



House of Commons
Committee of Public Accounts

Housing the homeless

Twenty-first Report of
Session 2003–04



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*Report, together with formal minutes,
oral and written evidence*

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The Committee of Public Accounts

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Committee staff

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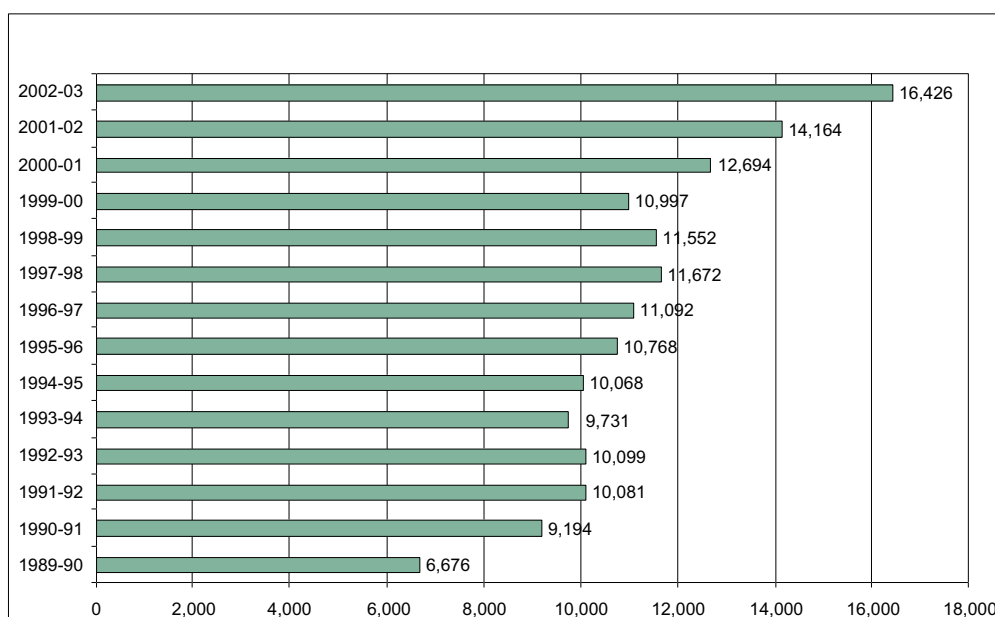
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Summary

Homelessness levels in Northern Ireland are proportionately higher than in other parts of the United Kingdom, and have been rising steadily since 1988. Between 1999–2000 and 2002–03, the annual number of households presenting as homeless rose by 50%. Northern Ireland’s reliance on private sector (bed and breakfast-type) accommodation is also higher than in other parts of the UK.

Figure 1: Number of homeless presenters 1989–90 to 2002–03



Source: Northern Ireland Housing Executive

The Northern Ireland Housing Executive (NIHE), spends around £24 million annually on providing services to the homeless. This total includes Housing Benefit payments, which are administered by NIHE on behalf of the Department for Social Development (the Department). In 2002, NIHE produced a formal strategy for providing and managing homelessness services, and set up a multi-agency group to address prevention.

On the basis of a Report by the Comptroller and Auditor General,¹ the Committee took evidence from the Department and NIHE on four main issues:

- ⊘ The extent of homelessness and the effectiveness of measures to prevent it
- ⊘ The quality and cost of temporary accommodation provided
- ⊘ The extent to which homeless clients’ needs are met
- ⊘ NIHE’s performance in minimising length of stay in temporary housing

¹ C&AG’s Report, *Housing the Homeless* (NIA 55/01, Session 2001–02)

As a result of our examination, we drew the following main conclusions:

Strategic management of homelessness services has been poor

Planning for the provision of homelessness services has been inadequate, and NIHE took 14 years to develop its first formal homelessness strategy. This shows a disturbing degree of complacency about meeting its statutory duty towards some of the most vulnerable members of society. It is our view that, during this period, there was a breakdown of competence in dealing with homelessness, because a proper framework for getting to grips with the problem had not been devised. The Department is culpable for not taking sufficient action to ensure that NIHE produced a strategy at the outset, and for not monitoring service standards closely enough to ensure that real improvements were being delivered. We are aware that there are special circumstances in Northern Ireland that make the management of housing issues both sensitive and challenging. This is precisely why proper strategic planning and active Departmental oversight are essential if the homelessness problem in Northern Ireland is to be brought under effective control.

Temporary accommodation used is unsuitable and expensive

NIHE acknowledged the unsuitability of B&B accommodation, except for emergency use. Nevertheless, NIHE used B&B for over half of its homeless clients in 2000–01, at an estimated cost of £7.5 million. This cost could only be estimated because of shortcomings in management and costing information. Most of the B&B rents paid were higher than the Housing Benefit cap, resulting in an NIHE top-up of £1.23 million in 2000–01. This is evidence of poor management and it underlines the need to reduce B&B usage to the absolute minimum.

Homeless persons' needs are not being met adequately

Case example evidence revealed some extraordinarily insensitive mismatches between homeless persons' special needs and the accommodation with which they were provided. We are deeply concerned that NIHE took no action in relation to one particular B&B establishment that had been the subject of repeated complaints from residents about drug-dealing on the premises, and where hygiene standards were poor.

Stays in temporary accommodation are too long

Length of stay in B&Bs is three times longer than the target. Although the proportion of clients allocated to this type of accommodation is falling, actual numbers are rising. This is partly due to areas of high social housing demand and low supply, making it impossible to move clients to permanent housing quickly enough, and resulting in very high temporary housing costs. The Department must review urgently its projections for the numbers of new social housing units required, and the level of funding needed to provide them.

Conclusions and recommendations

The extent of homelessness and the effectiveness of measures to prevent it

1. We have the sense that NIHE has been complacent about the homelessness problem in Northern Ireland. Owing to the 14-year delay in producing a homelessness strategy, NIHE faces a difficult task in bringing homelessness in Northern Ireland under control. It is essential, therefore, that NIHE's homelessness strategy should include firm, measurable targets for reducing homelessness overall, and for meeting the particular needs of homeless presenters, especially very vulnerable groups.
2. We consider that the Department is culpable because it has not exercised sufficient control over the measures employed by NIHE to deal with increasing demand for temporary accommodation, or to enable it to be fully aware of what is, or is not, being delivered. In its turn, NIHE does not seem to have had clearly defined expenditure priorities for the funding it received from the Department. We expect the Department's control framework for NIHE to include specific performance targets to underpin the £24 million it allocates annually to NIHE to provide homelessness services, and the additional £28 million that will be required to implement the homelessness strategy.
3. The lengthy delay in producing a prevention strategy has undoubtedly exacerbated the homelessness problem. When it is finally produced, we will expect the new strategy to include wide-ranging and imaginative measures to tackle potential causes of homelessness at source. Given that numbers presenting as homeless have risen by almost 50% in the last three years, it should include challenging targets for achieving reductions in this rate of increase.
4. We are encouraged by the Department's assurances that it now liaises closely with the Office of the Deputy Prime Minister on homelessness matters. The homelessness problem should not be pushed to the back of the queue, but should be high up the list of priorities for both the Department and NIHE. In order to ensure that the impetus for improvement is maintained over time, it is crucial that NIHE continues to work closely with ODPM. It is also essential that NIHE benchmarks its performance in all its housing services, including homelessness, against that of other UK housing authorities, on a regular basis. Any relevant good practice that has been developed must be applied as quickly as possible in Northern Ireland.

The quality and cost of temporary accommodation provided

5. We share the disappointment of the Treasury Officer of Accounts that NIHE did not carry out economic appraisals, in accordance with the guidance produced by his Department, before undertaking three of its capital investments. We expect Departments to ensure that proper appraisals are carried out, in accordance with current guidance, for all relevant investments.
6. The unsuitability and high cost of B&B accommodation are widely acknowledged, and we welcome NIHE's statement that its policy is to stop using it as quickly as possible. The Committee considers that this aim is more likely to be achieved if

NIHE sets specific interim targets for gradual reduction, in addition to the overall target for discontinuing its use altogether.

7. NIHE's widespread use of expensive B&B establishments, whose rents exceed the Housing Benefit limit, underlines the need to cease using B&Bs at the earliest possible opportunity. Until such time as B&B use is eradicated for all but emergency use, we urge NIHE to make strenuous efforts to ensure that the rents it pays are as close as possible to the Housing Benefit limit, consistent with ensuring an adequate standard of accommodation for its clients.

The extent to which homeless clients' needs are met

8. It is obviously important to minimise the length of time that clients have to wait for a decision on whether or not they qualify for homelessness assistance. We welcome NIHE's assurance that it now processes over 95% of homeless applications within its 33-day target, and expect this level of performance to be maintained, or bettered, as a result of implementing the homelessness strategy.
9. Homeless persons should not be expected to accept a lower standard of accommodation than would be acceptable for any other NIHE client. In light of the evidence we heard, it is clear to us that there were serious deficiencies in NIHE's procedures for inspecting and improving standards in private sector temporary housing. It is essential, therefore, that the programme of inspections, established by NIHE in September 2003, is comprehensive and that its results are documented fully. We will expect swift and effective remedial action to be taken in cases where serious concerns are raised.
10. The letting of the contract for the storage of homeless persons' furniture exhibited a number of shortcomings, which have been fully acknowledged by NIHE, including the fact that it was not advertised in accordance with EU procurement requirements. We expect NIHE to ensure that all its procurement exercises comply fully with these requirements. If they are in any doubt as to whether or not EU rules are applicable, public bodies should err on the side of caution and apply them.
11. The absence of proper contract procedures in this case leaves the Accounting Officer open to suggestions of collusion between the contractors and those letting the contract. This underlines the need for proper procurement procedures, so that Accounting Officers are well placed to defend themselves against any such allegations. The Committee is entitled to receive more than an assurance from an Accounting Officer, after the event, that he is not aware of any evidence of impropriety. We would like all public bodies in Northern Ireland to be reminded that we always expect clear evidence that contracts have been awarded in line with established procedures.

NIHE's performance in minimising length of stay in temporary accommodation

12. Given that B&B accommodation is unsuitable for long-term use, especially for families with children, we were appalled to discover that NIHE clients are currently spending 97 days in B&Bs, on average. NIHE's target date of eliminating the use of B&Bs for families with children by April 2004 should be regarded as the latest acceptable date. In addition to the social benefits of achieving this outcome, it is

important that NIHE achieves its projected savings in order to free up funds for other priorities.

13. Length of stay in B&B accommodation is increased by the logjam in more suitable types of temporary accommodation that is caused, in part, by high demand for permanent homes in certain areas of low supply. Given the scale of the problem, we urge the Department to review its projections for new building requirements, and to assess whether the annual £75 million it grants annually to Housing Associations, supplemented by £25 million from their own funds, is adequate to provide enough new homes, in the right places.
14. The production of comprehensive and timely management and costing information is an essential pre-requisite for delivering improvements in the future. It is unsatisfactory that the Department did not take action sooner to obtain sufficient management information to enable it to exercise proper control over NIHE's activities. We therefore regard the introduction, in September 2003, of NIHE's new homelessness management information system as an important step forward. We will expect the Department and NIHE to make full use of the data produced to monitor and evaluate the implementation of measures contained in the homelessness strategy, and to target resources to where they are needed most. We will also expect the data produced to contribute to improvements in NIHE's service to its clients and to much more rigorous monitoring of NIHE's performance by the Department.
15. The C&AG's Report recommends that NIHE should liaise closely with the Bed & Breakfast Unit (Office of the Deputy Prime Minister) and the Department assured us that it is now doing so. Such collaboration has the potential to deliver improvements, through the implementation of relevant good practices. We were also pleased to hear that NIHE benchmarks its performance on other services with those provided by local government in Great Britain, and it is important that this should be done regularly. Any relevant good practice that has been developed must be applied as quickly as possible in Northern Ireland.

General Conclusion

16. While we are very critical of the failure of both the Department and NIHE to get to grips with this important issue, over a long period, we are encouraged by the range of actions that have been taken since the beginning of the C&AG's examination of homelessness issues in 2001. We will expect the Department's memorandum of response to show a convincing commitment to maintaining this improvement and to affording homelessness the priority so clearly lacking for many years. So that we can monitor progress, we would like the Comptroller and Auditor General to report back to us on the degree of improvement that the Department and NIHE have achieved.

1 The extent of homelessness and the effectiveness of measures to prevent it

1. The level of homelessness in Northern Ireland is higher than in any other part of the UK, and is growing steadily. Instead of addressing it quickly, at a strategic level, NIHE did not produce a homelessness strategy until 2002, some 14 years after it assumed responsibility for homelessness services.² The Department for Social Development (the Department) did not provide sufficient oversight or guidance to NIHE in order to ensure that a strategy was produced sooner. Because of the long delay in producing a strategy, NIHE now faces a difficult task in bringing homelessness under control. It is essential therefore, that NIHE's homelessness strategy should include firm, measurable targets for reducing homelessness overall, and for meeting the particular needs of homeless presenters, especially very vulnerable groups.

2. Overall responsibility for housing policy rests with the Department, and we consider that it has not exercised sufficient control over the measures employed by NIHE to deal with increasing demand for temporary accommodation. It seems to have been content to supply NIHE with funds, without taking sufficient action to ensure that an adequate service was being provided with the money.³ In its turn, NIHE does not seem to have had clearly defined expenditure priorities for the funding it received from the Department.⁴ Clearly, the Department needs to exert tighter control over the use made by NIHE of the £24 million it grants annually for the provision of homelessness services and to be fully aware of what is, or is not, being delivered. We expect the Department's control framework to include specific performance targets. These will be particularly important in light of the planned additional expenditure of at least £28 million that will be required to address the requirements of the homelessness strategy.⁵

3. Legislative changes to the statutory definition of homelessness were introduced in the rest of the UK in 1996, but not in Northern Ireland. NIHE said that this situation has contributed to the sharper rate of increase in homeless numbers in Northern Ireland, and that it expects differences to even out following the recent restoration of the previous legal position in England and Wales. NIHE told us that similar restoration, already implemented in Scotland in 2001, has resulted in a levelling-off of differences between Scotland and Northern Ireland in the ratio of homeless households to total households.⁶

4. The problem of sectarian intimidation, which has remained an issue, despite the paramilitary ceasefires, still accounts for 12% to 15% of homeless cases in any one year.⁷ In addition, NIHE said that its visits to individuals who apply for social housing have enabled it to identify potentially homeless people who have not formally presented themselves for

2 C&AG's Report, para 1; Ev 17; Qq 9, 11, 68

3 Q 63

4 Q 12

5 Q 24

6 Qq 3, 75-76

7 Qq 5, 25-28, 74

assistance, and this swells numbers further.⁸ Notwithstanding these factors, given that overall homelessness levels in Northern Ireland have risen by almost 50% in the last three years, it is clear that specific, direct action is required to tackle the common causes of homelessness that can arise in any part of the UK.

5. The C&AG's Report draws attention to the absence of a homelessness prevention strategy. The Report provides case example evidence illustrating the effects of NIHE's failure to make full use of those preventative measures already at its disposal.⁹ For example, one astonishing case resulted in a mother and six children becoming homeless and eventually being re-housed in a new rented home costing over £11,000 more annually than their original home. Such circumstances are disruptive and upsetting to those affected, and represent an unnecessary drain on public funds. The Department told us that, in December 2002, it established a multi-agency group whose remit will be to produce plans and programmes to prevent homelessness.¹⁰ When it is finally produced, we will expect the new prevention strategy to include wide-ranging and imaginative measures to tackle potential causes of homelessness at source.

8 Q 73

9 C&AG's Report, paras 1.7–1.10 and case example 1; Qq 19–21

10 Ev 17

2 The quality and cost of temporary accommodation provided

6. The C&AG's Report highlights three capital investments made by NIHE without first being subjected to economic appraisal,¹¹ which is mandatory under Department of Finance and Personnel guidance to Departments. We share the disappointment expressed by the Treasury Officer of Accounts that the extensive guidance produced by his Department was not applied in these cases, and welcome NIHE's acknowledgement that appraisals should have been undertaken.¹² Two of the three cases related to homeless hostels, which have now closed as a result of under-occupancy, underlining the importance of appraisals as a decision-making tool at the outset.

7. In 2000–01, NIHE placed 56% of its homeless clients in Bed and Breakfast-type accommodation, at an estimated cost of £7.5 million.¹³ We were pleased to hear from NIHE that B&B allocation last year fell to 34%,¹⁴ with a further fall to 30% in the current year so far. Corresponding expenditure has fallen to a projected £1.2 million in the current year, with a further projected fall in 2004–05 to £600,000.¹⁵

8. Given that B&B is recognised as being wholly unsuitable for families with children, we were concerned to note examples in the Report of families being placed in such accommodation for up to three years.¹⁶ NIHE said that it intends to eradicate the use of B&B for families with children by April 2004, except in emergencies, and then for no more than six weeks¹⁷ and that its policy is to stop using B&B altogether, as quickly as possible. We consider that this aim is more likely to be achieved if NIHE sets specific interim targets for gradual reduction, in addition to the overall target for discontinuing its use altogether.

9. The C&AG's Report showed that rent charges for 87% of the B&Bs used by NIHE exceeded the levels assessed as reasonable by the Valuation and Lands Agency, and that rents were at least twice the VLA assessment level in 42% of cases. Because these rents exceeded the Housing Benefit limit, NIHE paid £1.23 million to subsidise them in 1999–2000. NIHE explained that the VLA assessments related to averages, and that local markets could vary.¹⁸ However, if NIHE had been purchasing wisely, we would have expected it to be able to secure more competitive rates.

10. We were amazed that NIHE did not know exactly how much it spends annually on B&B accommodation, but could only estimate that it was around £7.5 million.¹⁹ NIHE acknowledged that, at the time of the C&AG's Report, it did not have the kind of

10 C&AG's Report, paras 2.14, 2.16

12 Qq 10, 13–14

13 C&AG's Report, paras 2.4, 2.8

14 Qq 103, 106

15 Ev 20

16 C&AG's Report, para 4.3 and case example 6

17 Ev 20

18 C&AG's Report, para 2.9; Qq 99, 141–144

19 C&AG's Report, para 2.8; Q 22

management and costing information that it needed to manage the homelessness service properly.²⁰ The NIHE Accounting Officer assured us that a new information system, introduced in May 2003, will enable NIHE to produce accurate costings in future.

3 The extent to which homeless clients' needs are met

11. It is obviously important to minimise the length of time that clients have to wait for a decision on whether or not they qualify for homelessness assistance. The C&AG's Report showed that, in 2000–01, NIHE processed 64% of homeless applications within 33 days, against its Corporate Objective of 95%.²¹ NIHE told us that it now processes around 96% of homeless applications within the 33-day target.²²

12. There is an obvious need to ensure that the temporary accommodation supplied to homeless persons matches their individual needs as closely as possible, and NIHE told us that 90% of families living in temporary accommodation were happy with what was provided.²³ Nevertheless, we were disturbed by case examples in the C&AG's Report illustrating specific instances where NIHE had provided very obviously unsuitable accommodation. These included allocating housing in a loyalist area to a woman and two children from a nationalist area, a decision which, in our view, was both insensitive and incredible.²⁴

13. The C&AG's Report described one very unsuitable B&B establishment used by NIHE to house homeless families, and showed that NIHE's inspections had failed to deal adequately with poor standards of hygiene and facilities, or with numerous complaints from residents, including allegations of drug-dealing on the premises.²⁵ There is also an account of serious deficiencies in NIHE's inspection programme for the establishments to which its homeless clients were allocated.²⁶

14. Homeless persons should not be expected to accept a lower standard of accommodation than would be acceptable for any other NIHE client. We were not reassured, therefore, by NIHE's comment that its inspectors did not consider the individual B&B described in the C&AG's Report bad enough to be removed from the temporary accommodation register. Indeed, the system of inspection in this case seems to have been almost non-existent.²⁷ However, we welcome the fact that NIHE no longer uses this accommodation and that it established a revised programme of inspections, including unannounced visits, in September 2003.²⁸ In future, we will expect swift and effective remedial action to be taken in cases where serious concerns are raised.

15. NIHE has a statutory duty to remove and store furniture for homeless households, pending permanent re-housing. In May 1996, it let a storage contract for three years, with a potential for up to two one-year extensions. The letting of the contract exhibited a number

21 C&AG's Report, para 3.2; Q 110

22 Qq 6, 111

23 Q 70

24 C&AG's Report, paras 3.6–3.8; Q 70

25 C&AG's Report, para 3.13; Qq 120–140

26 C&AG's Report, paras 3.9–3.11, 3.13, 3.20; Qq 120–121, 136, 140

27 Qq 131, 136

28 Ev 27; Q 120

of shortcomings, acknowledged by NIHE, including an under-estimate of the monetary value, resulting in it not being advertised in accordance with EU procurement requirements. The contract also failed to specify fully NIHE's requirements, such as a 24-hour service and adequate storage capacity. Consequently, during particularly busy periods, resulting from civil unrest, the contractor could not deliver the level of service needed, and non-contracted firms were used to cope with demand. NIHE was unable to invoke any contract penalties because it had not fully specified the level of service required at the outset.²⁹ NIHE subsequently let its new contract, using EU procurement procedures, eight months after the original one expired, and the existing contractor increased his charges by 6% for all storage provided during the interim, non-contracted, period.³⁰

16. The need to use non-contracted firms and to extend the expired contract temporarily, at a higher rate, is evidence of poor management on the part of NIHE. In addition, the absence of proper contract procedures in this case leaves the Accounting Officer open to suggestions of collusion between the contractors and those letting the contract.³¹ Without proper procurement procedures, NIHE is poorly placed to defend itself against any such allegations.³²

29 C&AG's Report, paras 3.15–3.16; Qq 34–61

30 Ev 20

31 Q 57

32 Q 58

4 NIHE's performance in minimising length of stay in temporary housing

17. B&B accommodation is unsuitable for long-term use, particularly for families with children. Ideally, length of stay should not exceed 33 days, the target time to process a homeless application. However, NIHE clients are currently spending 97 days in B&Bs, on average, a situation that we regard as appalling and that is over three times longer than levels of performance previously achieved in some other parts of the UK.³³ NIHE has set a target date of April 2004 for eliminating the use of B&B for families with children. In addition to the social benefits of achieving this outcome, NIHE expects to realise savings in B&B expenditure, as a result.³⁴

18. The overall pattern of B&B use is not encouraging, in that, although the proportion of placements to this category was 3% lower in 2002–03 than in the previous year, and has continued to fall in the current year, the actual numbers allocated to this type of accommodation are rising. This is partly due to areas of high accommodation demand and low supply, particularly in Belfast, where available land for new build is difficult to locate.³⁵ Consequently, those allocated to NIHE-owned hostels are experiencing longer stays instead of moving on and freeing up hostel places for those in B&Bs.³⁶

19. The consequences of the logjam in temporary accommodation are illustrated by a case example in the C&AG's Report of a woman and five children, placed in a hostel for 18 months, at a cost of £27,200, because they could not be housed permanently in their chosen, high-demand, area. Providing permanent housing for this family would have yielded Housing Benefit savings of almost £24,000 over the same period.³⁷ Given that the approximate cost of completely refurbishing a vacant NIHE dwelling to accommodate them would be roughly £25,000, it is clear that this type of accommodation is not only unsuitable for long-term use, but represents very poor value for money.³⁸

20. The Department is responsible for determining the numbers of homes available in Northern Ireland. It grants approximately £75 million annually for this purpose to Housing Associations, who supplement this with around £25 million of their own funds.³⁹ The need for new homes, in the right places, is all the more important in light of the fact that, although there are currently 6,000 empty homes in the social housing sector, this total includes around 2,000 that are the subject of refurbishment. Some of the remaining empty homes are in unpopular locations, including interface areas, where homeless persons do not want to live, or are unpopular types of housing.⁴⁰ Given the scale of the problem, we

33 C&AG's Report, paras 4.1–4.2 and Figure 7; Ev 19; Qq 7, 112–114

34 Ev 20; Q 8

35 C&AG's Report, para 4.11; Q 168

36 Qq 108–109, 112

37 C&AG's Report, para 4.12 case example 8; Qq 118, 158

38 Qq 159–160

39 Qq 94–95

40 Qq 80–81, 84, 86, 155, 159

urge the Department to review its projections for new building requirements, and to assess whether the present level of expenditure is adequate to provide enough new homes, in the right places.

21. In addition to building new homes, NIHE has taken steps to work with the Police Service and other agencies to stabilise interface areas, so that abandoned homes can be refurbished and re-let.⁴¹ Another positive development is the introduction of the rent guarantee schemes that facilitate access to private sector rented accommodation to those who could otherwise not obtain it.⁴² If successful, these initiatives can form part of a wider range of measures employed by NIHE to tackle the existing logjam in homelessness and to minimise future occurrences.

22. The production of comprehensive and timely management and costing information is an essential pre-requisite for delivering improvements in the future. We were dismayed, therefore, by the large and significant gaps in the most basic homelessness management information held by NIHE, which have undoubtedly contributed to the serious weaknesses in management of the service described in the C&AG's Report.⁴³ It is appalling that the Department did not take action sooner to obtain sufficient management information to enable it to exercise proper control over NIHE's activities. NIHE assured us that its new computer system, introduced in May 2003, addresses the management information shortcomings identified in the Report.⁴⁴ We will expect the data produced to contribute to improvements in NIHE's service to its clients and to much more rigorous monitoring of NIHE's performance by the Department.

23. The C&AG's Report recommends that NIHE should liaise closely with the Bed & Breakfast Unit (Office of the Deputy Prime Minister) and the Department assured us that it is now doing so.⁴⁵ Such collaboration has the potential to deliver improvements quickly, through the implementation of relevant good practices. We were also pleased to hear that NIHE now benchmarks its performance on other services with those provided by local government in Great Britain, and it is essential that this is done regularly.⁴⁶ Any relevant good practice that has been developed must be applied as quickly as possible in Northern Ireland.

41 Q 87

42 C&AG's Report, para 4.9–4.10; Q 88

43 C&AG's Report, para 4.16, Figure 8; Qq 22, 63, 146–149

44 Ev 18; Qq 22, 63

45 Qq 115–117, 150

46 C&AG's Report, para 4.7; Q 150

Formal minutes

Wednesday 28 April 2004

Members present:

Mr Edward Leigh, in the Chair

Mr Richard Bacon

Mrs Angela Browning

Mr Ian Davidson

Mr Gerry Steinberg

Jon Trickett

Mr Alan Williams

The Committee deliberated.

Draft Report (Housing the homeless), proposed by the Chairman, brought up and read.

Ordered, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 23 read and agreed to.

Conclusions and recommendations read and agreed to.

Summary read and agreed to.

Resolved, That the Report be the Twenty-first Report of the Committee to the House.

Ordered, That the Chairman do make the Report to the House.

Ordered, That the provisions of Standing Order No. 134 (Select Committees (Reports)) be applied to the Report.

Adjourned until Wednesday 5 May at 3.30 pm

Witnesses

Monday 17 November 2003

Page

Mr John Hunter, Mr David Crothers, Department for Social Development (Northern Ireland), **Mr Paddy McIntyre**, and **Mr Colm McCaughley**, Northern Ireland Housing Executive (NIHE)

Ev 1

List of written evidence

Department for Social Development (Northern Ireland)
Northern Ireland Housing Executive

Ev 17

Ev 19

List of Reports from the Committee of Public Accounts Session 2003–04

First Report	Tackling fraud against the Inland Revenue	HC 62	<i>(Cm 6130)</i>
Second Report	The new electricity trading arrangements in England and Wales	HC 63	<i>(Cm 6130)</i>
Third Report	The Sheep Annual Premium Scheme	HC 64	<i>(Cm 6136)</i>
Fourth Report	Improving service delivery: the Forensic Science Service	HC 137	<i>(Cm 6155)</i>
Fifth Report	Warm Front: helping to combat fuel poverty	HC 206	<i>(Cm 6175)</i>
Sixth Report	Department of Trade and Industry: Regional Grants in England	HC 207	<i>(Cm 6155)</i>
Seventh Report	Progress on 15 major capital projects funded by Arts Council England	HC 253	<i>(Cm 6155)</i>
Eighth Report	The English national stadium project at Wembley	HC 254	<i>(Cm 6155)</i>
Ninth Report	Review of grants made to the National Coalition of Anti-Deportation Campaigns	HC 305	<i>(Cm 6175)</i>
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Oral evidence

Taken before the Committee of Public Accounts

on Monday 17 November 2003

Members present:

Mr Edward Leigh, in the Chair

Jon Cruddas
Mr Ian Davidson
Mr Frank Field
Mr Brian Jenkins

Mr David Rendel
Mr Gerry Steinberg
Jon Trickett
Mr Alan Williams

Mr John Dowdall, Comptroller and Auditor General, Northern Ireland, further examined.

Mr David Thomson, Northern Ireland Treasury Officer of Accounts, further examined.

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL, NORTHERN IRELAND:

Housing the Homeless (NIA 55/01)

Witnesses: **Mr John Hunter**, Permanent Secretary and Accounting Officer, **Mr David Crothers**, Director of Housing Services, Department for Social Development; **Mr Paddy McIntyre**, Chief Executive and Accounting Officer, **Mr Colm McCaughley**, Director of Housing and Regeneration, Northern Ireland Housing Executive, examined.

Q1 Chairman: Welcome to the Committee of Public Accounts. Following the suspension of Stormont, we are dealing with a Northern Ireland topic. We are looking at a Report from the Comptroller and Auditor General for Northern Ireland into housing the homeless in Northern Ireland and we would like to welcome John Hunter, who is the Permanent Secretary at the Department for Social Development. Would you like to introduce your team, please?

Mr Hunter: On my right is Mr Paddy McIntyre, who is the chief executive and accounting officer for the Northern Ireland Housing Executive. On Mr McIntyre's right is Mr Colm McCaughley, who is the director of housing and regeneration in the Housing Executive. On my left is Mr David Crothers, who is the director of housing services in the Department for Social Development.

Q2 Chairman: The arrangements for dealing with housing the homeless in Northern Ireland are different from our own experience on the mainland. Would you explain to the Committee the split between your responsibilities and the responsibilities of the Northern Ireland Housing Executive?

Mr Hunter: The Department is responsible for the legislative framework within which social housing services are delivered. We are also responsible for the policy in respect of social housing within that framework and for the financing of social housing.

The Housing Executive is responsible as the regional housing authority for the delivery of social housing services within Northern Ireland.

Q3 Chairman: If you look at page 15 of the Report, paragraph 1.2, you will see that Northern Ireland has a higher ratio of statutorily homeless households than any other part of the United Kingdom. Why are there so many homeless in Northern Ireland?

Mr Hunter: There are various trends we have been seeing within Northern Ireland, primarily associated with trends in society, the increasing break-up of families and the emergence of single person households. That has been the main contributory factor to the large numbers. Comparisons with Great Britain are difficult because until recently there were different definitions in regard to the duty to house homeless people. Since 1988 there has been a duty in Northern Ireland to find permanent housing for those who are homeless. It was only in 2001 that that same definition was adopted by Scotland and in 2002 by England and Wales. In the 1996 legislation applying to Great Britain, there was a responsibility to find accommodation for the homeless for a minimum period of two years so it is difficult to make exact comparisons, but the bare statistics suggest that the incidence of homeless in Northern Ireland is increasing and, based on the comparative data available, it would suggest it is higher than in GB.

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Q4 Chairman: Mr McIntyre, can I refer you to paragraph 2.2, page 20, where it says that NIHE has acknowledged, in its Fundamental Review, that there has been no review of the strategic direction in relation to homelessness or service delivery in Northern Ireland? How could you expect to provide a proper service if you were not sufficiently acquainted with the scale of the problem?

Mr McIntyre: When we picked up responsibility for the homeless in 1988, we got with it two hostels from health and social services, so our immediate priorities had been to increase the supply of temporary accommodation in order to allow us to deliver our statutory duty. Over those years, we delivered something like four statutory and voluntary sector hostels a year. Also, because of the lack of temporary accommodation at the time, we picked up responsibility for homelessness. I would not want the Committee to think we are working entirely in the dark. We produced each year for a number of years a report on homelessness trends which outlined trends in terms of numbers presenting, numbers being accepted, household type and so forth. We also outlined the steps we intended to take to increase the delivery of statutory and voluntary sector hostels. In the late 1990s we came to the conclusion that the nature of the homeless problem was changing. There were more young singles coming through, more vulnerable people coming through. We needed to carry out a fundamental review which meant we had a very hard look at the services we were delivering at that time. We challenged how we were doing and compared how we were doing it with the rest of the United Kingdom. We consulted very widely on it and looked at the different mix of provision in terms of temporary accommodation. We also rehoused something like 60,000 homeless households.

Q5 Chairman: Turning to page 30, paragraph 3.2, it says, "NIHE told us that its poor level of performance was influenced by the influx of homeless presenters during outbreaks of civil unrest...". We are told that the situation in Northern Ireland is much calmer now and this is not something which you are unused to in your work anyway. Is this just an excuse?

Mr McIntyre: No. The level of families presenting to us as homeless since the ceasefires has varied but, for example, in the year 2002–03, the percentage of families presenting to us was in the order of 13% because of intimidation, so it has remained as an issue in Northern Ireland, despite the ceasefires.

Q6 Chairman: Does your current performance in processing applications compare well with other UK industries?

Mr McIntyre: Our current performance is over 95%. The reason why processing times slipped in that particular year was due to the introduction of a new common selection scheme which required the Housing Executive to revisit something of the order of 30,000 housing applicants.

Q7 Chairman: On page 39, paragraph 4.1, you will see people are spending typically a long time in bed and breakfast accommodation. Surely this is completely undesirable, particularly if they are families? What we should be looking at is a maximum of 33 days and there are some families in Northern Ireland which are spending as long as 97 days in bed and breakfast accommodation. Am I right in saying that?

Mr McIntyre: At present, yes.

Q8 Chairman: That is an appalling state of affairs, is it not? How can a family stay together if they are spending 97 days in bed and breakfast accommodation? How common is this in the rest of the United Kingdom?

Mr McIntyre: It may well be to do with the provision of housing in a particular locality. It may well be to do with the personal choice of the applicant, if they want to live in a particular area. Despite the fact that we handle 8,000 cases of homeless each year, we rehouse over 94% of them within 12 months and more than half of them within three months.

Q9 Chairman: I suggest to you that despite the very large resources devoted to public housing in Northern Ireland as a whole you are complacent about this problem.

Mr McIntyre: Over many years from 1988, we built up a substantial supply of temporary accommodation and a substantial supply of bed bureau accommodation. We took the view in the late 1990s that we needed to have a very serious look at how we were delivering services. At this point in time, for example, there are 42 families with children in bed and breakfast accommodation out of 800 families who are currently in temporary accommodation. Our aim is to get out of the business as quickly as possible of using bed and breakfast for families with children.

Q10 Chairman: Can I ask the Treasury Officer of Accounts a question? If you look at paragraphs 2.14 and 3.15 in the Report, you will see that the Housing Executive is failing to apply the Treasury's guidance in relation to economic appraisals. We have also read in this Report about a misunderstanding of EU procurement rules resulting in them being breached. Is this a satisfaction state of affairs, do you think?

Mr Thomson: We provide a lot of guidance on the Green Book and in addition we provide extra guidance in the Northern Ireland Practical Guide to Economic Appraisals and we have a series of seminars. Against that background, it is a little disappointing. What DFP did when we saw this Report was a few test checks. We asked for a few appraisals at random and we found that the standard was quite good. We did the same thing on the procurement side as well.

Q11 Mr Williams: This is a very disturbing Report. There seems to be no attempt to get beyond muddle and fudging through. You are faced with a situation that we realise is escalating with a high level of homeless and it is growing rapidly, but your

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organisation was set up in 1988. How is it that we had to wait 14 years for you to develop a strategy? Surely a strategy is what you needed at the start?

Mr McIntyre: We assumed statutory responsibility for homelessness in 1988. Previously, it had been the responsibility of health and social services. I hope the Committee do not mind me repeating myself. We spent considerable time throughout the 1980s and 1990s responding to a situation where we had two hostels handed over to us in terms of homelessness. Over those years, we planned new hostel provision at the rate of four per year. I would suggest that what the organisation was doing was responding to the immediate requirements of addressing the homelessness issue.

Q12 Mr Williams: How can you plan without a strategy? You are spending £24 million a year; yet you seem to have no sense of priorities for what happens to that money.

Mr McIntyre: Our priorities were in the first instance to build up a supply of statutory and voluntary hostels to allow us to deliver our statutory duty and along with that to build up the supply of private sector accommodation. We did not do that without appropriate information. We did annual reviews of trends, what was going on, what was the use of temporary accommodation, and through that we were in a position to build up that new supply of accommodation on an annual basis.

Q13 Mr Williams: You tried to carry out your statutory duty ignoring Treasury advice, departmental advice and EU guidelines. How on earth could that happen?

Mr McIntyre: I think the Member is referring to the issue just raised with the Treasury Officer of Accounts. If I could deal with the economic appraisal issue first, there is reference to three instances where economic appraisals were not carried out, two of which were to do with empty Housing Executive stock. We did not carry out economic appraisals before we got it back into use. We should have done. This accommodation was earning no income for the Housing Executive. We converted it into temporary accommodation. It was getting in rental income for the Housing Executive and over the lifetime of those two hostels we managed to house significant numbers of homeless families.

Q14 Mr Williams: Mr Hunter, were you not as a department concerned at the way in which this expenditure seemed to be escalating out of control? Did you not attempt to bring any discipline into it? Why did it take 14 years and an NIAO Report to get anyone to address the need for basic financial discipline?

Mr Hunter: We were conscious of the problems associated with the rising tide of homelessness. We supported the Executive in its policy of seeking to address that particular need through additional investment in 50-plus new hostels which we had hoped, combined with the increasing use of self-contained private sector accommodation, would be

able to meet the problem which was emerging. We sought to monitor what the Executive was doing through our various internal audit requirements, including the local government audit, and were unaware of a serious problem in respect of economic appraisals. When we too checked following the conclusions reached by the Audit Office, we found that those examples were fortunately the only examples we could find of a failure on the Executive's part to undertake an economic appraisal.

Q15 Mr Williams: Let us be honest. If it had not been for the NIAO Report, would there be a strategy in place now? Would any consideration have been given to a strategy?

Mr Hunter: The Executive embarked upon its own fundamental review of homelessness around the time that the Audit Office was beginning its investigation.¹

Q16 Mr Williams: It does focus attention when the Audit Office arrives, does it not?

Mr Hunter: It does.

Q17 Mr Williams: If it was possible to do that once the Audit Office had started its investigation, why was it not possible to have done it five years before? It was not impossible, was it? No one even recognised that there was a need for such a thing; nor did the department.

Mr Hunter: We accept it would have been better to have embarked upon a major strategy review some time before we did.

Q18 Mr Williams: What do you call "some time"? It was 14 years. I would suggest, having seen what a mess it was, the first thing you had to do was develop a plan. Instead, all you did was pour money in, let them get on with it, not give them the guidance they might have needed. In fairness, they were thrown in at the deep end and no one tried to get control of this. I find it quite an astonishing situation on both parts but particularly on the department's side.

Mr Hunter: We believe that by attacking the immediate problem through action in respect of hostels and other forms of accommodation we were taking action, even if it was not within the context of a strategic framework. We were conscious of other frameworks elsewhere developing similar responses to the problem of homelessness, so we were not entirely bereft of examples that we could draw on in terms of the actions we took.

Q19 Mr Williams: It is not even as if there was any common sense being applied when you realised you were using a very expensive form of providing a service. Case number one is astonishing. You have someone in a property that you feel is costing too much, a mother with six children. This is on page 18. It is costing £600 a month. You try to pull this into line. That makes some sense. You then put on a ceiling of £433. They then had to leave that property

¹ Ev 19

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so they were placed in a hostel at £1,100, virtually double what they had been paying before, and then ended up in a privately rented house at £1,400 a month. Your economy led to moving them from a £600 a month accommodation to a £1,400 a month accommodation. It was not the most effective use of resources, was it?

Mr Hunter: It was not.

Mr McIntyre: This is a case where the Housing Executive wearing a different hat has to apply the housing benefit regulations. This woman and her family were in a property where for housing benefit purposes the rent was a good deal lower than the £600 a month. We paid a discretionary housing payment for a period of six months to allow that lady to move to accommodation which was reasonable for the size of her family and which had a reasonable rent. Ultimately, this woman ended up in a private sector, rented property at a rent which was a great deal lower than the £600 per month.

Q20 Mr Williams: How long after they left the £600 per month accommodation was it before you got them into accommodation that was less than £600 a month, if ever?

Mr McIntyre: I have the information here, if I could come back to it in a moment.

Q21 Mr Williams: Are they now paying less than 600 or is it still more than 600 but less than 1,400?

Mr McCaughley: The current rent charged is £490 per month and the person was in alternative accommodation for 10 months.

Q22 Mr Williams: In that accommodation it was £800 more a month, so it cost £8,000 to enforce a tighter discipline. That does not seem to be very effective. The way you just had to scabble around, you must have known you were going to be asked about these individual cases. In a way, it explains something I read with incredulity in the supplementary briefing the Audit Office supplied to us, that you do not know how much you spend annually on bed and breakfast. Over half the people you look after are in bed and breakfast. How on earth can you not know? Why do you not know?

Mr McIntyre: We would admit that the management and costing information that the Housing Executive had in place at the time the Audit Office was carrying out its Report was less than what we would have liked it to be and our own fundamental review said that we did not have the type of management and costing information that we needed to manage this service properly. If we look at the particular table there, there are seven or eight elements of cost in it. A number of those are accurate costs. Three are not. The first cost is to do with housing benefit which covers all payments made to individuals claiming housing benefit in bed and breakfast accommodation, regardless of whether we place them there or not. We apportioned those costs. The management information system we have put into place from May this year will give us accurate costings on those. The other two areas of estimates are to do with our own staffing costs.

Homelessness is not a stand alone service so we have to apportion costs between what we think staff are doing in terms of homelessness, and the other area is donations from charitable bodies. Part of that donation would relate to creche and educational payments which are not anything to do with homelessness functions. From May 2003, we have put in this new management and costing information system which we had planned to do before the Audit Office and the parliamentary review was kicked off, before the Audit Office started its work. We were critical of the types of information that we had in place to manage the service.

Mr Williams: I think that somewhere was an apology. If you are as economic with the taxpayers' money as you have been with self-criticism, perhaps the taxpayer might be a little better off.

Q23 Mr Field: Within the period of this Report, over a two year period, the numbers of people presenting themselves as being homeless rise by 50%. What is your estimate over the next two years of the numbers of homeless people who will present themselves to you?

Mr McIntyre: It can be fairly unpredictable. The first six months of this year would seem to have flattened out in terms of presenters to the Housing Executive. Whether or not that very steep rise in the past two years is beginning to level off it is too early to say yet but the picture is not too much different in Northern Ireland than it is in the other regions where the rise has not been significant. There have been increases in the presenters and accepters of homeless and in the use of temporary accommodation as well.

Q24 Mr Field: What does your budget suggest the level you think will be in the next two years? What are you budgeting for?

Mr McIntyre: The fundamental review suggested that there was a requirement for £20.8 million to address the various requirements set out in the strategy. That was based on numbers of 12,000 or so at the time of the fundamental review. We need to revise what our plans need to be to address those increasing numbers.

Q25 Mr Field: Why do you think there was the increase in the numbers of homeless given that, as the Chairman said, we were led to believe on the mainland that Northern Ireland was returning to normalcy?

Mr McIntyre: The reasons for homelessness are no different than they are on the mainland. They are to do with a greater number of relationship break-ups, larger numbers of divorces, people leaving home earlier, more vulnerable young people with addictions and so forth. Throughout the period of the ceasefires, there has been a significant number of householders still presenting to the Housing Executive for reasons of intimidation. At one stage it was as high as 18%. It is now at around 13% for the year that has just closed, which is 1,000 households.

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Q26 Mr Field: Of those that were presenting themselves as being homeless, how many were presenting themselves because of sectarian violence?
Mr McIntyre: 13%.

Q27 Mr Field: Of the total?
Mr McIntyre: Of the total.

Q28 Mr Field: That is now falling?
Mr McIntyre: It has been 12 to 15%. In one year that was to do with the Shankhill feud in 2001 where something like 300 households were made homeless. It has been around 13 to 15% during the period of the ceasefires.

Q29 Mr Field: I was at a conference this morning on antisocial behaviour and a delegate there from Northern Ireland said that since the ceasefire there has been a horrendous increase in antisocial behaviour. Her suggestion was that while the awful troubles were going on these other aspects were suppressed and that since the cessation formally of the troubles the numbers of marriage break-ups have increased and the amount of violence within the home has increased. Is that how you read it?
Mr McIntyre: The numbers presenting arising out of neighbourhood disputes have increased by about 1,000 over the past couple of years.

Q30 Mr Field: Given that you say that is happening and that is the information I was given this morning, I am slightly puzzled about how you think this whole thing is going to level off for homelessness.
Mr McIntyre: What I am suggesting is that despite the fact that intimidation levels have remained, despite the increase in neighbourhood disputes, for the first six months of this financial year the figures have levelled off. Whether that trend continues throughout the rest of the year and indeed into next year time will tell. It is also apparent that in the rest of the United Kingdom homeless levels are increasing quite significantly as well, partly to do with the legislation catching up with what the position is in Northern Ireland.

Q31 Mr Field: In the Report you submit evidence about the numbers who have voluntarily made themselves homeless. Can you tell us something about that group?
Mr McIntyre: That is as a result of the process of the Housing Executive carrying out its investigations to see whether or not someone qualifies under the legislation. There are about 3% or so who are described as intentionally homeless.

Q32 Mr Field: I thought it was more than 3%.
Mr McCaughley: It is 3%, very similar to England, Scotland and Wales, which are all in the order of 3–4%.

Q33 Mr Field: Can I ask the Comptroller a question? Given the wonderful effect you seem to have had by saying you are going to do this investigation, might you not send out a very large number of notices to departments that you might be

doing an inquiry into them in the coming year? Might that not safeguard taxpayers' money as much as the inquiries that you do?

Mr Dowdall: I will discuss that with Mr Williams's committee as a way in which we might increase the productivity of the Auditor General.

Q34 Jon Trickett: I want to focus on the Report in terms of the human implications of poor management. I am going to refer to paragraphs 3.15 and 3.16. It seems that the Belfast area failed to adopt proper tendering procedures in relation to furniture storage with all kinds of implications. Was any province wide guidance made available by yourselves in the Executive to the areas who made these decisions?

Mr McIntyre: We have procurement policies and procedures in place. The difficulty with this particular one was that the area office estimating the spend over the years with the contract took a view that, because of the ceasefires and so forth, the levels of expenditure on furniture removal would reduce and therefore fall beneath the European procurement limit. With hindsight, they should have applied the rules and advertised it European Union wide. They have since done so.

The Committee suspended from 5.08pm to 5.14pm for a division in the House

Q35 Jon Trickett: If this was a failure to calculate the correct amount of money for European Union tendering, one might feel it was simply an error but this error was compounded, was it not, by mistakes as well in relation to this tender?

Mr McIntyre: There is an issue here around the fact that the contractor may not have been able to deliver the full capacity in terms of furniture storage and so forth. That was predominantly due to the severe pressures that arose around the time of the Shankhill feud when something like 300 families moved pretty quickly and there was a wholly exceptional circumstance. The contractor could never have been expected to have delivered.

Q36 Jon Trickett: That may be true but that is not what it says here. First of all it says that the contract specification failed to specify key operational requirements in the contract such as minimum capacity or 24 hour cover. There are clearly compound errors with this invitation to tender.

Mr McIntyre: We would acknowledge those and have built them into the new specification which we put out to tender.

Q37 Jon Trickett: You did not put it out to tender. The final point above 3.16 says that there was a failure to make arrangements for retendering the contract before it expired. The Executive continued to use the same firm even after the contract expired, but were you paying more money for it?

Mr McIntyre: We would accept that the contract was extended for a period of time to allow us to put the tender out on the longer timescale to meet the European Union requirements.

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Q38 Jon Trickett: I think there is something fishy about this contract. It does not have the feeling that this was handled in a way which was not appropriate to European Union tendering. There was a failure to specify key operational requirements. The contractor was unable to deliver even those that were in the specification. There were shortcomings in the tender evaluation process since you did not compare apples with apples. You compared apples to pears. Finally, you extended the contract without further tendering, does that not add up to quite a disturbing picture in relation to this particular contract?

Mr McIntyre: The starting arrangement for this contract was that it was not put out to European Union procurement because the estimates were that it would fall beneath those. The capacity issue is to do with the requirements which were wholly exceptional in terms of minimum storage capacity, which was to do with the Shankill feud. There were a number of other issues which I would acknowledge—

Q39 Jon Trickett: With due respect, you are introducing extraneous matters in the hope that you can create a complicated fog around us. What is reported in these two paragraphs is a multiple failure in relation to this particular tender. How many contractors were invited to tender?

Mr McIntyre: I do not have that information.

Q40 Jon Trickett: How many of those who were asked to tender did so?

Mr McIntyre: I would have to come back to you on that.

Q41 Jon Trickett: How were the ones who were invited to tender identified as potentially capable of tendering?

Mr McIntyre: There would have been a local advertisement as opposed to a European Union wide advertisement, which is where the tenderers would have been found from.

Q42 Jon Trickett: Was everybody who applied given the tender documents?

Mr McIntyre: I cannot imagine that they would not have been.

Q43 Jon Trickett: How were the tenders evaluated?

Mr McIntyre: First of all, there would have been short-listing criteria which would have looked to see that the contractors met whatever requirements were set.

Q44 Jon Trickett: They did not though, did they? It says here they failed to specify the operational requirements and the contractor was unable to meet the requirements, even those which were specified. That did not take place, did it?

Mr McIntyre: There would have been some requirements specified.

Q45 Jon Trickett: They failed to meet the contract requirements defined in the specification, did they not? “The appointed contractor’s inability to meet these requirements subsequently resulted in the use of non-contracted storage firms . . .”. There was no proper evaluation of this contract, was there?

Mr McIntyre: The contract would have been evaluated within the procedures that we had in place for evaluating contracts, which would have been a combination of short-listing those contractors who met whatever the requirements were at the time and also on a price basis.

Q46 Jon Trickett: How were the non-contracted storage firms identified when this contractor failed?

Mr McIntyre: We used non-contracted storage firms to—

Q47 Jon Trickett: How could you identify them?

Mr McIntyre: I would not have that information.

Q48 Jon Trickett: Was it tendered?

Mr McIntyre: No, and I think that is the point that has been made. They were not contracted, but they were brought in to deal with an emergency situation.

Q49 Jon Trickett: Who identified them?

Mr McIntyre: Our purchasing people would have identified them.

Q50 Jon Trickett: In Belfast? The same people who had failed?

Mr McIntyre: It may have been.

Q51 Jon Trickett: You do not know?

Mr McIntyre: I do not know at this stage.

Q52 Jon Trickett: I am surprised that you cannot answer many of these questions given that this is quite a high profile paragraph here. The fact is that there is something fishy about this contract. It just does not have a right feeling about it at all. How do I know, how can you demonstrate to this Committee there was no collusion between the person who let the contract and the contractor that was appointed in these unusual circumstances? How can you demonstrate there was not any collusion? There is no audit trail here, is there?

Mr McIntyre: I do not think the Audit Report itself is suggesting collusion.

Q53 Jon Trickett: It is our job to ask questions and to read between the lines and that is what I am doing. It may be that the Report does not say that but nevertheless there are multiple failures here and you are not briefed on this, are you?

Mr McIntyre: I am briefed round the European Union procurement procedure.

Q54 Jon Trickett: Why are you not briefed about the other matters that are in these paragraphs? Coming back to the point, I do not want to be distracted, how can you demonstrate there is no collusion here, it seems to me there is opportunity for collusion here between the people letting the

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contract and the contractors and that the public purse suffered as a consequence, since we were paying higher prices than we ought to have done and continued to pay higher prices because there was no re-tendering done at the right time.

Mr McIntyre: We extended the contract for a period of time in line with the contract, which has a two year extension on it, and we subsequently tendered it and re-tendered it under European Union tendering requirements.

Q55 Jon Trickett: A five year contract failed to deliver, was any penalty imposed on the contract in failing to deliver?

Mr McIntyre: This contractor delivered by and large to the service specified by the Housing Executive. Difficulties arose with both capacity and responding to a position during the Shankhill feud, where additional contractors had to be brought in—under police protection I have to say—to move the furniture of families who had been rehoused.

Q56 Jon Trickett: It does not say that here. What it says here is “the underlying situation”, and I would regard this as a failure of tendering “was aggravated or exacerbated by the extraordinary occurrences”. There was still the underlying problem here and non-contracted storage firms, sometimes at a higher price, were brought in because of a failure to meet the specification. Was any step taken to penalise the contractor for a failure to meet contract conditions?

Mr McIntyre: My understanding is that the contractor met the conditions but at the time of the Shankhill feud he did not have sufficient capacity to handle the volume that was going on.

Q57 Jon Trickett: Can I ask the Comptroller, does this paragraph mean something other than it says?

Mr Dowdall: No, Mr Trickett, it means exactly what it says, you are probing on exactly the problem with poor contract procedures, they leave an accounting officer open to suggestions of collusion. We did not actually identify collusion in this case.

Q58 Jon Trickett: I think what I am trying to establish is there is no audit trail and therefore it is impossible to mount a public accusation of collusion and for the Executive to be unable to defend itself, as it clearly is just now. That is how I feel. This sentence does mean what I took it to mean rather than what you are trying to say it means, do you accept that?

Mr McIntyre: For contracting procedures?

Q59 Jon Trickett: The contractor failed to deliver what was in the specification?

Mr McIntyre: For exceptional circumstances.

Q60 Jon Trickett: It does not say that, does it?

Mr McIntyre: Right.

Q61 Jon Trickett: It says it was aggravated by extraordinary occurrences. The Comptroller has just confirmed my reading of it.

Mr McIntyre: I would accept that.

Q62 Chairman: Thank you, Mr Trickett, for an interesting line of questioning. Mr McIntyre, you seem to have some difficulty in answering some of those questions, maybe once you have had a chance to look at the transcript you might send us a note.

Mr McIntyre: Yes, Chairman.²

Q63 Mr Steinberg: Mr Hunter, we tend to look at reports which are not very good and sometimes one report jumps out and smacks you in the mouth because it is so bad, and this one is appalling, it seems to me to be a prime example of how government, and I include you in the word “government” abdicate responsibility, pass things on to quangos, give them a load of money and let them get on with it without any supervision whatsoever. I have to say if you turn to the last page in the NIAO’s Report it makes staggering reading. I just wondered what you as the Permanent Secretary have actually done and what your Department has done? If you read the shortcomings in management, and it is worth reading them: “NIHE may not be aware of the extent and changing nature of the statutory homeless client base for which it is responsible”. That is an incredible thing to say. “Future temporary accommodation requirements may not be accurately identified. NIHE has not been fully monitoring the extent of each Area’s reliance on expensive and unsuitable private sector accommodation; and NIHE cannot access accurately the extent of alternative accommodation required. The exclusion of long-term residents who are still in temporary accommodation means that total and average length-of-stay statistics are inaccurate and potentially understated; NIHE cannot accurately benchmark its performance in minimising the length of stay with local authorities elsewhere in the UK. NIHE does not have a robust method for identifying shortfalls in particular types of temporary accommodation, or accommodation shortfalls in particular locations. NIHE does not know which type of accommodation is the most cost effective, and is almost certainly incurring unnecessary costs as a result, through allocating individual households to inappropriate types of accommodation. NIHE cannot monitor whether expenditure on the least desirable accommodation option is increasing/decreasing”. That has to be one of the worst indictments I have seen in a Report since I have been on this Committee in five years. When I read it I thought, “What do they do? What they have been successful at?” They have been blundering away for 14 years and frankly you and your predecessors have sat on your backsides and let them do it, you just handed them a cheque of £20 odd million each year. Why was something not done about this? It is appalling.

Mr Hunter: We have a system of management controls between the Department and the Executive and they are built up from the framework document, which specifies the relationship between the

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Department and the Executive. That is backed up by a dossier of controls, which includes some 20 documents which identified the financial and management controls applied by the Department in respect of the Executive. We monitor their business—

Mr Steinberg: Again it is Civil Service speak. Mr Hunter, I am sure you think we come up the Tyne on the kipper boat—that is an expression we use in the North East.

Chairman: Can we have a translation?

Q64 Mr Steinberg: I am not sure there is one. It is a bit like the mushroom scenario, I will not exactly quote it but I am sure you know it, if you speak long enough and give us enough Civil Service speak we will let it go and pass it as an answer. Page 15, numbers of homeless presenters 1989–90 to 2000–01. In 1989 there were 6,500 people homeless, in 2001 12,600. I think in the memorandum you sent us it has gone up to about 16,000. In the space of 13 years it has virtually more than doubled, it has almost trebled and you have just sat there and done nothing about it and blundered on for 14 years. They did not have a clue what they were doing, because the Report says so, and taxpayers' money has just gone down the drain.

Mr Hunter: We sought to liaise regularly with the Executive to the extent of the homeless services they deliver. On an annual basis we have looked with them at the way they deliver those services and what the needs are in terms of additional temporary accommodation for the homeless, those have been built into our own housing plans in terms of the development of housing.

Q65 Mr Steinberg: That is rubbish. Mr McIntyre said that you inherited four hostels.

Mr McIntyre: Two hostels.

Q66 Mr Steinberg: You built four a year for the last 13 years but homelessness has gone from 6,500 to 16,000, so the policy has not been very successful, has it, really? Building four hostels a year has not made a jot of difference, has it?

Mr Hunter: As we were saying earlier we are not responsible for the numbers presenting as homeless, we are responsible for the way in which we address their needs and for the way in which we assess those needs and for the measures we take to meet those needs.

Q67 Mr Steinberg: You say that you are not responsible for the homeless, and you may well not be, if I was sitting in your office and I saw the figures coming through each year, apart from two years out of the 13 years when it dropped, I am just assuming in 1993 you thought to yourself, “it is all right, it is going down now”, and it then went up in 1994 and you thought, “it has gone up a bit it might come down next year”. You waited until 1999 when you saw it was 11,000, and in 1999–2000 it went down, but in the meantime it has gone up 5,000 in those years. I would have gone to Mr McIntyre and said, “we are giving you £20 odd million a year, you are

building four hostels a year but homelessness is going up fantastically, what are you going to do about it?” You did not, you let them get on with it and muddle their way through it.

Mr Hunter: There were a range of measures introduced, of which building new hostels was the most obvious response to the rising tide of homelessness. Beyond that we worked with the Executive in respect of developing responses which took into account the availability of private accommodation and other measures that we could work with in the voluntary sector. Over that period we housed 60,000 homeless people.

Q68 Mr Steinberg: Homelessness was going up all of the time, you were not getting a grip with the problem. Rather than the last page let us turn to the first page, let us go for a look to the front. As I said before you have been responsible since 1988 for a strategy, yet the first time you produce the strategy plan, and I think Mr Williams mentioned this, was in September 2002. It took you 14 years to get a strategy plan. When I asked you what your strategy plan was you said, “we were presented with two hostels and we produced four more every year for the next 14 years”. Was that your strategy plan? That was the strategy.

Mr Hunter: During the period before 2002.

Q69 Mr Steinberg: The total strategy was to inherit two hostels and provide four more hostels for the next four years. That was the strategy and how you dealt with the homeless.

Mr Hunter: We believed that by providing additional hostels one was helping to meet the need. It could not be seen exclusively as meeting the need because as you point out the numbers have continued to increase, so we have been working on a variety of ways of identifying accommodation for those made homeless, temporary accommodation pending secure tenancies.

Q70 Mr Steinberg: Let us move on. I looked at some of these case studies and I could not believe them. Then I thought I can believe them because they seem to be so incompetent that anything could happen. The first case study is on page 18, Mr Williams mentioned it, I do not know how any organisation can have somebody evicted because the rent is too high, in other words it was £400 you were paying in Housing Benefit, the rent was £600, so you had them evicted and then you paid £1,400 a month, £800 pound a month more than they were paying before they were evicted. That is unbelievable. That is the first example. Case study five on page 32, I could not believe this, I really could not believe it. You have been doing this job for 15 years, you have been in a province where there has been troubles for 30–40 years and along comes a mother with two children from a nationalist area who needs help and what do you do, you send her 15 miles away to a loyalist area. It is incredible. Not only is it not insensitive, it is stupid, nobody would do it. You did it as an organisation, why?

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Mr McIntyre: It should not have happened. This lady had previously been offered temporary accommodation, it should not have happened. I should say to you that a survey we carried out as part of the review that we initiated showed that 90% of all families living in temporary accommodation were satisfied with the temporary accommodation that was provided. Where we had difficulties tended to be round location, but this should not have happened.

Q71 Mr Steinberg: Can I answer one question before I finish. You have used bed and breakfast as a solution and it has totally failed. To keep people in bed and breakfast for a year is ridiculous. After this Report you are going to do something about it, what savings are you going to make in the next two years in terms of bed and breakfast? What is your target to save in terms of actual money?

Mr McIntyre: Our target is to do with the use of bed and breakfast, it is to stop using bed and breakfast for families with children during the first two years of the strategy.

Q72 Mr Steinberg: How much you are going to save?

Mr McIntyre: I would not be in a position to calculate that now. I can supply that by way of a note to the Committee.³

Q73 Mr Rendel: I think what Mr McIntyre was saying earlier is homelessness is rising as fast in Northern Ireland as it is in other parts of the United Kingdom for very much the same sorts of reasons, why is the total percentage of the people who are homeless in Northern Ireland bigger than it is elsewhere in the United Kingdom?

Mr McIntyre: There could be a number of reasons for that, the first one would be that we introduced a new common selection scheme in November 2000, which means there is a single waiting list for the province, including a House Association waiting list, and so forth. As part of the process when an applicant is now visited he is assessed to see if there is any potential homelessness there as opposed to having to come and present to the organisation. We suspect we are identifying a level of homelessness which may not have presented itself, that is the first reason there is a difference.

Q74 Mr Rendel: Are you saying that is not happening on the mainland, you are discovering more homeless and the mainland are not?

Mr McIntyre: No, what I am saying is in our case, and I will come to the comparative mainland position, once we introduced the common selection scheme there was an immediate rise in the number of people who were presenting as homeless over this past two years or so.

Q75 Mr Rendel: It has not been rising in line with trends. You said earlier that the increase in homelessness in Northern Ireland has been no

greater than the trend in the rest of the United Kingdom, now you are saying it is greater than the trend in the United Kingdom.

Mr McIntyre: It is rising in the United Kingdom as well but not at the same rate as in Northern Ireland. Part of that I suggest is to do with the legislative position, where the Scottish, English and Welsh position has now been restored to what it was in 1996. There are trends emerging in England, Wales and Scotland that there may well be a bit of catch-up going on as a result of restoring the legislation. We have had less restrictive legislation in Northern Ireland since 1996 when the position in the rest of the United Kingdom became somewhat more restricted than it had been previously.

Q76 Mr Rendel: You are saying in a few years time your proportion of homeless people will be no greater than the rest of the United Kingdom?

Mr McIntyre: I would not necessarily be able to predict that but there is potential for that. In Scotland where the legislation has been since 2001 there is not that much of a difference now.⁴

Q77 Mr Rendel: Mr Hunt you said earlier, "we are not responsible for the number presenting as homeless", you are responsible for getting those people housed once they have presented. Who is responsible for the number presenting as homeless?

Mr Hunter: It is a collective issue. The Northern Ireland Executive initiated a little while ago a review of a series of areas of public policy associated with promoting social inclusion and one of the topics chosen for that is a study of homelessness and my Department is currently heading up an interdepartmental group which is looking as the causes of homelessness and what preventive action might be taken. In terms of society and the break up of families there is a limit to the extent to which the public sector agencies can prevent it.

Q78 Mr Rendel: Who is responsible for the number of houses in Northern Ireland?

Mr Hunter: The Department.

Q79 Mr Rendel: Your department?

Mr Hunter: Yes, indeed.

Q80 Mr Rendel: How many empty homes are there in Northern Ireland?

Mr Hunter: They are 30,000 empty homes in both the private and the social sector. Within the social sector the figure is round 6,000.

Q81 Mr Rendel: Do you have a policy for filling those?

Mr Hunter: Yes. The policy is that 6,000 includes 2,000 which are in the process of being refurbished as part of regular maintenance programmes, they are not immediately available to cope with the homeless.

⁴ Note by witness: 2002/2003 Statutorily Homeless as a percentage of total households in Northern Ireland is 1.4% and in Scotland 1.3% (Sources: NIHE and Scottish Executive HSG/2003/2005).

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Q82 Mr Rendel: How long does it take on average to refurbish a place after its last tenant has left?

Mr McIntyre: We re-let 95% of our properties within two weeks.

Q83 Mr Rendel: That is not very long, is it?

Mr Hunter: There would be major maintenance schemes.

Mr McIntyre: These would be major modernisation schemes where we are decanting the property to put in modern facilities.

Q84 Mr Rendel: The other 15% are taking a long time because there is a huge, great refurbishment problem, that is why you have 6,000.

Mr Hunter: No. 2,000 of the 6,000 are undergoing some form of refurbishment at any one point in time.

Q85 Mr Rendel: The vast majority of those are going through major refurbishment.

Mr Hunter: There is not a match between the incidents of homelessness acceptances and the availability of empty accommodation. The pressures that we have in respect of homelessness while generally across Northern Ireland manifest most acutely in three hot-spots in Belfast and Londonderry and it is in those areas where we have a shortage of available accommodation. We cannot put those who are presenting as homeless automatically into the accommodation that is currently empty.

Q86 Mr Rendel: You were saying that one of the problems are people who are intimidated. For every family that becomes homeless because they are intimidated a home then becomes empty that could that filled by somebody else. I do not understand why intimidation means that you have more homeless.

Mr Hunter: It depends where the homelessness occurs through intimidation, a lot would be in interface areas and for obvious reasons they would not be the most popular locations for people to move to.

Q87 Mr Rendel: What are you doing about that? What policy do you have to fill those homes again?

Mr Hunter: We are trying to stabilise those interface areas, again with the help of other agencies, including the Police Service, to refurbish where there was damage done and to re-let.

Q88 Mr Rendel: Okay. Do you have any problem with deposits in the private sector, is that one of the reasons for homelessness, people cannot afford a deposit?

Mr McIntyre: We have introduced four separate rent guarantee schemes which are intended to get over that and indeed fund four separate ones round the province which partially address it but it does not seem to be a significant issue. I know there has been a study carried out by the Consumer Council in England and Wales but it does not seem to have been nor has it been raised as a significant problem in Northern Ireland that I am aware of.

Q89 Mr Rendel: How many properties are available in the private sector to rent?

Mr McIntyre: At the moment the private sector is 49,000, it is the fastest growing part of our stock and has brought good quality—

Q90 Mr Rendel: Of your stock, the total stock in Northern Ireland?

Mr McIntyre: Of the total stock in Northern Ireland 49,000 is privately rented but it is a very fast growing part of the—

Q91 Mr Rendel: How much is empty?

Mr McIntyre: Of the total stock in Northern Ireland something of the order of 30,000 is empty at any one point in time.

Q92 Mr Rendel: I am lost. There are 49,000 properties available for rent in the private sector and 30,000 are empty.

Mr McIntyre: No, 30,000 of the total stock. The 49,000 refers to the size of the private rented sector in Northern Ireland and it will be turning over from time to time.

Q93 Mr Rendel: How many of those 49,000 are empty at any one time?

Mr McIntyre: I would not have the information for the private rented sector, we can supply it.⁵ We do have the figure for the stock of the province as a whole.

Q94 Mr Rendel: Do you have any programme for giving capital sums to Housing Association to build or buy their own stock?

Mr Hunter: Yes. The social housing sector in Northern Ireland uses registered Housing Associations for virtually all new build, including new build hostel accommodation.

Q95 Mr Rendel: How much money is going to that sector for new build each year?

Mr Hunter: The total sector is about 75 million in terms of Housing Association grant, to which they add another 25 million.

Q96 Mr Rendel: How many houses is that producing each year?

Mr Hunter: The target this year is 1,575 of which 213 are directly focused on providing accommodation for the homeless.

Q97 Mr Rendel: Why is that not increased if you have this big problem?

Mr Hunter: We have throughout the budgetary process sought additional resources, some additional resources were made available for the current financial year and for the next two financial years which have contributed to that figure of 213 houses.

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Q98 Mr Rendel: Given the amount of money spent on bed and breakfast at present would it not be more cost effective to put more money in to building more homes and reducing the number of people you have housed in bed and breakfast and in temporary accommodation?

Mr Hunter: I am sure it would at the margin. There are currently 42 families in bed and breakfast accommodation and it is the Executive's aim, supported by the Department, to make sure those people are removed from bed and breakfast accommodation within the next 18 months.

Q99 Mr Rendel: Paragraph 2.9 shows that there are 42% of bed and breakfast properties used which cost at least twice as much as an external agency. Why are you using such expensive bed and breakfast properties?

Mr McIntyre: We are paying the market rate in the locality where that accommodation is based. As I say, we are in no different a position here than something of the order of 25,000 private sector tenants, the rent is above the Housing Benefit level as assessed by the VLA. It is a local market issue. Our aim is to get out of bed and breakfast for a variety of reasons to do with the cost of it and the quality of it.

Q100 Mr Rendel: The VLA presumably estimate costs on the basis of what the market value is of that property at that time.

Mr McIntyre: He assesses a rent which is an average rent across that locality, taking account of all the properties in it, it is a calculation which does not necessarily take account of the quality or the condition of the property. There will always be rents above that assessed rental level, it is an average. If you are looking for better quality accommodation you are likely to be paying more than that assessed level.

Q101 Mr Rendel: Finally, in paragraph 2.16 it shows there are two hostels which are under-used, one of which you are thinking of having to close—maybe it has been closed—why are two hostels under-used when you have this huge problem?

Mr McIntyre: These are the hostels I referred to earlier, they were vacant Housing Executive dwellings which we converted into temporary accommodation in probably the early 90s. One in particular was 80% occupied in the latter years of its use, it was in an area which was causing difficulty in terms of letting and so forth and became unpopular and subsequently was taken back out of use again. It did serve considerable use in the area in which it was for a long number of years. The other one was in an area of low demand where we ended up demolishing it as part of a general demolition of a particular estate.

Q102 Mr Rendel: If you have places that are unpopular you are still going to house them in bed and breakfast rather than put them into the properties that are unpopular?

Mr McIntyre: Some of the criticisms that you get in case studies is because we did exactly that, we located people in areas where this was not convenient for them and they did not have their family support network and so forth. In a sense the area became unpopular and the property became subject to attack.

Mr Rendel: Thank you.

Chairman: I should say unfortunately Mr Rendel is leaving this Committee because of other responsibilities. May I thank you Mr Rendel for your time, you have been an exceptionally hard-working, able member of this Committee.

Mr Rendel: Thank you very much for saying so.

Q103 Jon Cruddas: Can I go back to the statistics in the recent letter to the Committee which signals that since the NIAO Report which had 12,700 presenters as homeless that has risen quite dramatically in those two years to 16,426. In the Report it states that the best preferred option of the NIHE is the private sector. At that time of the Report there were 56% placements in the private sector, now given the rises since the time of the Report could you estimate now what the proportion of private sector places there are? I was looking at graph here and I could not work out the percentages compared to the percentages that existed at the time of Report?

Mr McIntyre: 34% is the current reliance on bed and breakfast October placements. Since the time of this review we have reduced the number of establishments that we are using from 80 to around about 40 as part of our policy of getting out of the use of bed and breakfast as quickly as possible.

Q104 Jon Cruddas: But when you talk about the private sector, in this graph, figure three in the recent letter, presumably you have introduced a new category which is private sector single let accommodation which would have been hidden within the third column.

Mr McIntyre: Yes, it would.

Q105 Jon Cruddas: I was wondering if you could signal what that means compared to the changes since 2000 in terms of private sector shared accommodation? Is that proportionately still on the rise or decline because the third column for 2000–01 and 2001–02 would include within the third column private sector shared accommodation? Is that still rising is the question?

Mr McCaughley: You are absolutely right, the definitions have changed. This really aligns ourselves with England as well where they have taken about 1,000 properties out of the B&B classification and reclassified them as self-contained. We are now aligned with the English definition. The question, if I can phrase it this way, is to what extent is reliance on private shared accommodation increasing or decreasing.

Q106 Jon Cruddas: Yes.

Mr McCaughley: In 2001–02, 37% of placements were allocated to private share and in 2002–03 34%. So far April to September of this year it is 30%.

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Q107 Jon Cruddas: That is declining.

Mr McCaughley: Yes. In absolute terms the numbers are rising but in relative terms our reliance on that type of stock is declining.

Q108 Jon Cruddas: Just another point of clarification on this table, figure three again. In the first column, NIHE sector, there seems to be quite a significant decline since 2001–02 to 2002–03 in the amount of placements in the NIHE sector itself, which presumably is your preferred option?

Mr McIntyre: That is to do with the length of stay and so forth.

Q109 Jon Cruddas: So it is longer stay?

Mr McIntyre: Longer stay, more pressure, more numbers. That is the explanation for the particular movement of that figure.

Q110 Jon Cruddas: Can I just move on to a point of clarification that the Chairman raised earlier on. On page 12, paragraph 17, it says: “In 2000–01, NIHE processed only 64% of applications within 33 working days, against a corporate objective of 95%.” In your earlier answer, did you say that has now been dealt with, that this was an exceptional period?

Mr McIntyre: It was.

Q111 Jon Cruddas: And now 95% are covered within the 33 working days?

Mr McIntyre: Now it is around 96%.

Q112 Jon Cruddas: Okay. In paragraph 22, across the page, it talks about: “The Department of Transport, Local Government and the Regions’ B&B unit told us that a desirable outcome for length of stay would be 33 days.” Given what you said earlier on about length of stay increasing within NIHE properties, at the time the average length was 115 days. Given, on the one hand, the increased length of stay within NIHE properties since then and the growing number of presenters as homeless, what is your current figure for the average length of stay in temporary accommodation?

Mr McIntyre: 97 days.

Q113 Jon Cruddas: So we still have the 33 days objective by the Department of Transport for England.

Mr McIntyre: I am not sure that is the current objective, it may have been at that particular time.⁶

Q114 Jon Cruddas: But if it were still a current reflection, 33 days being the desired objective, that is still quite a strong discrepancy between the lengths of time. You would accept that, would you not?

Mr McIntyre: Absolutely, yes.

Q115 Jon Cruddas: On page 41, paragraph 4.7, it states that the DTLR set up a specialist B&B unit in May 2001 to liaise with local authorities in terms of housing the number of homeless in B&Bs. The

NIAO Report requested that you liaise closely with this unit in order to take account of, and implement, any good practice that emerges. Have you liaised with the unit?

Mr McIntyre: Yes and, indeed, one of the debates that is going on is this issue of common definitions between different regions around lengths of stay, temporary accommodation, what B&B actually means and so forth.

Q116 Jon Cruddas: Over and above the classification, what about the issue of good practice?

Mr McIntyre: We have all of their material, we get it regularly. They issued a very substantial document earlier this year which was talking about issuing targets around repeat homelessness, getting people out of inappropriate temporary accommodation and so forth, which we have been building into our arrangements.

Mr Hunter: Can I just add a point, if you do not mind. The Office of the Deputy Prime Minister has been looking at the quality of statistics available in respect of B&Bs and, because of what appear to be inconsistencies across England, has been unable to come up with information which we could use to benchmark performance.

Q117 Jon Cruddas: I was more keen to pick up on whether the NIAO recommendation was implemented in terms of a close working relationship.

Mr Hunter: Yes.

Q118 Jon Cruddas: Just a couple of questions. Returning to these case studies, which are pretty shocking, case example number eight on page 43 is a woman and her five children who were placed in hostel accommodation for 18 months at a cost of £27,200. If you had been able to house this family permanently, the maximum weekly Housing Benefit payable would have been £38 per week, equivalent to a potential Housing Benefit saving of almost £24,200. Given the changes that you have initiated since the Report, are you confident that example will not occur again?

Mr McIntyre: The difficulty with this case is that it is in a high demand area and there are a number of them in the province where ultimately it is going to take some time to relieve the overall demand situation. All I would say is at some point in time when the Audit Office were preparing the Report there was an indication that there could be a number of cases in temporary accommodation for more than three years. What I can say to you is that there are only two cases and they are in extreme high areas of demand where supply and choice of applicant are key factors as well.

Q119 Jon Cruddas: Two cases?

Mr McIntyre: Two cases for more than three years.

Q120 Jon Cruddas: Comparable to this case. Okay. Finally, I just want to raise the issue of standards in the B&B sector. In paragraph 19 on page 12 of the NIAO Report, it states: “NIHE carries out

⁶ Note by witness: The ODPM is currently consulting on an appropriate objective for the length of stay in bed and breakfast accommodation.

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inspections of Houses in Multiple Occupation . . . However, these inspections do not normally assess standards of hygiene and facilities and, at the time of our audit, inspections to assess these standards were only being carried out in the Belfast area.” In the recent letter at bullet point three on the second page it states: “With regard to standards of temporary accommodation . . . revised standards were introduced by the Northern Ireland Housing Executive from September 2003, covering facilities, repair, condition, hygiene and management. Inspection programmes are in place for all areas and are being monitored.” So, therefore, are you entirely confident that this survey carried out by the NIAO of ten properties that they visited, and one specifically had extraordinarily poor hygiene and obvious health and safety risks and the like, that will not be repeated given your introduction of monitoring of standards in the private sector?

Mr McIntyre: The particular hostel you are talking about is now off the register. As part of the inspection and so forth we have now reduced the number of establishments we are using from 80 to 40. The inspections are unannounced. We have an Area Homelessness Officer who covers each area whose role is to monitor that the inspections are being carried out.

Q121 Jon Cruddas: So you are confident that you are raising the standards of hygiene in the private sector?

Mr McIntyre: Yes. We have put in place the procedures that we believe needed to be put in place to address that issue.

Q122 Mr Davidson: I wonder if I can ask about the details on page 34, particularly about the HMO, if I can use that as an example. Page 34, near the top, it is a private sector HMO and you will see there that there is a pretty devastating indictment of the HMO: poorly furnished, very poor hygiene standards, etc., etc. Can you tell me, is it generally acceptable for HMOs to have communal facilities for cooking, bathing and laundry?

Mr McIntyre: It would be, yes.

Q123 Mr Davidson: Given that there were complaints from residents since 1994 about drug use and dealing on the premises, why were these premises continued to be used by yourselves?

Mr McIntyre: Can I ask my colleague to address this particular point.

Mr McCaughley: This particular establishment was very valuable to us by way of its location, it was in a very prestigious area of Belfast and provided much needed accommodation. When we brought it on it went through thorough inspection by way of its physical and management standards, it had been fully rehabilitated.

Q124 Mr Davidson: When was that?

Mr McCaughley: In the early 1990s.

Q125 Mr Davidson: Okay.

Mr McCaughley: There is no doubt that from 1990 onwards the standard of management did deteriorate. On several occasions we tried to intervene to get a higher management standard imposed. In this case that did not happen and it did not happen because we would acknowledge that the inspection system that we had in place was not as robust as it needed to be to make sure that the standard of accommodation by way of management was satisfactory.

Q126 Mr Davidson: Surely it should not have been just a question of inspection. It says here: “Numerous complaints from residents since 1994 about alleged drug use and dealing on premises.” Were these just ignored?

Mr McCaughley: No. We brought the management of this particular hostel to bear on several occasions to improve their standard of management.

Q127 Mr Davidson: That did not work though, did it?

Mr McCaughley: We were given assurances which we then monitored but did not succeed.

Q128 Mr Davidson: And you believed them?

Mr McCaughley: Yes, we did.

Q129 Mr Davidson: How many sets of assurances did you get?

Mr McCaughley: It was on two separate occasions.

Q130 Mr Davidson: So the “numerous complaints of residents” only refers to two particular periods, does it?

Mr McCaughley: As far as I am aware, yes. The inspection system was not annualised, it was not carried out every six months. The new inspection system is much more robust.

Q131 Mr Davidson: I am just trying to clarify at that period. This is a pretty devastating indictment of the premises, I think you would agree. What I do not quite understand is how it is that you could possibly have an inspection that would not pick that up nor pick up the complaints about drug dealing and drug use on the premises. I fail to comprehend why you kept using it particularly after, say, the first set of complaints, the promises of good behaviour and you got the same complaints again and you had to seek assurances a second time and still went on using it.

Mr McCaughley: It would have been a judgment call on behalf of the officers that it was not bad enough to take it off the register.

Q132 Mr Davidson: Okay. You stopped using it shortly after the Audit Office had viewed it. You stopped using it in April 2000 but then started using it again in the summer of 2000. This was the third set of assurances, was it? It says several lines down that

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you had got a commitment that the standards of management and hygiene would be improved. Was that a third set of assurances?

Mr McCaughley: That was the second. We have subsequently taken it off the register altogether.

Q133 Mr Davidson: Right from the very beginning there was only one set of assurances given that things would improve despite what is described here as “numerous complaints from residents since 1994.”

Mr McCaughley: Post the initial inspection, that would be correct, yes.

Q134 Mr Davidson: In six years then there was a whole series, as I understand it, of complaints and you only sought assurances once?

Mr McCaughley: In terms of trying to bring the management to bear, yes, that would be correct. Otherwise it would have been individual instances of reporting back to tenants on the nature of their complaints. In terms of taking effect, it—

Q135 Mr Davidson: I do not know of your personal circumstances, Mr McCaughley, but would you have been happy with your child living there?

Mr McCaughley: Absolutely not. We acknowledge that the inspection system should have brought this property up to a higher standard by way of management.

Q136 Mr Davidson: It says here, further down: “. . . despite these complaints, NIHE’s HMO inspectors had assessed the property as being fit for multiple occupation.” It is not so much a fault in the system as this seems to be almost a non-existent system of inspection. Further down that same paragraph it says: “HMO inspectors had assessed the property as being fit for multiple occupation.” There were only two explanations in my view, one was either intimidation or corruption, on the one hand, or complete and utter incompetence on the other. Which of these do you think it was?

Mr McCaughley: I do not think it was either. I think our HMO inspection system was actually very strong. It was dealt with by well trained officers who had huge experience in it. They would have come to conclusion based on the standards that were presented to them on the day of the visit, with the full knowledge they have of the regulations, they would have come to a professional judgment, which in this case was that it fully satisfied the HMO regulations. I think the issue here is that the standards that you are talking about go beyond that.

Q137 Mr Davidson: Are you saying to me that there were only two complaints about drug use and dealing on the premises and that after each of those there was an inspection and assurances were sought? It says here “numerous” and I had assumed, perhaps in my naivety, maybe I can have clarified from the Audit Office, that there was a stream of them and you only did a couple or so of inspections and got assurances twice.

Mr McCaughley: That is correct, yes.

Q138 Mr Davidson: So the other complaints were ignored or no action resulted?

Mr McCaughley: No action resulted would be correct.

Q139 Mr Davidson: Do you understand why we are a bit exasperated by all this?

Mr McIntyre: Absolutely.

Q140 Mr Davidson: Can I ask, given that the inspection system clearly did not work, why was it not changed quicker? Mr McIntyre, as the head man in there, and I think you were the head man at that time, did you ask for additional or changed powers and were you refused?

Mr McIntyre: What we initiated was a fundamental review of how we delivered our homelessness services, including issues to do with the standard of the accommodation that we were using and the inspection routines around that. Clearly this was not a satisfactory case.

Q141 Mr Davidson: Can I turn to pages 22 and 23 about the question of valuations. I am not sure I entirely understood what we were being told. I thought I heard you say that the VLA assessments were averages and obviously there would be some degree of variation and some properties would be much more expensive. Can you just clarify for me why it is that in 42% of cases you are taking properties that are presumably twice as good as the average since presumably the rent goes up with the quality?

Mr McIntyre: And the local market.

Q142 Mr Davidson: My understanding of averages is if you have an average there will be some above it and some below it.

Mr McIntyre: Yes.

Q143 Mr Davidson: Why then, in that case, in 42% of cases did you have a charge not only above the average but at least twice the average? That does not seem to me to be wise purchasing.

Mr McIntyre: The market areas that we are talking about are very large local housing markets. For example, in the province at that time the local market areas consisted of 10 areas for the whole of Northern Ireland, very large areas. The assessed rent by the district valuer is not the only—

Q144 Mr Davidson: These are small micro markets where the average does not apply. You agreed with this Report, Mr Hunter, and if these figures we have got here distort the position, surely you should have reported that at the time and objected to these paragraphs as giving a misleading impression.

Mr Hunter: With hindsight we could have clarified that particular issue.

Q145 Mr Davidson: The final point I want to raise largely to yourself, Mr Hunter, is we are conscious of the impact of the troubles in Northern Ireland but

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to what extent should we be prepared to accept lower standards of public service in Northern Ireland because of the troubles?

Mr Hunter: You should not be prepared to accept lower standards because of the troubles.

Q146 Mr Davidson: I am glad to hear you say that. I find this a pretty devastating indictment of the management of the service during this period and I cannot think of any other explanation for it apart from the troubles. Can you enlighten me?

Mr Hunter: Clearly the troubles are a factor in managing the service but we have to manage that element as part and parcel of our total responsibilities. We have sought to respond to the local situation by developing—

Q147 Mr Davidson: This is Civil Service speak. Why does there appear to be such a total break down of competence in managing the difficulties faced by some of the most vulnerable people in Northern Ireland? It seems to me that because they were so vulnerable they were pushed to the back of the queue and did not get much attention from the department. Why was that allowed to happen?

Mr Hunter: I would not agree that they were pushed to the back of the queue. You have seen the statistics showing the very significant increases over time in the numbers of homeless and you have seen our efforts to try and catch up with that in terms of investment.

Q148 Mr Davidson: I do see the increase. I would have thought that would be a factor that should have moved them to the top of the queue and they should have moved further forward in the order of priorities being dealt with by senior people like yourselves. Given the lack of competence that we see here in dealing with this, that could not have happened. Why was that?

Mr Hunter: If you look at the total social housing programme in Northern Ireland, approximately half of the tenancies that are filled as a result of that new programme are for the homeless. We have invested substantially over the years in meeting the needs of homeless people in Northern Ireland. I am not claiming that we have invested enough, I recognise the need for additional investment to meet the problems, but within the resources which were available to us we did our best to provide the highest quality service that we could. We recognise that there have been deficiencies that have been highlighted both by the Fundamental Review and by the Audit Office Report and we have sought to address those weaknesses and deficiencies.

Q149 Mr Davidson: I understand your point about the lack of resources, and I am not unsympathetic to that, but we have identified that this was simply more than a lack of resources. There are basic managerial errors and lack of management information that goes back really quite a long time. Unless I am mistaken, these standards would not have been tolerated on the mainland during this period because the standards had been lifted. Have I

misunderstood that and, if I have not misunderstood that, why was it allowed to continue in Northern Ireland when many of these things had been improved in the rest of the UK?

Mr Hunter: We have sought to argue that we have been seeking to improve the service to homelessness over the full period both of this study and before it. I recognise we have not been as successful as we would have liked to have been, but the effort has been made. We need to refine it and, indeed, I hope that the supplementary information we have given you today in the letter indicates action that we have taken to learn from the experience of the last few years and the reports that we have had.

Q150 Chairman: Thank you for that. Following on from that and following on from the whole of this afternoon, what do you do to benchmark yourselves against the services provided by local government in England, not just on homelessness but in terms of other services?

Mr Hunter: Perhaps the one that immediately springs to mind is the level of unfitness in social housing where the Northern Ireland figure is less than the figure in Great Britain.

Chairman: Thank you for that short response. Perhaps we would have liked to hear more. Mr Bacon has one or two questions.

Q151 Mr Bacon: I apologise, I was held up by constituency business and could not get here for the beginning of the hearing. Mr Crothers, why is there a shortage of houses?

Mr Crothers: Why is there a shortage of houses? In which sector? In the social sector?

Q152 Mr Bacon: In total.

Mr Crothers: I must confess, I am not aware of a shortage of houses in the province as a whole.

Q153 Mr Bacon: You mean there are enough houses now for people to live in?

Mr Crothers: We have a very robust housing market in Northern Ireland of a new build programme of approximately 10,000 a year and most of that, the vast majority of that, is in the private sector.

Q154 Mr Bacon: You have got 16,000 people who are homeless, it has been shooting up, but you do not have enough houses for all the people who want houses to live in, do you?

Mr Crothers: The dynamics of the housing market are such that it depends very much on the type of accommodation that has to be provided. In the case of homelessness, 40% are singles. Our new build programme—

Q155 Mr Bacon: I appreciate there are dynamics in the housing market, just like there are dynamics in every other market, but there are lots of markets for goods and services, both simple and complex, where there is no shortage. There is no shortage of jeans, no shortage of cigarettes, or more complex products, no shortage of CDs, no shortage of stereos, no shortage

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of cars, no shortage of cheap cars and no shortage of expensive cars. Why are there not enough dwellings for all of the people who want them?

Mr Crothers: There probably are enough dwellings to house everyone in Northern Ireland, the problem is the location of those houses. There are houses in locations where people do not want to live. There are pressures in particular parts, particularly in Belfast, where it is extremely difficult to provide housing.

Mr Hunter: If I could say that 94% of all homeless applicants are rehoused within 12 months. That is both from the new build programme and also from re-lets as well, which play a significant role in rehousing of housing applicants.

Q156 Mr Bacon: By what date will you have ended homelessness?

Mr McIntyre: I wish I could answer that question. I doubt that question can be answered by anyone throughout the United Kingdom.

Q157 Mr Bacon: In your Homelessness Strategy which you published for the first time last year, I think, you did not set a target date by which you were going to end homelessness?

Mr McIntyre: No. Interestingly, in the United Kingdom the target is that they will have reduced rough sleepers back to the 1998 levels and they will have reduced the use of bed and breakfast for families by the year 2004. Those are the only targets that have been published in the United Kingdom and I suspect that is to do with the unpredictability of homelessness and the recent rises that have emerged in all of the regions in the United Kingdom.

Q158 Mr Bacon: Mr Hunter, in answer to an earlier question from Mr Davidson you used the phrase “within the resources which were available to us” and one appreciates that there are always resource constraints, which is what this Committee spends much of its time looking at. In case eight on page 43: “A woman and her five children were placed in hostel accommodation from January 2000 to June 2001, at a cost of approximately £27,200.” It says if she had been housed permanently, “the maximum weekly Housing Benefit payable would have been £38 per week, equivalent to a potential Housing Benefit saving of almost £24,200 over the period in question”. So the resources that were available to the government in Northern Ireland were £27,000 and £24,000 of that could have gone to something else, could it not, if she had been permanently housed?

Mr Hunter: Yes.

Q159 Mr Bacon: For a typical dwelling, what is the cost of refurbishing it to an acceptable standard? You said that there are 6,000 houses, 2,000 currently in the process of being refurbished. For any one individual dwelling, what would be the cost of refurbishing it?

Mr Hunter: Obviously it would depend on the age of the dwelling and what needed to be done to it, both in terms of comprehensive maintenance as well as individual maintenance.

Mr McIntyre: The average of the element of improvement and modernisation costs is probably in the order of 25,000 to 30,000.

Q160 Mr Bacon: I appreciate that there will be some that are scarcely fit for human habitation and some that need just a lick of paint. You started the answer by saying roughly 25,000, maybe a bit more, almost exactly the same amount of money that you would have saved if this lady and her children had permanent accommodation.

Mr McIntyre: Yes. This particular case is in an area of very, very high demand.

Q161 Mr Bacon: A geographical area of high demand?

Mr McIntyre: A geographical area of very high demand.

Q162 Mr Bacon: To what extent do you say to people, if at all, “We cannot house you in the area where you want to be housed but we can house you somewhere else” and, if you do, what is their response?

Mr McIntyre: There are a number of letters that I send to MPs and various others, as their representatives, indicating to them that if they were to widen their areas of choice we could rehouse them much earlier, which is standard advice that we give to homeless applicants or, indeed, applicants of high need regardless of homelessness and areas of high demand.

Q163 Mr Bacon: If people were prepared to be more flexible you could solve the problem much more quickly?

Mr McIntyre: There are some boundaries around flexibility in Northern Ireland, unfortunately, which we have to live with.

Q164 Mr Bacon: Other things being equal, apart from the specific problems, you would be able to solve the problem much more quickly. In case eight, what happened with what you describe as the “systems of control and dossier of controls”? Why did the system and dossier not work in this case?

Mr Hunter: I think, as Mr McIntyre has said, my understanding of this case is because it was a very high demand area we were limited in the response we could make to the presentation of need. I do not see anything inconsistent in the way in which the Executive handled this with the dossier of controls, which inevitably is a high level document.

Q165 Mr Bacon: Mr Crothers, you are on the Co-ownership Housing Association, you are an observer on it, and also you are a member of the Construction Forum. Do you spend a lot of time talking to planning authorities and house builders?

Mr Crothers: I spend some time, not a lot of time.

Q166 Mr Bacon: The density of the population in Northern Ireland is quite low compared to the rest of the United Kingdom, is it not?

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Mr Crothers: It is.

Q167 Mr Bacon: It is about a quarter of the population of London in an area that is considerably larger than London.

Mr Crothers: 1.6 million.

Q168 Mr Bacon: So there is not a shortage of land?

Mr Crothers: There is a shortage of land in particular areas. Most of the social new build housing programme takes place in Belfast. Most of it takes place on brown field sites. Our problem is identifying and acquiring sites in high demand areas like Belfast.

Mr Bacon: I have no more questions, thank you.

Q169 Chairman: Thank you very much. I think that concludes our questioning. Mr Field had one point. He wanted me to ask the Comptroller and Auditor General, is he going to look at this in a year's time to see what progress has been made on the recommendations?

Mr Dowdall: In the light of that request from Mr Field, certainly.

Chairman: Thank you very much. That concludes our questioning, gentlemen. May I thank you for coming to see us this afternoon. We do enjoy our work with Northern Ireland. It is a sad necessity but it does give us an opportunity to see how services in one part of the United Kingdom compare with services in other parts of the United Kingdom. I think you will have gathered from the hearing today that we are not convinced that there is adequate benchmarking of your service, particularly in regard to homelessness, with other parts of the United Kingdom. You told us that you are going to improve matters. When you do improve matters we expect that in the light of my questioning to the Treasury Officer of Account you will follow best practice in terms of appraisal and follow EU rules on procurement and other matters. When you issue your memorandum of response we will expect to see that not only are you making progress but that you are following the rules that we expect you to follow that apply to other parts of the United Kingdom. Thank you very much.

**Letter to the Committee from the Permanent Secretary, Northern Ireland Department
for Social Development**

In preparation for the forthcoming hearing of the Committee of Public Accounts on 17 November in relation to the Northern Ireland Audit Office Report, I thought it might be helpful, in accordance with the provisions of paragraph 6.3 of the Compendium of Guidance on Appearing Before the Committee of Public Accounts, to provide the Committee with updated information in respect of a number of tables that appear in the NI Audit Office Report. Please find enclosed updated statistical information in relation to Figures 1, 2, 3 and 7 as they appear in the Report. The information in the updated tables has been cleared with the Northern Ireland Audit Office.

The Committee may also be interested in a number of significant developments in the area of homelessness that have occurred since publication of the NI Audit Office Report in March 2002. Brief information on these issues is provided below.

- The NI Audit Office Report (paragraph 6, Introduction) refers to the Fundamental Review of Homelessness Strategy and Services which was carried out by the Northern Ireland Housing Executive. Following this review, and taking account of the conclusions and recommendations of the NI Audit Office Report, the Housing Executive published a new Homelessness Strategy in September 2002, supplemented by an Implementation Plan.
- The NI Audit Office Report (paragraph 1.10) referred to the need for a prevention strategy, and as part of its new Homelessness Strategy, the Housing Executive established a multi-agency group to address prevention in December 2002. The group's remit is to develop plans and programmes to prevent homelessness.
- The NI Audit Office Report (paragraph 2.2) drew attention to the need for better basic information to help in the development of plans at local level to manage homelessness operations. From September 2003, the Northern Ireland Housing Executive has produced *Area Homeless Action Plans*, which set out programme requirements based on local analysis of trends in demand and supply.
- With regards to standards of temporary accommodation (paragraphs 3.12 to 3.14) revised standards were introduced by the Northern Ireland Housing Executive from September 2003, covering facilities, repair, condition, hygiene and management. Inspection programmes are in place for all areas and are being monitored.

- Finally, with regard to the shortcomings in management and costing information identified by the NI Audit Office (paragraph 4.16), the Northern Ireland Housing Executive introduced a new computerised system in May 2003 which provides private sector cost information and other management information.

John Hunter
 Permanent Secretary
 Department for Social Development

29 October 2003

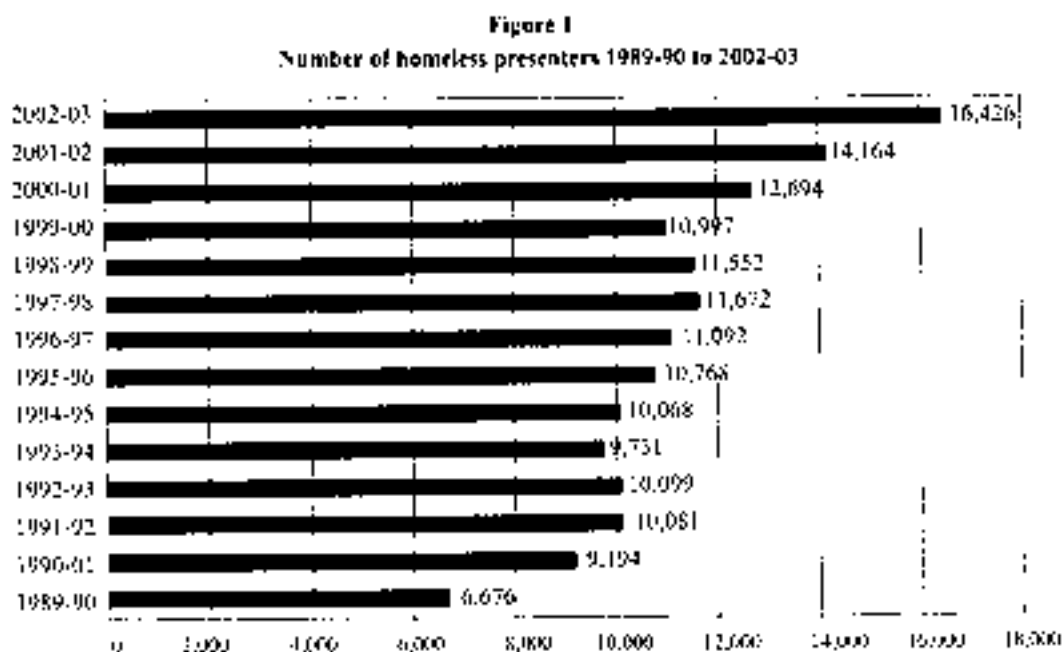


Figure 2
 Cost of homeless service 2000-01 and 2002-03

<i>Revenue Expenditure (£m)</i>	2000-01	2002-03
1. Housing Benefit	5.6	7.86
2. Special Needs Management Allowance	6.0	8.7
3. NIHE administration	2.5	2.75
4. Revenue grants to voluntary sector	1.0	0.4
5. Top up payments to supplement housing benefit	1.5	1.3
6. Taxi/Furniture storage	0.5	0.6
7. NIHE hostel management fees	0.4	0.5
8. Funding from other statutory agencies, charitable donations and fund raising activities	0.6	0.6
Total revenue costs	18.1	22.71
Capital expenditure (new build funding from the Department for Social Development (DSD) to Housing Associations for Homeless projects.	5.5	6.0
Total cost of homelessness services	23.6	28.71

Figure 3
Temporary accommodation usage by type 2000-Sept 2003

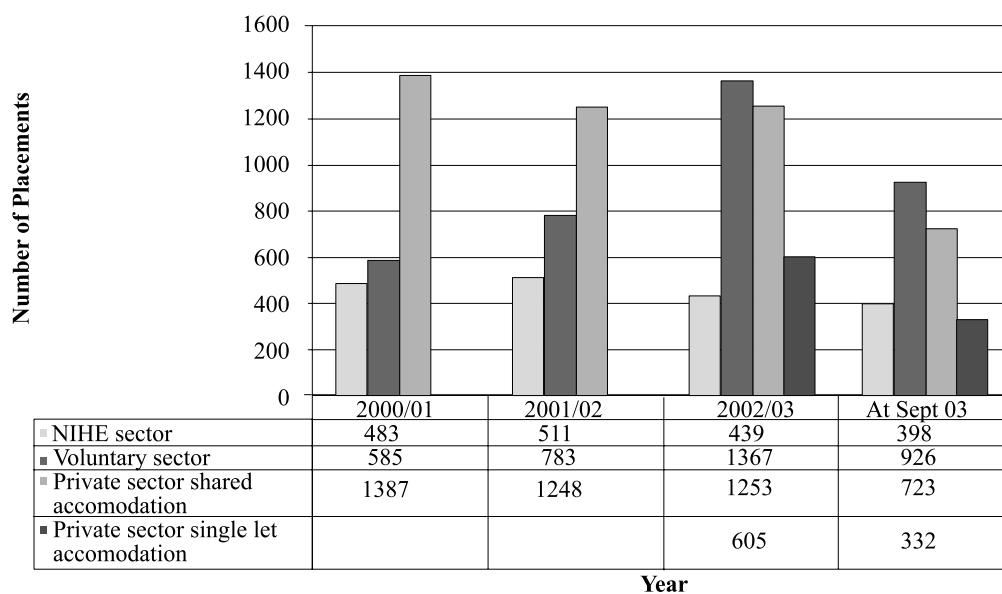


Figure 7

Average length of stay in private sector, bed and breakfast accommodation, for the Northern Ireland Housing Executive and the Scottish Local Authorities

<i>Authority and period</i>	<i>Average length of stay in private sector bed and breakfast accommodation</i>
NIHE 1999/2001*	115 days
Scottish local authorities 2000-01	26 days

*Figures produced by NIHE for period March 1999 to February 2001. Figures specific to 2000-01 were not available (source of data: NIHE and Audit Scotland)

<i>Authority and period</i>	<i>Average length of stay in private sector bed and breakfast accommodation</i>
NIHE 2002-03	97 days
Scottish local authorities 2002-03*	not available

*Scottish Audit Office reports that the relevant figures are not available.

Supplementary memorandum submitted by the Northern Ireland Housing Executive

Questions 15 (Mr Williams): Timescales for Homelessness Strategy Review

The Northern Ireland Housing Executive commenced a Fundamental Review of its Homeless Service in March 2000. On 10 May 2001 the Northern Ireland Audit Office advised the Chief Executive of NIHE that it proposed to carry out an investigation of homelessness. In doing so, the Comptroller and Auditor General for Northern Ireland indicated that he was aware of the review being carried out by NIHE.

The NIHE issued a report on its review for consultation in September 2001. The Northern Ireland Audit Office issued its report on Housing the Homeless on 21 March 2002. NIHE, following consultation with interested parties, issued its final Homelessness Strategy in September 2002 taking account of the Northern Ireland Audit Office recommendations and those made by the Social Development Committee of the Northern Ireland Assembly.

Question 62 (Chairman): Procurement contract for furniture storage

The Northern Ireland Housing Executive (NIHE) has a statutory duty to remove and store furniture for homeless households, pending permanent rehousing.

NIHE's contract procurement procedures are set out in its Standing Orders and Purchasing Manual.

In 1995 the Housing Executive estimated its requirements for furniture removal and storage services to be less than that required for advertisement, under EU procurement rules. The expectation was that in a post ceasefire situation requirements would reduce.

In November 1995 NIHE placed an open public invitation to tender for furniture removal and storage services in the Northern Ireland daily newspapers. Six firms responded and all were issued with tender documentation. Five of these firms submitted sealed tenders to NIHE for consideration. Having accepted the competence of the five tenderers, the contract was awarded from 1 May 1996 on the basis of the lowest price for an initial three-year duration, with the provision for two one year extensions. The contract was scheduled to expire on 30 April 2001.

The contract was initially for three years with an option to extend for a further two one year periods. It expired on 30 April 2001. A tender process (non-EU procurement) was initiated in time to comply with the contract termination date.

However, on review it was concluded that EU procurement rules applied and the tender process stopped and a new tender exercise commenced under EU procurement rules. As a result of the longer timescales involved in this, the contract period was extended for eight months from April 2001. A price adjustment of 6% above the price, fixed in 1996, was agreed for the eight months negotiated extension to the contract in 2001.

It is accepted that the contract specification, set in 1995, was basic. As a result of exceptional circumstances, arising from civil disturbances during the contract period, the contractor was unable to meet the Housing Executive's demand for the service. In response to these circumstances, the requirements were met by NIHE Operational Managers (not procurement staff) using non-contracted firms. These firms were identified through the business directory, followed by confirmation that they had the capacity and were willing to work under difficult circumstances and in areas of paramilitary activity. NIHE did not penalise the contractor for non-performance because it regarded the circumstances to be beyond the contractor's reasonable control.

NIHE fully acknowledges the shortcomings in the procurement of this particular contract.

Question 72 (Mr Steinberg): Savings arising from reduction in use of B&B

NIHE's overall target is to cease the use of private shared accommodation for homeless households requiring temporary accommodation.

By April 2004 NIHE aims to cease the use of private shared accommodation for families with children except in emergencies, and in such cases for no more than six weeks. Expenditure in 2003-04 on private shared accommodation for families with children is projected to be £400,000. The target is to reduce this figure to £100,000 in 2004-05.

By April 2005 NIHE aims to reduce the overall use of private shared accommodation by 50% in line with its Homeless Strategy. In 2003-04 overall expenditure on private shared accommodation is projected to be £1.2 million. The target is to reduce this by 50% to £600,000 in 2004-05.

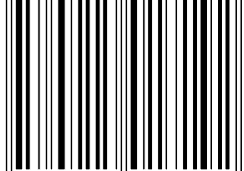
The level of savings which would arise from meeting these targets will depend upon the cost of alternative forms of temporary accommodation.

Question 93 (Mr Rendel): Private Rented Sector

The Northern Ireland House Condition Survey 2001 estimated that there were 49,400 private rented sector dwellings in Northern Ireland. It was estimated that 16.6% of the private rented stock (8,200 dwellings) were vacant at the time of the survey. It is also worth noting that 8.7% of all private sector rented dwellings were unfit for human habitation at the date of the survey.

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