long in London as in the country as a whole

A report by Shelter in 2014, based on FOIs (Shelter, 2014) showed that while 60% of those in temporary accommodation in London had been there less than 2 years some 20% had been there for more than 5 years.

Local authority data suggest that families will be there for longer than adult households - perhaps twice as long - and that larger families or those with access problems will often wait many years. The savings to boroughs and the value of keeping people out of temporary accommodation are therefore obvious.

#### **Unit costs of temporary accommodation.**

Taking the available published evidence together with other, as yet unpublished, research suggests that on time alone a placement in London would cost twice the amount in the Midlands and the North. But once the difference in unit cost of temporary accommodation is taken into account the costs in London would be around three times that observed in much of the rest of the country.

These data – together with the evidence on the much lower costs of managing prevention as compared to allocation - make it very clear that initiatives that can keep people out of temporary accommodation (even if there has to be a short time in emergency accommodation) can only be good value for money. Placing a family household into a 2-year AST avoids both the high management costs of placing and monitoring what may well be years in temporary accommodation, reduces the HB top-up costs to local authorities and ensures that the household has access to support to maintain their tenancy.

#### **Procurement**

It has never been a stated assumption that procurement costs would be lower through Capital Letters as compared to borough costs. Moreover, it has become clear over the last two years that most boroughs will wish to do some of their own procurement and have found the 'hybrid' system to be working well.

Again, there are no data immediately available to compare costs in a like for like manner, especially given the differences between boroughs in how they approach their responsibilities. What is clear however is that Capital Letters with its cross London experience both continues to develop a knowledge base which helps them identify particular areas and suitable types of accommodation as well as building relationships with landlords and agents which ensure a supply from satisfied customers. Economies of scale will almost certainly mean that costs per tenancy should fall over time in a way that is not open to individual authorities. Many of the benefits were recognised in the interviews with boroughs – with a number clarifying that they would be increasing their use of Capital Letters in the coming months.

#### **Incentive costs**

One of the core objectives of setting up Capital Letters was to stop landlords from playing off one local authority with another and so be able to push up prices. One of the major successes during the last two years has been the pan-London agreement to offer standard incentives. This was an initiative which was under discussion well before Capital Letters was in business but its existence has

made it much easier to recognise the benefits and to put the agreement into operation. Of course, there are breaches – but the longer it lasts the more obvious the benefits.

Capital Letters itself has, with the assistance of one borough, made a ‘proxy’ calculation looking at the savings to the local authority based on the unit costs of temporary accommodation (PSL) at £7,280 versus the cost of procuring a PRS property through Capital Letters (the incentive payment less grant) of £3,250, a saving of some £4,000 per unit procured over two years<sup>7</sup>. Work is planned by the Society of London Treasurers to provide more comprehensive comparisons.

At the present time the data for estimating the benefits using a counterfactual are not available. However, there was general agreement in our interviews that benefits were increasingly being realised.

### **Tenancy sustainability and the potential benefits of stopping the revolving door**

Just as important is to ensure a reduction in the numbers of households who return to homelessness possibly a number of times – each time resulting in the associated management and other costs. Unhappily H-CLIC cannot as yet be used to analyse the numbers of households who re-enter the homelessness system (although in the context of Everyone In – a very different group - it is clear that significant numbers were housed multiple times) and the evidence from Capital Letters is still limited. However, what can be said is that only a tiny number of those reaching the end of their 2-year AST are having to move on. Instead, landlords are happy to renew their contract in the same way as with other tenants. Again, this results in direct savings (subject to the costs of support – free to local authorities) of the tenancy sustainment service. This is an area where the evidence is so far inherently limited. Ideally data should be improved over the next two years to enable a fuller value for money assessment of the costs and benefits of tenancy sustainability for the tenant, the landlord and the public sector.

### **Benefits to individual tenant wellbeing**

Up to now we have discussed financial costs and savings but a much more fundamental issue is the impact of a stable tenancy together with access to support to maintain that tenancy which will almost certainly generate significant benefits in terms of many aspects of family wellbeing. The major benefits of adequate, stable accommodation particularly on child development and educational achievement; mental and physical health and therefore NHS savings; and the capacity to take up employment or to work longer hours have all been measured in the literature both in terms of social well-being but also in terms of direct benefits/savings to the public purse, both national and local. Details of the potential benefits can be found in Scanlon et al, forthcoming 2021.

### **Capital Letters increasing role in providing settled accommodation**

As we have already noted Capital Letters started to procure properties in 2019. However, it took time to build up momentum and full data are only available from March 2020. We therefore look at the eighteen month period from 1 March 2020 to 31 August, 2021.

As the objective is to see how procurement has developed in total and across boroughs, we divide the period into two: the first year from March 1<sup>st</sup> 2020 to 28<sup>th</sup> February 2021 and the latest six-month period from March 1<sup>st</sup> 2021 to the end of August 2021.

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<sup>7</sup> The savings to the public sector overall are less because central government pays the grant.



Table 9 below covers the first year. During that period almost 4,000 unique properties were offered to 18 member boroughs – although 3 of these boroughs were hardly involved in part because they became fully operational near the end of the period (and Southwark although signed up took no part). Brent, which had transferred staff and committed strongly to Capital Letters, was the most involved being offered almost 600 properties and accepting 80% of the properties offered.

Levels of involvement varied greatly both in terms of the numbers of properties offered and those accepted. Five boroughs were offered more than 300 properties and six had an acceptance rate of over 60%. On the other hand, (excluding the 4 identified above) three were offered fewer than 100 and eight accepted fewer than a hundred. The average acceptance rate was only just over 50%.

These results are perhaps unsurprising as everyone was finding their feet and working out how best to use the system. Acceptances are higher than lets as some properties are withdrawn by landlords who have been able to let more quickly themselves.

<b>Table 9: Properties offered and accepted 1 March 2020 - 28 February 2021</b>				
<b>Borough</b>	<b>No. of unique properties offered*</b>	<b>No. of unique properties accepted</b>	<b>Let (Tenancy start date)</b>	<b>No. properties accepted as % of no. offered</b>
<b>Barking &amp; Dagenham</b>	7	5	1	71.4%
<b>Bexley</b>	69	25	20	36.2%
<b>Brent</b>	598	473	341	79.1%
<b>Camden</b>	223	60	26	26.9%
<b>Croydon</b>	92	42	49	45.7%
<b>Ealing</b>	205	139	90	67.8%
<b>Enfield</b>	266	167	119	62.8%
<b>Hackney</b>	474	129	68	27.2%
<b>Hammersmith &amp; Fulham</b>	169	83	66	49.1%
<b>Haringey</b>	569	360	261	63.3%
<b>Harrow</b>	12	0	1	0.0%
<b>Havering</b>	1	0	0	0.0%
<b>Lewisham</b>	114	71	42	62.3%
<b>Newham</b>	50	29	3	58.0%
<b>Redbridge</b>	215	92	78	42.8%
<b>Tower Hamlets</b>	388	136	89	35.1%
<b>Waltham Forest</b>	358	228	159	63.7%
<b>Westminster</b>	184	45	18	24.5%
<b>London</b>	3994	2084	1431	52%

**Source: Capital Letters**

Given the inherently slow start the most important question is ‘has the process speeded up in the last six months. The answer to that is undoubtedly yes – with some very obvious successes and a strong upward trend, particularly in terms of offers.

Table 10 below covers the final six months for which data are available from March 1<sup>st</sup> 2021 to August 31<sup>st</sup> 2021. It shows that the total number of properties offered was almost 90% of the

numbers for the full year before – implying rapid growth. Importantly three boroughs which had hardly been involved in the previous year became very much more active, with over 90% of their offers coming in the last six months.

The numbers of properties accepted also rose by 80%. However, this reflects a slightly lower acceptance *rate*, in part because boroughs do not always have the resources to take up all that they are offered quickly enough.

<b>Table 10: Properties offered and accepted 1 March 2021 - 31 August 2021</b>				
<b>Borough</b>	<b>No. of unique properties offered</b>	<b>No. of unique properties accepted</b>	<b>Let (Tenancy start date)</b>	<b>No. properties accepted as % of no. offered</b>
<b>Barking &amp; Dagenham</b>	63	17	11	27.0%
<b>Bexley</b>	2	1	1	50.0%
<b>Brent</b>	308	182	133	59.1%
<b>Camden</b>	190	34	12	17.9%
<b>Croydon</b>	63	27	19	42.9%
<b>Ealing</b>	151	78	55	51.7%
<b>Enfield</b>	213	160	115	75.1%
<b>Hackney</b>	382	93	73	24.3%
<b>Hammersmith &amp; Fulham</b>	118	46	27	39.0%
<b>Haringey</b>	426	229	159	53.8%
<b>Harrow</b>	189	108	51	57.1%
<b>Havering</b>	107	70	40	65.4%
<b>Lewisham</b>	126	79	50	62.7%
<b>Newham</b>	193	105	75	54.4%
<b>Redbridge</b>	161	84	62	52.2%
<b>Tower Hamlets</b>	402	155	127	38.6%
<b>Waltham Forest</b>	299	141	119	47.2%
<b>Westminster</b>	176	51	25	29.0%
<b>London total</b>	<b>3569</b>	<b>1660</b>	<b>1154</b>	<b>46.5%</b>

*Source: Capital Letters*

Table 11 compares the levels of activity during the last six months to activity over the full eighteen months' period. It shows that at London level the number of properties offered in the last six months was over 47%, a figure which is more than 40% above the stable rate of 33%. As importantly, all but one borough has increased their involvement i.e. accounting for more than 33% of the overall total. Only Bexley, which has paused its membership whilst it completes an internal review of its services, has reduced activity. Brent kept their level of involvement roughly constant – but they were, with Haringey, one of the two boroughs that were most involved from the beginning. Overall, the figures show very considerable momentum.

**Table 11 Proportion of Borough activity in the six months 1 Mar 2021 – 31 August 2021 as compared to the 18 months from 1 Mar 2020 – 31 August 2021.**

Borough	No. of unique properties offered	No. of unique properties accepted	Let (Tenancy start date)	% change in no. properties accepted as % of no. offered
Barking & Dagenham	90.0%	77.3%	91.7%	-4.4%
Bexley	2.8%	3.8%	4.8%	13.4%
Brent	34.0%	27.8%	28.1%	-13.2%
Camden	46.0%	36.2%	31.6%	-4.9%
Croydon	40.6%	39.1%	27.9%	-1.7%
Ealing	42.4%	35.9%	37.9%	-9.3%
Enfield	44.5%	48.9%	49.1%	6.9%
Hackney	44.6%	41.9%	51.8%	-1.6%
Hammersmith & Fulham	41.1%	35.7%	29.0%	-6.0%
Haringey	42.8%	38.9%	37.9%	-5.4%
Harrow	94.0%	100.0%	98.1%	3.4%
Havering	99.1%	100.0%	100.0%	0.6%
Lewisham	52.5%	52.7%	54.3%	0.2%
Newham	79.4%	78.4%	96.2%	-0.7%
Redbridge	42.8%	47.7%	44.3%	5.4%
Tower Hamlets	50.9%	53.3%	58.8%	1.7%
Waltham Forest	45.5%	38.2%	42.8%	-9.0%
Westminster	48.9%	53.1%	58.1%	2.3%
<b>London total</b>	<b>47.2%</b>	<b>44.3%</b>	<b>44.6%</b>	<b>-3.0%</b>

Source: Capital Letters

This evidence above and that from the interviews with boroughs (see section 5) suggests that a growing proportion of boroughs will be looking to increase their activity levels over the coming months. However, as has already been discussed, the capacity to increase the numbers of offers requires either that those who are doing the procurement can increase their success rate to or above the levels originally envisaged or that more people are employed, almost certainly to include those who have knowledge of landlords in different parts of the capital, in order to be able to bring forward enough properties to meet the projected growth in demand.

Perhaps the more fundamental conclusion is that there is growing understanding that, especially for those owed a prevention duty, enabling households to move directly into settled accommodation is likely to be the best option. The potential for increasing the proportion of households who can be offered an AST in this way is clearly a major reason for Capital Letters existence. The evidence from the last six months suggests the opportunity is there to expand this pathway.

## 5. Evidence from the Interviews with boroughs and landlords

Senior housing/homelessness staff from ten London local authorities were interviewed: Haringey, Enfield, Redbridge, Tower Hamlets, Waltham Forest, Newham, Brent, Ealing, Hammersmith & Fulham and Camden. All of the boroughs are members of Capital Letters, some from the outset and some joining more recently.

The first question asked about the individual authority's main motives for joining and what they hoped Capital Letters would do for them. Five respondents recognised the problems of competition between boroughs for properties and consequently not being able to meet need. All five welcomed the opportunity to work more cohesively. Three other boroughs were predominantly interested in the opportunities offered in procurement by Capital Letters. One specifically made clear that access to more properties in the private rented sector via Capital Letters would allow them to increase the rate it was able to discharge its prevention and relief duties whilst at the same time offering residents more choice about where they live. The remaining two professed to feeling ambiguous from the start, one because it was not convinced of Capital Letters' business plan and the other because it felt that if it did not join, as an outer London borough it might find Capital Letter taking a significant proportion of properties locally and it would lose out. It added that it had not found Capital Letters convincing and the borough's initial stance and that of its TA team had been defensive although this had subsequently changed.

The second question focussed on Capital Letters' objectives as set out in the first business plan and how they were perceived by Local Authorities. Two boroughs stated that the possible transfer of properties to Capital Letters had been an attractive element for them but recognised that it had proved more complex than expected. As in the first question the reduction in competition between boroughs and the value for money of central procurement were appreciated. As one interviewee commented 'before Capital Letters, boroughs did not even talk to each other about TA'. Whilst none were opposed to the secondment of staff, in practice there had been some problems and a number of boroughs said they had paid Capital Letters to recruit negotiators for them.

Question three turned to the current position. One borough summed up a view held by several in saying that it had been a bumpy ride at the start but there was widespread agreement that Capital Letters was now working effectively, and several made clear that the procurement service was now delivering really well. One borough argued that individual boroughs 'get out from Capital Letters what they decide to put into it'. Some concerns were expressed about the future and whether the withdrawal of government grant might result in higher prices for the service. Others highlighted existing problems with affordability for those hit by the benefit cap, with one suggesting that Capital Letters needs to clarify where in London there is greatest availability of accommodation affordable for benefit capped families and focus on sourcing the maximum number of properties.

Turning in Question 4 as to how Capital Letters might continue to evolve in the future, the variations between boroughs' expectations was clear with one saying that it hoped Capital Letters would focus on 'big picture thinking' while another said it was really only interested in the supply of PRS properties. Following on from this, one interviewee suggested that some boroughs had only joined Capital Letters in order to take advantage of the subsidies and felt that it was now time for Capital Letters to give an ultimatum to boroughs to decide whether they were in or they were out. Another borough mentioned that Capital Letters and Local Authorities could try to work together more closely so that as properties were procured more people were lined up ready to have them offered to them. One inner London borough where affordability continues to be a problem said that they

had expected to meet with more resistance from their client group to being offered accommodation in outer London boroughs but that the quality of the accommodation was frequently the compensating factor. Another inner London borough positively welcomed the opportunity that Capital Letters offers to procure across London so that it can, in turn, offer its residents a better choice about where they want to live. However, although boroughs continue to have to move benefit capped households out of London there was no enthusiasm for the suggestion that Capital Letters should extend their activities beyond London, at least for the present.

Question five sought to explore the differences in the rate at which boroughs convert offers from Capital Letters into lettings. There was a strong feeling that both offers and acceptances had increased in the current financial year with April appearing to feel like a real turning point. Affordability continued to be mentioned as a reason for not accepting properties and one borough said that it was able to procure at a similar rate to Capital Letters as it had established good longstanding relationships with many local landlords who preferred to work directly with them rather than Capital Letters.

Three boroughs mentioned issues matching supply with demand. One was focussed on this as a general issue, whilst another noted that Capital Letters added a further partner into the procurement process and that consequently there needs to be good collaboration between Capital Letters, in-house officers from the boroughs housing advice teams and the front of house staff in order to maximise the conversion rate. The remaining borough focussed more specifically on issues raised by the pandemic, arguing that demand over the last year has been dampened down by the eviction ban while supply has been good as landlords have had more difficulty finding tenants. Now, as demand starts to increase with evictions restarting, and supply begins to reduce as landlords have more choice of tenants, it suggests Capital Letters needs to be prepared - the conversion rate may increase but they may have to work harder to maintain the supply.

Question six explored the contributions boroughs have been making to Capital Letters procurement staffing. Three boroughs explicitly mentioned that they had seconded staff from their teams to Capital Letters but in two of the three cases it had not worked out as hoped and staff were let go. It is not clear whether there had been a mismatch of expectations, or the staff transferred were not suitable. However, several interviewees mentioned that staff recruited directly by Capital Letters were being paid more than staff seconded from the boroughs. The difference is largely accounted for by the public sector pension rights owing to local authority staff, but this had caused concern amongst staff and impacted on those prepared to be seconded. Where boroughs had not been able/prepared to second staff they paid Capital Letters to recruit staff for them but in a tight market it was suggested that Capital Letters had been struggling to recruit the right calibre of people and train them to understand the requirements of local authorities' homelessness teams. One interviewee commented that with a shortage of trained people it might be preferable to recruit and train from scratch.

Turning to the rate at which local authorities were joining Capital Letters, the next question explored their attitudes to joining and participation. A couple of boroughs noted that both sides had to try to accommodate one another with effort required by both parties, while at the same time noting that the very different needs of boroughs made it hard for Capital Letters. Despite this they were of the opinion that a 'one size fits all' approach was never going to be successful. Two boroughs focussed on the level of risk they were prepared to take, suggesting that if their need for properties was several hundred per annum, choosing a new company to take on this responsibility was risky and it was preferable to have one person working in Capital Letters and retain their own team. One interviewee acknowledged that this led to continued competition for properties and also suggested

that competition between boroughs was still taking place although it was difficult to get evidence. The same interviewee argued that if confidence grows in Capital Letters boroughs may feel more positive about committing to the service but qualified this by stating that it depended on how much money was involved as in joining Capital Letters, local authorities committed to not outbidding other authorities. Several interviewees commented that the progress made by Capital Letters over the last year and its growing competency was clearly overcoming some boroughs' initial reluctance to join. However, one interviewee speculated that some local authorities were just too busy to consider the option or had heads of departments too set in their ways.

The next two questions looked at ways of funding Capital letters going forward. Amongst those interviewed there was no support for membership fees at the level proposed. There was also a view that both the prevention work and the tenancy sustainment service was underestimated and should be more widely known. In particular, one interviewee argued that local politicians were not fully aware that Capital Letters was set up to reduce the costs and use of TA and deal with homelessness.

One local authority noted that in relation to the new business model proposing that Capital Letters moves into property management that this would be attractive to their clients. Ideally their clients would prefer a social landlord, but as this was unlikely there would be a definite preference for Capital Letters as a landlord compared to an individual PRS landlord.

Question 10 looked ahead to Capital Letters future role within London. There was some scepticism about it achieving a pan-London role given the strength and individual nature of the London boroughs but there was considerable praise for the progress Capital Letters had made in establishing itself as a clearly defined presence particularly over the last year. As a result, one borough argued that Capital Letters has now proved that it can procure properties at scale for boroughs and demonstrated to MHCLG the benefits of procuring from a central hub.

Following on from this the final question asked about factors which might make Capital Letters more successful and its role more secure or, alternatively, make its future more problematic. There was an acknowledgment that people like working at Capital Letters, that it has a strong managerial team and now follows clear policies and procedures. It was also noted that without Capital Letters' tenacity and drive it would have foundered before now and it was praised for its good communication, for having found its direction and set out what it wants to achieve, though increasing its brand awareness amongst landlords was mentioned as a priority for the future. However, alongside this broader view, there was an underlying concern that its primary activity should be in procurement, with the comment 'it's good but only if it keeps to delivery' reflecting the challenge that Capital Letters faces in continuing to keep local authorities onside.

### **A Landlord/Agent Perspective**

Two interviews were carried out, one with a landlord with a portfolio of 21 properties (mainly flats) across east and south-east London, the other with agents based in north London managing 50-60 units (mostly houses) for 25 landlords spread across north-east London. Neither provide temporary accommodation or overnight lets and a comment from the landlord 'I don't focus on a particular market niche, it's what gives me the best return' probably sums up the attitude of both respondents

Both interviewees are now working with Capital Letters however, initially, neither approached Capital Letters directly themselves but were referred on by local authority employees.

Both interviewees contrasted the experiences they had had with local authorities and Capital Letters with the landlord stating that 'Councils themselves don't do a great job dealing with landlords.

Capital Letters are more landlord friendly and understanding. A lot of this comes down to client relations, to the confidence you'd have say with an estate agent. You don't get that with the council – it's very nine-to-five, yes or no.... Capital Letters has more of a human touch.'

In response to a question about their knowledge of Capital Letters' business model and its aims, the agent spoke for them both when he said 'not much, to be honest', adding that he thought 'they aim to provide properties for homeless people and they're looking for stock.... I'm sure there are other internal aims and goals for Capital Letters but I wouldn't know about those.'

Asked about the attractions of working in this market both mentioned the incentive payments which are paid upfront and 'make up for lower rents and poor tenants', together with the offer to cover a void after one week which, according to the landlord, means that 'all the risk is passed on to them, which de-risks it'. The agent noted that 'they did have a 7-day void period and we got paid on day 8. Then Capital Letters changed it earlier this year to a 14-day void period and we weren't happy with this. They're going back to a 5 or 7-day void period next month.'

The agent commented that compared to the boroughs, the incentive payments are almost on a par 'but boroughs usually have a payment schedule where they only make payments on certain days.... Capital Letters payments hit faster, within a couple of hours'. This was endorsed by the landlord 'They pay incentives quickly, 10 out of 10'.

However, the landlord was very aware that incentives vary between boroughs citing the example of borough A which pays an £4,500 incentive every year compared to borough B which pays the same incentive but only in the first year. In the case of borough B, he went to Capital Letters but in the other case he went through borough A as Capital Letters could not match the incentive.

Comparing Capital Letters' service and business terms with individual boroughs, both interviewees noted that there are differences between boroughs. The agent commented 'I'd say Capital Letters is more attractive, but if you have a good relationship with an individual in borough you might get different treatment; they can move the goalposts slightly.'

However, he went on to say that 'The goal is to get properties filled ASAP. Boroughs should be accountable and fill these properties.' Why doesn't that happen? 'Well, changes of personnel in local authorities, lack of knowledge of their stock [of potential tenants]. We should have a list of willing applicants who can afford the rent in our inbox within 24 hours, but it's a failed goal. We wait 3, 5, 7, 14 days to get dribs and drabs of applicants. It's not good enough!'

Turning to Capital Letters' aim to provide good support to landlords working in this challenging part of the market, the interviewees were questioned on their experiences and what support was most valuable for them. Both were aware of the service with the agent commenting 'Capital Letters are on the other end of the phone, very responsive. With a borough we could be waiting 24 hours for a response.' He also noted that the tenancy support service 'has definitely played a part.... It's a great service, and its only offered by Capital Letters, but there are more things they could do.' From the landlord's perspective, he appreciated the communication with tenants provided by the support service and the reassurance given on payments with an explanation of the benefits system, whose complexity, he felt, was not always understood by landlords.

Asked if they would recommend Capital Letters to other landlords, the landlord responded 'To the right one, yes. If you're only interested in squeezing every penny, then no, but for someone with a busy life who wants to hand the service over, then yes....and I have.'

The agent was more emphatic, 'Yes, I believe in Capital Letters. I think they've disrupted the market and I like that. They're making boroughs more accountable to get properties filled more quickly by having the void period in place. When they started none of the boroughs spoke well of them – but I like that. It has given the boroughs a kick up the backside. We'll send business to Capital Letters if their service is better than yours. If we get a property that meets their requirements, we send it straight to Capital Letters.'



## 6. Summary and Conclusions

### The starting point

1. The original consultant's report by Tim Grey was commissioned in early 2017 to provide a feasibility study on the options for enhancing pan London collaboration in procuring privately rented accommodation for homeless households in London. The Homelessness Reduction Act 2017 which became operational in April 2018 and which put very much more stress on prevention added significantly to the pressure to develop such an approach.
2. The Consultant's Report provided a vision of what might in principle be possible. The approach was strongly supported by MHCLG and London Councils and the study was instrumental in persuading the Treasury that such an approach was desirable.
3. But because not all boroughs would be involved, at least initially, London Councils could put no money into its development. This had implications for how speedily Capital Letters could be set up, management put in place and become operational.
4. At this early stage there were two main factors which were underestimated. First each borough worked in a different way and had different approaches to the issue of finding suitable accommodation. These procedures were embedded in their systems so that introducing a new approach to be used by all members was and continues to be challenging.
5. Secondly there was massive over-optimism about the time scale for the introduction of even the basic elements of a procurement mechanism - a problem which was later significantly negatively affected by Covid and the massive additional workload facing boroughs.

### The initial objectives

6. By centralising the procurement system, the core objectives in setting up Capital Letters were seen to be:
  - to reduce competition between boroughs which landlords could, and did, take advantage of to increase rents and incentive payments;
  - to increase the potential for boroughs to accommodate homeless households in their own borough by reducing competition from other boroughs;
  - to strengthen capacity to negotiate more effectively and thus reduce costs and increase supply;
  - to enable homelessness duties to be discharged by the substitution of settled accommodation particularly with respect to nightly paid accommodation with its associated cost savings;
  - and later, to develop the added value of the company's tenancy sustainment service enabling tenants to maintain their tenancies and avoid future costs of repeat homelessness.
7. The first Business Plan therefore stated that a major objective was the reduction in the competition between boroughs for limited accommodation and the provision of a single point for negotiations with landlords/agents.

8. It also set out a mechanism by which procurement staff were to be seconded from local authorities to enable centralised procurement.
9. Further, it proposed that PSL properties should be transferred from local authorities to Capital Letters to manage those properties as settled accommodation.

### **The actuality**

10. Capital Letters was launched in March 2019 with 13 boroughs as members. MHCLG provided some £38m by top slicing the Flexible Homelessness Support Grant. Member boroughs receive a rebate for each property let to a homeless household, so benefitting from the grant in proportion to their usage of the scheme. Non-member boroughs on the other hand are negatively affected by the allocation – but may of course join at any time.
11. The number of member boroughs has now increased to 21 and is expected to grow further over the next year. Not all member boroughs are fully active although there has been a rapid increase in activity since early 2021.
12. In the latest figures available, 18 members had received some 3,569 offers in the six months between March and August 2021, a figure which is almost 90% of the previous full year. Evidence from interviews with a range of boroughs reinforces this picture and suggests that most are expecting to continue to increase their use of the service.
13. The pan-London agreement on incentive payments is seen to have worked well – reducing competition between boroughs and therefore costs.
14. To date, 67% of families have been housed in-borough compared to the IBAA results for all London of 41% - this is a major achievement as it stops the tension between members when they place their families in cheaper boroughs.
15. Procurement has so far been Capital Letters' core activity, now accompanied by the unique tenancy sustainment service. However, it has not been organised in the way initially envisaged. In particular, the expectation agreed to by all members was that boroughs would transfer their procurement staff to Capital Letters. Most have chosen to keep the majority of their staff and pay Capital Letters so that they could employ additional procurement staff.
16. This had two major problems: first there is a shortage of trained procurement officers so those employed needed to be trained, often from scratch. Procurement rates have therefore been lower than projected – and, although they have improved, are still below expectations. In addition, in some cases the transfer of staff from individual boroughs to Capital Letters has not been successful contributing to a relatively high staff turnover and further costs for Capital Letters.
17. More fundamental is the fact that boroughs on the whole have not wished to transfer their teams but often would rather see Capital Letters as providing in addition to their own activities. This is part of a more general question about how boroughs see their responsibilities. They mainly wish to keep control over some aspects of procurement and to have their own staff to do affordability assessment and to some degree tenancy

sustainability – although these are services that Capital Letters offer. Most have not addressed integrating other procurement activities such as for care leavers.

18. The current position reflects the fact that boroughs using the service range from those who have transferred all relevant activities /staff to those who want to use Capital Letters only to discharge their main duty responsibilities and maintain a fully operational procurement team of their own. Changes are occurring – indeed Capital Letters’ activity is increasing rapidly and is itself pan-London – but the aspiration of a single pan-London procurement organisation providing the service to all boroughs is unlikely to be realised, at least in the near future.
19. This raises a more basic question about the role of Capital Letters as a force for change and disruption – which is very much part of its vision. There is evidence of increasing success and its capacity to disrupt will grow as activity rises – and as Capital Letters becomes more important for landlords - but it will take time.
20. The other activity identified in the first business plan was the transfer of PSL property to Capital Letters to manage. This turned out to be very much more problematic than had been expected, in part because the process of transfer is more complex than had been understood. Equally most boroughs we talked to wanted to keep control of their PSL properties and this seems unlikely to change.
21. The new proposals to bring institutional finance into Capital Letters to enable Capital Letters to access additional supply and to build a portfolio which it will manage is clearly a very different type of initiative. It has the potential for income generation and greater financial stability as well as significantly increasing the numbers of households helped to find settled accommodation. The fact that boroughs appear prepared to guarantee the finance for this initiative is itself very positive.
22. It is important to stress that almost all those who we interviewed saw Capital Letters as a success story which they were happy to support.

### Scale

23. The first unit was formally procured in June 2019 but in practice properties started to be let from October 2019 and only 250 had been ~~procured~~ let by 31<sup>st</sup> March 2020. By August 2021 the total offered had grown to well over 7,500 with the speed of procurement increasing significantly over the last six months.
24. IBAA data suggest that AST placements were running at around 1200 - 1400 per quarter in the early part of 2020/21 and that the numbers were increasing. Evidence from Capital Letters suggests that it makes up an important part of this total and are one reason for the observed increases in the use of AST.
25. However, AST remains the smallest placement category even though there appears to be increasing understanding of how these placements can avoid people moving into temporary accommodation at the prevention stage.

26. Unhappily the IBAA data make it very clear that nightly paid temporary accommodation is still dominant and that out of borough placements remain the norm.
27. Perhaps the biggest issue at the present time is whether Capital Letters actually has the resources to expand to meet the needs of both the growing number of boroughs and the increasing demand for units from member boroughs (in this context two boroughs when asked how many properties they would like to procure said as many as they could be offered).
28. However, procurement levels depend on both the number and quality of the procurement staff and their capacity to provide a smarter service. It has proved difficult to expand the numbers (and extend their coverage across the capital). At the present time this looks like the biggest bottleneck to expansion.
29. The other element that needs to change to help ensure a larger more efficient service is the proportion of offers that are taken up and let to homeless families. Discussions with boroughs suggests that each borough works in a different way and the reasons for not taking up offers varies enormously. Capital Letters has responded by enabling access to members to those properties that remain in a 'basket' of available but not yet accepted properties. This approach appears to be working well.

#### **Activities**

30. While procurement is clearly Capital Letters' core element at this stage, it has also been extending and improving the services on offer. Most notable is the tenancy sustainability service – which is available to all boroughs free of charge. Many boroughs, while heavily involved in providing for those who need additional support, do not have the resources to monitor more mainstream tenancies to ensure that they are working well.
31. Capital Letters both provides regular monitoring and ensures that landlords and tenants can always communicate any problems via a named individual. This is clearly helping to maintain tenancies and to ensure landlords are comfortable with their relationship with Capital Letters. Our interviews with landlords suggest that those happy to talk are positive about the relationship and happy to maintain tenancies past the initial 2 years.
32. The following provide three examples of how Capital Letters works to sustain tenancies and relationships:
  - (i) Over the period from January to end August 2021 Capital Letters has recovered more than £650,000 in backdated income and grants;
  - (ii) On occasion Capital Letters will go to the landlord and explain why the tenant cannot sustain their payments (e.g. because of change of circumstances) and will transfer the tenant to a more affordable but acceptable home and fill the tenancy with a household who can afford the rent. This reduces landlord risk and costs;
  - (iii) On the evidence that Capital Letters has collected, of the 400 tenants who are nearing the end of their two year AST there are so far only 6 identified as at risk of a S21 eviction. Landlords are generally very happy to renew.

33. All of these examples show how Capital Letters activities are reducing direct costs as well as avoiding costs to members. In particular, if the tenancy can be extended the tenant does not end up going back to the borough at risk of homelessness.
34. There is very little analysis of unit costs (as opposed to the overall cost to boroughs) but what we do know is that those who enter temporary accommodation in London are on average likely to stay in this accommodation for at least double the time observed in other parts of the country and that a reasonable annual estimate is of the order of £15,000 per household. Ensuring people do not return to homelessness is a core objective of any allocation process.
35. Direct cash savings to boroughs from accommodating households in the private rented sector as compared to temporary accommodation over a two-year period have been measured at around £4,000 per household. But there are many other benefits from the greater stability both to the household and to the public purse.
36. It is important to stress that many of the benefits come from building good relationships with landlords and agents so that the landlord knows that any issues will be positively addressed.
37. Another major initiative is in the context of affordability assessment. In principle it is important that rental affordability is assessed in a way that ensures the tenancy can normally be sustained. While many boroughs see this as a necessary part of their responsibilities, in part because the authority may have borough specific policies, others do not have the resources to undertake the assessment themselves. Capital Letters has the experience to make such assessments and offers a service for which they charge.
38. A major initiative which is only just getting underway is Capital Letters proposal to become a landlord and lease properties (using institutional private finance) to offer an additional stream of properties for homeless families which will generate profits to replace current government grant. To some extent this substitutes for the transfer of PSL properties from boroughs which has proved difficult to implement. Importantly, there appears to be support from members for this initiative.
39. Capital Letters has also been commissioned by the Ministry to procure studio accommodation for people brought in under Everyone In and still living in emergency accommodation. Learning from last year's experience, Capital Letters will only procure such accommodation if there is support in place. Even so, it points to the possibility of adding studios to their procurement in certain circumstances. At the other extreme, with its own problems, is the potential for procuring larger dwellings for large families who often end up spending many years in temporary accommodation at significant cost to local and national government as well as to the families themselves.

### **The relationship with boroughs**

40. Capital Letters is owned by the 21 boroughs who are members and business plans and strategy are agreed by the Borough Representative Body together with the Capital Letters board (one of the reserved matters).

41. Although this structure is clear cut there appears to be a gap between this strategic relationship and how the relationship works on a day-to-day basis. Across boroughs, the majority of borough participants see Capital Letters mainly as a procurement agency.
42. Even in this context, very few boroughs have been prepared to transfer their own staff preferring rather to pay Capital Letters to employ and train the necessary staff. The reasons for this are multiple – including the different structure of pay and conditions. But at the core is a wish to maintain their own in-house operational capacity.
43. The result of this is that many of the benefits of a coherent pan-London approach have yet to be fully realised – and Capital Letters must continue to address how best to work effectively with each borough individually. Even so, it has proved possible to standardise incentive payments - reducing unhealthy competition between boroughs and ensuring that landlords are paid immediately. This is definitely a success.
44. One benefit of this situation is that strong positive relationships have been built between staff in the boroughs and staff in Capital Letters. The most usual comments from the borough interviewees were about how easy it was to contact the person they needed to speak to in Capital Letters and how responsive Capital Letters were to their requests/concerns.
45. Even so there is a continuing need to clarify the actual and potential benefits to boroughs of closer partnership rather than competition. These include enabling more households to be accommodated in their own borough; ensuring that households do not re-enter the homelessness system; the potential for substituting ASTs for long term nightly paid and other temporary accommodation saving significant amounts on top up costs not covered by housing benefit; and savings on management costs.
46. However, boroughs are of necessity parochial and usually concentrating on immediate issues – especially in the light of Covid. Implicitly this puts impediments on improving overall services and must be addressed by continuing discussion.

### **The relationship with landlords/agents**

47. Landlords and agents who work with Capital Letters regularly say that they are very happy with the relationship and particularly value the named contact point and the tenancy sustainment approach. Evidence so far suggests that landlords are happy to renew their tenancies at the end of the two year AST.

### **Data**

48. The current quality of H-CLIC data in London is a matter of considerable concern. Some of the problems are an outcome of stresses caused by the pandemic. Others are matters arising during H-CLIC's introduction. However, it will take time before we can be sure that an adequately accurate picture is being provided.
49. Specific to Capital Letters are the issues of data availability to undertake a value for money assessment of how they are operating, their relative costs; the savings to the public purse;

and wider social benefits. It would be helpful if a scoping study of the data required to undertake such an assessment were undertaken so that it is possible to address this issue more effectively in two years' time.

### **Key issues for Spending Review**

50. The Homelessness Reduction Act, by extending borough powers to help prevent homelessness, opened up new ways to approach the homelessness problem. But in London, unlike much of the rest of the country, it is impossible for boroughs to house most homeless households in secure socially rented housing.
51. Capital Letters was an initiative supported strongly by both London Councils and MHCLG. Its objective was to provide a pan-London service which could efficiently procure settled, two year AST accommodation in the privately rented sector for families facing homelessness. Now in its third year of operation, the concept has been proved to work and the services are both expanding and improving. Most boroughs are signed up and both their numbers and their use of the service continue to grow.
52. Everything takes time. The initial business plan was over-optimistic. Expectations are now more realistic and there is significant evidence of increased commitment this year which needs to be built on.
53. Capital Letters has effectively adapted to changing circumstances. The core objective of a pan-London organisation that can reduce unnecessary competition between boroughs, expand the supply of suitable AST accommodation; help place people in their own boroughs; and sustain tenancies has been put in place and is already seen to have the potential to work effectively for the majority of boroughs.
54. There are already clear benefits: ASTs are proving to be successful and sustainable; this type of provision is growing most rapidly although from a low starting point. It is working particularly well in the context of prevention. Tenancies are proving sustainable with direct benefits to the households and to the borough.
55. Some boroughs are able to show examples of clear cost savings. Operational evidence on tenancy sustainability suggests that there are very few failures and therefore fewer people facing renewed homelessness – a major issue for the public purse.
56. There are inadequate published data at this stage to do a more fundamental cost benefit analysis for the public sector as a whole. Given the evidence of the extent to which London's costs arise from the length of time that households have to spend in temporary accommodation, even a limited quantitative assessment would be worthwhile.
57. Finally, looking at the original objectives,  
to reduce competition between boroughs which landlords could, and did, take advantage of to increase rents and incentive payments;  
  
to increase the potential for boroughs to accommodate homeless households in their own borough by reducing competition from other boroughs;

to strengthen capacity to negotiate more effectively and thus reduce costs and increase supply;

to enable settled accommodation through ASTs to substitute for more expensive and less satisfactory nightly paid accommodation.

There is good evidence of progress on the first three – although a lot more to do. The final one is yet to be significantly addressed, albeit this is in the hands of the boroughs.



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## 8. Annex: Homelessness Data by Borough

**Table A1: Number of households by initial assessment and borough 2020/21**

	Total initial assessments	Assessed as owed a duty			
		Total owed a prevention or relief duty	Threatened with homelessness within 56 days - Prevention duty owed	Of which: due to service of valid Section 21 Notice	Homeless - Relief duty owed
Barking and Dagenham	1,505	1,407	864	60	543
Barnet	2,111	2,030	1,124	113	906
Bexley	788	786	273	20	513
Brent	2,951	2,919	1,280	47	1,639
Bromley	1,190	1,150	500	35	650
Camden	1,203	1,098	343	12	755
City of London	12	12	2	0	10
Croydon	2,379	2,287	658	171	1,629
Ealing	2,471	2,439	1,234	58	1,205
Enfield	2,029	1,905	955	81	950
Greenwich	1,750	1,546	595	13	951
Hackney	2,224	2,154	725	37	1,429
Hammersmith and Fulham	1,076	1,063	400	21	663
Haringey	3,438	2,383	1,486	92	897
Harrow	682	646	213	33	433
Havering	1,837	1,732	977	49	755
Hillingdon	1,751	1,727	1,287	120	440
Hounslow	..	..	..	..	..
Islington	1,698	1,623	938	20	685
Kensington and Chelsea	1,049	1,026	389	12	637
Kingston upon Thames	449	427	210	8	217
Lambeth	3,243	3,214	1,535	76	1,679
Lewisham	3,166	3,148	1,830	108	1,318
Merton	567	551	396	31	155
Newham	..	..	..	..	..
Redbridge	..	..	..	..	..
Richmond upon Thames	295	287	95	16	192
Southwark	3,669	3,395	1,005	90	2,390
Sutton	962	804	353	14	451
Tower Hamlets	2,042	1,938	760	61	1,178
Waltham Forest	1,932	1,923	996	39	927
Wandsworth	..	..	..	..	..
Westminster	1,805	1,601	348	18	1,253

Source: MHCLG H-CLIC Homelessness returns (quarterly). Latest update: September 2021

**Table A2: Number of households whose prevention duty ended by type of accommodation secured and borough 2020/21**

	Total number of households whose prevention duty ended with accommodation secured	Total private rented sector	Total social rented sector
Barking and Dagenham	456	333	34
Barnet	800	639	105
Bexley	..	..	..
Brent	709	320	31
Bromley	..	..	..
Camden	198	107	27
City of London	1	0	1
Croydon	356	258	3
Ealing	935	557	79
Enfield	527	367	17
Greenwich	457	155	134
Hackney	325	153	72
Hammersmith and Fulham	212	164	23
Haringey	981	666	169
Harrow	118	97	4
Havering	357	254	20
Hillingdon	711	378	173
Hounslow	..	..	..
Islington	634	160	246
Kensington and Chelsea	190	125	36
Kingston upon Thames	109	62	6
Lambeth	1,204	655	359
Lewisham	781	407	147
Merton	351	183	68
Newham	..	..	..
Redbridge	..	..	..
Richmond upon Thames	60	31	4
Southwark	729	258	298
Sutton	255	176	24
Tower Hamlets	382	195	138
Waltham Forest	378	230	29
Wandsworth	151	66	6
Westminster	291	249	24

Source: MHCLG H-CLIC Homelessness returns (quarterly). Latest update: September 2021

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

**Table A3: Number of households whose relief duty ended by type of accommodation secured and borough 2020/21**

	<b>Total number of households whose relief duty ended with accommodation secured</b>	Total private rented sector	Total social rented sector
<b>Barking and Dagenham</b>	<b>239</b>	183	30
<b>Barnet</b>	<b>455</b>	364	60
<b>Bexley</b>	..	..	..
<b>Brent</b>	<b>722</b>	127	38
<b>Bromley</b>	..	..	..
<b>Camden</b>	<b>455</b>	201	198
<b>City of London</b>	<b>4</b>	3	0
<b>Croydon</b>	<b>534</b>	105	372
<b>Ealing</b>	<b>784</b>	456	67
<b>Enfield</b>	<b>426</b>	157	19
<b>Greenwich</b>	<b>401</b>	85	30
<b>Hackney</b>	<b>450</b>	233	92
<b>Hammersmith and Fulham</b>	<b>351</b>	245	93
<b>Haringey</b>	<b>504</b>	104	46
<b>Harrow</b>	<b>223</b>	184	24
<b>Havering</b>	<b>302</b>	215	34
<b>Hillingdon</b>	<b>308</b>	195	89
<b>Hounslow</b>	..	..	..
<b>Islington</b>	<b>179</b>	96	54
<b>Kensington and Chelsea</b>	<b>301</b>	186	86
<b>Kingston upon Thames</b>	<b>58</b>	15	2
<b>Lambeth</b>	<b>699</b>	243	184
<b>Lewisham</b>	<b>651</b>	279	237
<b>Merton</b>	<b>106</b>	7	15
<b>Newham</b>	..	..	..
<b>Redbridge</b>	..	..	..
<b>Richmond upon Thames</b>	<b>69</b>	8	5
<b>Southwark</b>	<b>625</b>	24	8
<b>Sutton</b>	<b>188</b>	83	55
<b>Tower Hamlets</b>	<b>488</b>	176	216
<b>Waltham Forest</b>	<b>294</b>	173	60
<b>Wandsworth</b>	<b>159</b>	12	13
<b>Westminster</b>	<b>335</b>	129	54

*Source: MHCLG H-CLIC Homelessness returns (quarterly). Latest update: September 2021*

<https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

## 9. Borough questionnaire

1. When you joined Capital Letters what were your authority's main motives for signing up? What did you hope Capital Letters would do/provide for your authority?
2. The first business plan made clear that Capital Letters' objectives were
  - Procurement of privately rented accommodation to provide settled accommodation
  - Possible transfer of properties from local authorities to Capital Letters to manage those properties as settled accommodation
  - Secondment of staff from local authorities to Capital Letters
  - Reduction in the competition between boroughs for limited accommodation and provision of a single point for negotiations with landlords/agents

Were all these elements important to you when you joined Capital Letters or were some more important than others?

3. What about now? What do you see as the most important benefits to you as an authority? What are the problems? Are your objectives being met? Do you have other objectives you would like included?
4. Capital Letters itself has evolved and shifted its emphases over time. How would you like to see it continue to evolve?
5. In relation to procurement there appear to be significant differences in the rate that boroughs convert offers from Capital Letters into lettings.
  - Last year you were offered x properties; accepted y; but only z were actually let.
  - How many would you have liked to have been offered?
  - Why was the acceptance rate only A%
  - And the number of lettings only z?
  - How many led to the homeless duty being met?
  - How do these figures compare with when you are procuring the properties yourselves?
  - Any idea about relative cost – and value in terms of secure lettings?
6. Staffing seems to be another stumbling block for Capital Letters and its projected growth. We are aware that there is a shortage of experienced Housing Negotiators across London, do you think the Capital Letters model of seconding staff from local authorities was unrealistic? How could it be improved?
7. Boroughs were expected to join Capital Letters in a phased plan, but it's not clear whether there is sufficient enthusiasm amongst all boroughs for this to continue as expected. And even some of those boroughs which have already joined are operating as sleeping partners or barely using CL's services. Why do you think this is? And what do you see as the impact on Capital Letters' future?

8. Capital Letter has ambitions to be self-financing but at present is largely grant funded. They are looking to spread government funding over the coming two years to help them grow. Are you supportive of this approach?
9. In its latest business case, Capital Letters is proposing that boroughs pay membership fees; that the transfer of TA leases from boroughs to Capital Letters proposed in the first business plan may still be practical despite difficulties encountered so far; and particularly that they develop the management of a property portfolio made up of properties leased from private landlords or fund managers, all of which could generate significant income. What is your view of these ambitions, do you think they are practical and/or acceptable to boroughs?
10. MHCLG and London Councils were both supportive of Capital Letters' original creation and it continues to have Ministerial support. Do you believe the vision of Capital Letters as an effective pan London resource can be realised?
11. In your view is there anything in addition to what we've already discussed, which might either help Capital Letters to become more successful and its role more secure or, alternatively, make its future more problematic?
12. Anything else we haven't covered?