

The homelessness monitor: Scotland 2012

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December 2012



The homelessness monitor 2011-2015

The homelessness monitor is a four year study that will provide an independent analysis of the impact on homelessness of recent economic and policy developments in Scotland. The key areas of interest include the homelessness effects of the post-2007 economic recession and the housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare reforms and cutbacks in public expenditure being pursued by the UK Coalition Government elected in 2010, and the housing, homelessness and other relevant policies being implemented by the Scottish Government.

The homelessness monitor Scotland is a four-year longitudinal study, and this first year report provides a 'baseline' account of how homelessness stands in Scotland in 2012. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments that may have the most significant impacts on homelessness.

While 2012 is the first year of The homelessness monitor in Scotland, and also in Wales, the first homelessness monitor for England was published in 2011. From 2013 there will also be a homelessness monitor for Northern Ireland.

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THE UNIVERSITY *of York*



About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change. Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

About the authors

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Disclaimer: All views and any errors contained in this report are the responsibility of the authors. The views expressed should not be assumed to be those of Crisis or of any of the key informants who assisted with this work.

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Contents

<i>Figures and tables</i>	iv
<i>Acronyms</i>	vi
<i>Foreword</i>	vii
<i>Executive Summary</i>	viii
1. Introduction	1
1.1 Introduction	1
1.2 Definition of homelessness	1
1.3 Research focus and methods	2
1.4 Structure of report	2
2. The historical and international context for homelessness in Scotland	4
2.1 Introduction	4
2.2 A recent history of homelessness in Scotland: the post-devolution 'radical divergence' ...	4
2.3 The international context	11
2.4 Causation and homelessness	12
2.5 Key points	16
3. Economic factors that may impact on homelessness in Scotland	18
3.1 Introduction	18
3.2 Post-2007 economic context	18
3.3 The Scottish economy	20
3.4 Post-2007 housing market downturn	21
3.5 House building, household growth and housing supply	25
3.6 Impact of the post-2007 economic and housing market downturn	27
3.7 Key points	33
4. Coalition and Scottish Government policies potentially impacting on homelessness	34
4.1 Introduction	34
4.2 Homelessness policies in Scotland	34
4.3 The impact of UK-wide welfare reforms in Scotland	37
4.4 Housing policies in Scotland	51
4.5 Key points	55
5. Baseline for homelessness in 2012	57
5.1 Introduction	57
5.2 Rough sleeping	57
5.3 Single homelessness	58
5.4 Statutory homelessness	59
5.5 Hidden homelessness	67
5.6 Overall prevalence and distribution of homelessness in Scotland	76
5.7 Key points	78
6. Conclusions and future monitoring	80
<i>Appendix 1</i>	84
<i>Appendix 2</i>	86
<i>Bibliography</i>	88

Tables and figures

Chapter 3

Figure 3.1:	Two years of economic standstill delays recovery	18
Figure 3.2:	Recession in Scotland closely follows UK pattern	19
Figure 3.3:	Workplace employment in Scotland in 2010	20
Figure 3.4:	Housing market affordability in Scotland	22
Figure 3.5:	Decline in low-deposit mortgages for first-time buyers	22
Figure 3.6:	Rapid growth of private rented sector	24
Figure 3.7:	Statutory homelessness in Scotland and England – historic trends	28
Figure 3.8:	Local authority lettings to new tenants in Scotland, 1990s.....	28
Figure 3.9:	Mortgage arrears and repossessions, UK 1982-2011	31
Figure 3.10:	Social landlord evictions in Scotland.....	32

Chapter 4

Figure 4.1:	Timetable for introduction of major reforms	39
Figure 4.2:	Difference 30th percentile and median LHA rates	40
Table 4.1:	Universal Credit earnings disregards for tenant households.....	47
Figure 4.3:	Impact of maximum benefit cap	48
Figure 4.4:	Social housing new build starts in Scotland	52
Figure 4.5:	Average right to buy discounts	54
Figure 4.6:	Right to Buy sales of council housing in Scotland	54

Chapter 5

Table 5.1:	Rough sleeping in Scotland.....	57
Table 5.2:	Citizens Advice Scotland caseload trends, 2009/10-2011/12	59
Table 5.3:	Local authority homelessness applications and assessment decisions	60
Table 5.4:	Local authority homelessness applications and assessment decisions: percent changes year on year	60
Table 5.5:	Local authority recorded homelessness applications in 2005/06, 2010/11 and 2011/12	61
Figure 5.1:	City of Edinburgh Council homelessness caseload (annual flow), 2007/08-2011/12	63
Table 5.6:	Homelessness applications by main immediate cause of homelessness, 2009/10 – 2011/12.....	64
Table 5.7:	Homelessness applications by former housing situation, 2009/10 – 2011/12	65
Table 5.8:	Homelessness presentations by household type, 2002/03-2011/12	66
Table 5.9:	Homeless households in temporary accommodation – snapshot total at financial year end.....	66
Figure 5.2:	Concealed households by category, Scotland, 1997-2012.....	68
Table 5.10:	Households with potential concealed households present by category, country and selected years 1997-2012	68
Table 5.11:	Households with potential concealed households and number of individuals in concealed households by type, Scotland 2012 (number)	69
Table 5.12:	Households with potential concealed households present by Strathclyde and the Rest of Scotland in 2012 and earlier years (percent of households)	70
Table 5.13:	Potential concealed households, by tenure, by category and age, UK and Scotland 2012 (percent of all individuals living in each tenure)	70
Figure 5.3:	Household head trends for 20-34 year olds in Scotland and UK, 1992-2012	71

Table 5.14: Sharing households in Scotland and UK by tenure, number sharing, region and household type, 2012 (percent of households)	72
Figure 5.4: Overcrowding in Scotland 1999-2010.....	74
Table 5.15: Under-occupation by tenure, age and receipt of housing benefit, Scotland 2008-2010	75
Figure 5.5: Changes in experiences of homelessness in Scotland	77

Acronyms

B&B	Bed and Breakfast Hotels
BRMA	Broad Rental Market Area
CAS	Citizens Advice Scotland
CEE	Central and Eastern European
CML	Council of Mortgage Lenders
CPI	Consumer Price Index
CTB	Council Tax Benefit
DCLG	Department for Communities and Local Government
DHP	Discretionary Housing Payments
DLA	Disability Living Allowance
EC	European Commission
EEA	European Economic Area
EHS	English Housing Survey
EMA	Education Maintenance Allowance
ESA	Employment and Support Allowance
EU	European Union
FSA	Financial Services Authority
GDP	Gross Domestic Product
GSHRT	Glasgow Street Homelessness Review Team
HB	Housing Benefit
HTF	Homelessness Task Force
IB	Incapacity Benefit
IT	Information Technology
JSA	Jobseeker's Allowance
LA	Local Authority
LFS	Labour Force Survey
LHA	Local Housing Allowance
MEH	Multiple Exclusion Homelessness
NDD	Non-Dependent Deductions
NGO	Non-Government Organisation
OBR	Office for Budget Responsibility
PRS	Private Rented Sector
RICS	Royal Institute of Chartered Surveyors
RSI	Rough Sleepers Initiative
SAR	Shared Accommodation Rate
SHS	Scottish Household Survey
SMI	Support for Mortgage Interest
SRR	Single Room Rate
SP	Supporting People
SWF	Scottish Welfare Fund
TA	Temporary Accommodation
UC	Universal Credit
UKBA	UK Border Agency
UKHR	UK Housing Review

Foreword

Crisis has commissioned this independent report to look at the impact on homelessness of both the economic downturn and policy developments. This is the first report of a four-year project looking at the situation in Scotland.

Since devolution, Scotland has led the UK, and indeed Europe, in its approach to tackling homelessness by widening the statutory safety net. In abolishing the priority need distinction by the end of 2012, Scotland is ensuring that virtually all homeless people, particularly single people, will now be entitled to the help they need. This alongside a preventative approach is making a real difference and despite the challenging economic climate, levels of homelessness are going down, contrary to the trend in England which has seen a dramatic rise across the board.

This research is clear however, that this progress could now be under threat. Underlying housing pressures remain a very real worry and ambitious plans to build affordable housing will be challenging given current conditions. But the greatest threat the researchers identify is the UK Government's changes and cuts to welfare.

In 2012 we have not yet seen the full impact of welfare reforms, particularly the cuts to Housing Benefit, and as transitional protections are ended and further cuts come into force, Scotland, as elsewhere in the UK, is likely to face intensifying homelessness pressures in the coming years.

To maintain the progress that has been made, we urge the Scottish Government and councils to ensure that homelessness and housing remain a clear priority. But this alone we fear may not be enough. The Coalition is sweeping away the welfare safety nets that have traditionally saved people from homelessness and if we are to avoid a dramatic increase in homelessness in Scotland, the UK Government must rethink this damaging approach.

We are very grateful to the research team for all their hard work on this report and trust it will be a vital resource for all those in government, the homelessness sector, academia and others on the state of homelessness both in Scotland and throughout the UK.

At Crisis we know only too well the destructive impact of homelessness on people's lives and hope this report will sound the alarm bell that welfare cuts risk driving homelessness up in Scotland in the years ahead.



Leslie Morphy OBE

Chief Executive, Crisis
December 2012

Executive Summary

Key points

- There has been a significant divergence in homelessness law and policy across the UK in the post-devolution period, with Scotland opting to strengthen its statutory safety net far beyond anything contemplated elsewhere in the UK. From end 2012, all unintentionally homeless people in Scotland will be entitled to settled housing.
- There appears to be cross-sectoral support in Scotland for *both* this longstanding 2012 commitment, and for a more recent shift towards a 'housing options' preventative model, which has prompted a significant reduction in recorded homelessness applications.
- Thus, in sharp contrast to the rising trend in England, statutory homelessness applications have dropped by 19% in Scotland over the past year, from 55,663 in 2010/11 to 45,322 in 2011/12. This decline in statutory homelessness is associated with targeted homelessness policy and administrative measures – including changes in recording practices in some areas – rather than reflecting any easing in the underlying drivers of acute housing need. Indeed, evidence from the Scottish Household Survey indicates that the percentage of Scottish adults with experience of homelessness may have risen over the past decade.
- Rough sleeping appears to have declined in recent years in Scotland, with the total incidence recorded by local authorities falling in both absolute terms (by 43% over the past four years) and in proportionate terms (the percentage of applicants reporting that they slept rough the night prior to application dropped from 5.9% in 2007/08 to 4.3% in 2011/12). Repeat statutory homelessness also appears to be in decline: the percentage of statutory homelessness assessments identified as repeat cases has fallen from 9.8% in 2002/03 to 5.8% in 2011/12. These positive trends seem likely to be associated with the expansion in statutory rehousing entitlements for single people.
- Forms of 'hidden' homelessness – including concealed, overcrowded and sharing households – demonstrate a more mixed trend. Numbers of concealed households are relatively stable in Scotland, with estimates of 200,000 concealed single person households in 2012, as well as 12,000 concealed couples and lone parents. After a long-term decline, there has been an increase in the number of sharing households in Scotland in the last two years. The decline, and subsequent rise, of this indicator has been more marked in Scotland than elsewhere in the UK. In 2012 around 50,000 households in Scotland shared, mainly in the private rented sector. Overcrowding has continued to affect around 50,000 households in Scotland over the last decade, with no general trend to improvement, but nor has there been the deterioration evident in England.
- Housing market trends appear to have a more direct impact on levels of homelessness in England and other European countries than do labour market trends, with the influence of the latter strongly mediated by the robustness of welfare arrangements. But data from the Scottish Household Survey suggests that economic deprivation may be an even more powerful driver of homelessness in Scotland than housing market pressures, possibly reflecting the somewhat less acute nature of housing market stress in Scotland than south of the border.
- Scotland, as elsewhere in the UK, is likely to face intensifying homelessness

pressures over the next few years as a result of the prolonged recession, radical welfare cutbacks, and a tightening supply of affordable housing for those on low and modest incomes. It remains to be seen whether local policy-associated gains on homelessness can be maintained in the face of this major deterioration in structural conditions.

- UK welfare reform in particular is likely to jeopardise attempts to minimise levels of homelessness in Scotland. In this context, greatest concern focuses on the new ‘under-occupation penalty’ within Housing Benefit for working age social tenants, estimated to impact on around 90,000 social tenants in Scotland. There is also widespread anxiety about the extension of the Shared Accommodation Rate of Local Housing Allowance to 25-34 year olds living in the private rented sector, and about the impact on vulnerable homeless people of increased conditionality and more stringent sanctions within out-of-work benefits.

Introduction and methods

The aim of this four-year study is to provide an independent analysis of the impact on homelessness of recent economic and policy developments in Scotland. Key areas of interest include the homelessness effects of the post-2007 economic recession and the housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare reforms and cutbacks in public expenditure being pursued by the UK Coalition Government elected in 2010, and the housing, homelessness and other relevant policies being implemented by the Scottish Government.

The homeless groups taken into account in this study include:

- People sleeping rough.
- Single homeless people living in hostels, shelters and temporary supported accommodation.
- Statutorily homeless households – that is, households who seek housing assistance from local authorities on grounds of their being currently or imminently without accommodation.
- ‘Hidden homeless’ households – that is, people who are, arguably, homeless but whose situation is not ‘visible’ either on the streets or in official statistics. Classic examples would include households subject to severe overcrowding, squatters, people ‘sofa-surfing’ around friends’ or relatives’ houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations. By its very nature, it is difficult to assess the scale and trends in hidden homelessness, but some particular elements of the hidden homeless population are amenable to statistical analysis and it is these elements

that are focused upon in this report. These include overcrowded households, as well as ‘concealed’ households and ‘sharing’ households.

The Homelessness Monitor for Scotland is a four-year longitudinal study, and this first year report provides a ‘baseline’ account of how homelessness stands in Scotland in 2012 (or as close to 2012 as data availability at the time of analysis allows), and analyses key trends in the period running up to 2012. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments that may have the most significant impacts on homelessness.

While 2012 is the first year of the Homelessness Monitor in Scotland, and also in Wales,¹ the first Homelessness Monitor for England was published in 2011,² with the English 2012 update now available.³ From 2013, there will also be a Homelessness Monitor for Northern Ireland. With future editions published annually, this series will track developments till 2015.

Three main methods are being employed in each year of this longitudinal study:

- Relevant literature, legal and policy documents are being reviewed.
- Annual interviews are being undertaken with a sample of key informants from local authorities and single and youth homelessness services across Scotland (16 key informants participated in 2012).
- Detailed statistical analysis is being undertaken on a) relevant economic and social trends in Scotland, particularly

post-2007; and b) the scale, nature and trends in homelessness amongst the four subgroups noted above.

Causation of homelessness

The project is underpinned by a conceptual framework on the causation of homelessness that was used to inform our interpretation of the likely impacts of economic and policy change.

Theoretical, historical and international perspectives indicate that the causation of homelessness is complex, with no single ‘trigger’ that is either ‘necessary’ or ‘sufficient’ for it to occur.⁴ Individual, interpersonal and structural factors all play a role – and interact with each other – and the balance of causes differs over time, across countries, and between demographic groups.

With respect to the main structural factors, housing market trends and policies appear to have the most direct impact on levels of homelessness in England and other European countries, with the influence of labour market change more likely to be a lagged and diffuse, strongly mediated by welfare arrangements and other contextual factors.⁵ However, there is evidence from Scotland specifically that economic deprivation may be an even more important driver of homelessness than housing market pressures, possibly reflecting the somewhat less acute nature of housing stress in Scotland than south of the border.⁶

The individual vulnerabilities, support needs and ‘risk taking’ behaviours implicated in some people’s homelessness are often themselves rooted in the pressures associated with poverty, long-term

1 The Homelessness Monitor Wales will be published in Winter 2013 and available to download free of charge from: <http://www.crisis.org.uk/research.php>

2 Fitzpatrick, S. et. al (2011) *The homelessness monitor. Year 1*. London: Crisis: http://www.crisis.org.uk/data/files/publications/TheHomelessness-Monitor_141011.pdf

3 Fitzpatrick, S. et. al (2012) *The homelessness monitor England 2012*. London: Crisis: <http://www.crisis.org.uk/research.php>

4 Fitzpatrick, S. (2005) ‘Explaining homelessness: a critical realist perspective’, *Housing, Theory & Society*, 22(1):1-17.

5 Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

6 Unpublished analysis of SHS by Glen Bramley and Kirsten Besemer.

unemployment, and other forms of structural disadvantage.⁷ At the same time, the ‘anchor’ social relationships which can act as a primary buffer to homelessness, can be put under considerable strain by stressful economic circumstances.⁸ Thus deteriorating structural conditions in Scotland could also be expected to generate more ‘individual’ and ‘interpersonal’ vulnerabilities to homelessness over time.

This conceptual framework led us to consider how the changing economic and policy context in Scotland may affect the complex structural factors that can drive homelessness, including via impacts at the more individual and interpersonal level. Our key conclusions lie in the following areas:

- The impact, since 1999, of evolving post-devolution housing and homelessness policies in Scotland.
- The implications of the post-2007 economic and housing market recessions for homelessness in Scotland.
- The implications of the post-2010 UK Coalition Government policies for homelessness in Scotland, particularly with respect to its welfare reforms and the cuts being implemented in public expenditure.
- Emerging trends on homelessness in Scotland.

The impact of post-1999 housing and homelessness policies in Scotland

It has been argued that housing can be considered, to some extent, ‘the saving grace’ in the British welfare state, as the UK does better by low income households on

a range of housing indicators than it does on most poverty league tables.⁹ Housing appears to be a comparative asset, which tends to moderate the impact of poverty on low-income households. In other words, poorer households in the UK rely on housing interventions to protect them to a greater degree than is the case in many other countries.

Three key housing policy instruments appear to contribute to these relatively good housing outcomes for low income households across the UK: Housing Benefit, which pays up to 100% of eligible rent for low-income households; a substantial social housing sector, with allocations based overwhelmingly on need, which acts as a relatively broad, and stable, ‘safety net’ for a large proportion of low income households; and the statutory homelessness system, which protects some categories of those in the most acute housing need (and is considerably broader in Scotland than elsewhere in the UK, see below).¹⁰

While the Housing Benefit system is shared across the UK and is undergoing significant change as part of the welfare reform agenda (see below), both social housing and homelessness policies are devolved functions and Scottish policy has now diverged significantly from that in England in ways which are, broadly speaking, likely to assist in protecting homeless people. In England, the move towards fixed-term ‘flexible’ tenancies in the social rented sector, and up to 80% market rents (‘Affordable Rents’), alongside the decentralisation of eligibility decisions in social housing allocations – all part of the UK Coalition Government’s ‘localisation’ agenda – risks damagingly excluding some marginalised groups from mainstream social housing.¹¹

⁷ McNaughton, C. (2008) *Transitions through Homelessness: Lives on the Edge*. Basingstoke: Palgrave Macmillan.

⁸ Lemos, G. & Durkacz, S. (2002) *Dreams Deferred: The Families and Friends of Homeless and Vulnerable People*. London: Lemos & Crane; and Tabner, K. (2010) *Beyond Homelessness: Developing Positive Social Networks*. Edinburgh: Rock Trust.

⁹ Bradshaw, J., Chzhen, Y. & Stephens, M. (2008) ‘Housing: the saving grace in the British welfare state?’, in Fitzpatrick, S. & Stephens, M. (eds.) *The Future of Social Housing*. London: Shelter.

¹⁰ Fitzpatrick, S. & Stephens, M. (eds.) (2008) *The Future of Social Housing*. London: Shelter.

¹¹ Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG.

None of these policies are currently proposed for Scotland. There are no plans to end security of tenure for social tenants, or to move towards rent increases of the order emerging under the English 'Affordable Rent' regime. Housing lists must be open to all over 16s, and allocation of social housing is more tightly regulated by national legislation than is the case in England. However, the Scottish Government has recently consulted on giving some greater 'flexibilities' to social landlords in how they allocate and manage social housing,¹² with the necessary legal changes to be incorporated in a new Housing Bill expected in 2013.¹³

Scotland retains a larger social rented sector than England (24% of Scottish housing stock is social rented as compared with 17% south of the border),¹⁴ but predominantly as a result of the long-term impact of the Right to Buy, levels of social sector relets have fallen in recent years, with levels of new supply insufficient to offset this decline. Despite substantial budget cuts the Scottish Government aims to provide some 30,000 new 'affordable' homes over six years, of which two thirds will be for social rent. This will be challenging given the marked fall in the level of starts on new social sector housing in 2011. The future of the Right to Buy in Scotland is currently under review. However, whatever view is taken in respect of the future of the scheme, past sales will have a continuing

impact on the level of available social sector lettings over the next decade

Probably the area of housing policy in which Scotland's approach is most distinctive is on homelessness itself. Since devolution in 1999, Scotland has opted to strengthen its statutory homelessness safety net far beyond anything contemplated elsewhere in the UK, most notably with respect to the gradual expansion and eventual elimination of the 'priority need' criterion within statutory homelessness assessments.¹⁵ This means that, by the end of 2012,¹⁶ all unintentionally homeless people in Scotland will be entitled to 'settled' housing.¹⁷ This ambitious commitment has attracted international plaudits for extending statutory protection to virtually all homeless people, including single homeless people.¹⁸

However, this expansion of the statutory safety net has posed significant challenges for many Scottish local authorities, manifest in significantly growing pressure on both temporary accommodation and permanent social housing stock over the past decade (see below). In response, the Scottish Government has encouraged a much stronger recent emphasis on homelessness prevention, along the lines of the English 'housing options' model,¹⁹ which seems to be exerting substantial downward pressure on statutory homelessness numbers, as discussed below, albeit that some very sharp decreases in

12 Scottish Government (2012) *Affordable Rented Housing: Creating Flexibility for Landlords and Better Outcomes for Communities*. Edinburgh: Scottish Government: <http://www.scotland.gov.uk/Publications/2012/02/9972/5>.

13 Much of what is proposed is detailed and uncontroversial, although the Scottish Government seems likely to require social landlords to grant a 'probationary' Short Scottish Secure Tenancy to all new tenants of social housing, primarily as a mechanism for dealing with anti-social behaviour.

14 Pawson, H. & Wilcox, S. (2012) *UK Housing Review 2011/12*. Coventry: CiH: <http://www.york.ac.uk/res/ukhr/index.htm>

15 Anderson, I. (2009) 'Homelessness policy in Scotland: A complete state safety net by 2012?', in Fitzpatrick, S., et. al. (eds.) *Homelessness in the UK: Problems and Solutions*. Coventry: Chartered Institute for Housing (CIH).

16 On the 21 November 2012 the Scottish Parliament approved the secondary legislation that will bring the 2012 homelessness commitment fully into force by 31 December 2012 (The Homelessness (Abolition of Priority Need Test) (Scotland) Order 2012 (SI 2012/330))

17 The term 'settled' rather than 'permanent' housing is used because there are now some circumstances in which it is permitted to discharge duty into 'non-permanent' housing, including where the household has specific support needs, or where the applicant has consented to discharge of duty into a fixed-term 'short assured tenancy' in the private rented sector that meets various conditions (see the Homeless Persons (Provision of Non-permanent Accommodation) (Scotland) Regulations 2010 (SSI 2010/2) (under S32a of the Housing (Scotland) Act 1987)). Thus far there has been very little use made of the provision to discharge the statutory homelessness duty using short assured tenancies (SCSH & Crisis (2011) SCSH & Crisis Survey: Section 32A Findings. Edinburgh: SCSH).

18 Anderson, I. (2009) 'Homelessness policy in Scotland: A complete state safety net by 2012?', in Fitzpatrick, S., et. al. (eds.) *Homelessness in the UK: Problems and Solutions*. Coventry: CIH.

19 Pawson, H., et al. (2007) *Evaluating Homelessness Prevention*. London: CLG <http://www.communities.gov.uk/publications/housing/preventhomelessness>; and Pawson, H., Netto, G. & Jones, C. (2006) *Homelessness Prevention: A Guide to Good Practice*. London: DCLG. <http://www.communities.gov.uk/publications/housing/homelessnessprevention>.

certain local authority areas have raised concerns about ‘gatekeeping’.²⁰

Despite the evident challenges, there appears to be general cross-sectoral support in Scotland for both the longstanding 2012 commitment, and for this more recent shift towards a more pro-active preventative approach. There are widespread reports of a positive culture change in local authority homelessness services over the past decade which is said to have benefited single applicants in particular.

However, one important area of ongoing concern relates to the provision of housing-related support. The introduction of the Supporting People funding stream in 2003 was central to the expansion of homelessness resettlement services across the UK.²¹ However, the ring-fence on these funds was lifted in Scotland in 2008, as part of the general Concordat between Scottish Government and local authorities, meaning that local authorities could then elect to spend these funds on other local priorities. In combination with national Supporting People budget cuts, it is likely that this has impacted on the front-line services available to homeless people in Scotland, particularly low intensity, floating support-type services,²² but there is little data collated on this at national level. This is unlike in England where information collated by Homeless Link has demonstrated detrimental impacts on services for homeless people.²³

Potentially important in this respect may be the introduction, via the Housing (Scotland)

Act 2010, of a new statutory requirement on local authorities to assess the housing support needs of statutorily homeless households, and to ‘ensure that housing support services are provided to those assessed as being in need’.²⁴ Some staff in local authority homelessness services are hopeful that the statutory underpinning to this duty may protect housing support services for homeless people, in a context where ‘non-statutory’ funding is being severely pared back. However, others feel that there is a risk that this new duty will draw resources towards the point of crisis, and away from more upstream forms of homelessness prevention.²⁵

The implications of the post-2007 economic and housing market recessions on homelessness in Scotland

Analyses of previous UK recessions have suggested that unemployment can affect homelessness both *directly* – via higher levels of mortgage or rent arrears – and *indirectly* – through pressures on family and household relationships.²⁶ These tend to be ‘lagged’ recessionary effects, and also rather diffuse ones, mediated by many intervening variables, most notably the strength of welfare protection. As social security systems, and especially housing allowances, are what usually ‘breaks the link’ between losing a job and homelessness,²⁷ significant reform of welfare provisions – such as that being pursued by the UK Coalition Government and discussed below – are likely to exacerbate the recessionary impacts

²⁰ As similar sharp decreases consequent on the introduction of housing options did in England, see Pawson, H. (2007) ‘Local authority homelessness prevention in England: Empowering consumers or denying rights?’, *Housing Studies*, 22(6): 867-884.

²¹ Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

²² Scottish Council for Single Homeless (2009) ‘SCSH gives parliamentary evidence on homelessness’, *Inhouse*, February, 197

²³ Homeless Link (2011) Press Release 30 June 2011: Cuts Making it Harder for Homeless People to Get Help. London: Homeless Link: <http://www.homeless.org.uk/news/cuts-making-it-harder-homeless-people-get-help>.

²⁴ These new duties are contained in Section 32B of The Housing (Scotland) Act 1987, as inserted by The Housing (Scotland) Act 2010 Section 15. See also the The Housing Support Services (Homelessness) (Scotland) Regulations 2012 (SI 2012/331)

²⁵ See also <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/44465.aspx>

²⁶ Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swindon: ESRC: http://www.esrc.ac.uk/_images/Recession_Britain_tcm8-4598.pdf; Audit Commission (2009) *When it comes to the Crunch How Councils are Responding to the Recession*. London: Audit Commission.

²⁷ Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

on homelessness trends. As noted above, there appears to be a strong link already in Scotland between concentrations of deprivation and high rates of homelessness.

The last major housing market recession actually reduced statutory homelessness in Scotland, and even more so in England,²⁸ because it eased the affordability of home ownership, which in turn freed up additional social and private lets. This positive impact on general housing access and affordability substantially outweighed the negative consequences of economic weakness on housing – e.g. evictions or repossessions triggered by loss of employment. The easing of housing access pressures is crucial in this context because frustrated ‘entry’ into independent housing by newly forming or fragmenting households is a far more important ‘trigger’ of (statutory) homelessness than are forced ‘exits’ via arrears-related repossessions or evictions.²⁹ There is also good evidence that general conditions of housing affordability predict levels of hidden homelessness, such as overcrowding or concealed households.³⁰

However, such a benign impact of the housing market recession is less likely this time. As noted above, levels of lettings available in the social rented sector are now much lower, and continuing severe constraints on mortgage availability are also placing increasing pressures on the rental sectors. In that context, the continued expansion of the private rented sector – the sector has almost doubled in the last decade, and now accounts for 12% of the Scottish housing market – assumes much greater prominence in terms of its capacity to absorb low income households displaced from the other tenures (albeit that

it may not represent the preferred housing destination of frustrated first time buyers or social renters). Competition for the bottom end of the private rented sector is therefore expected to intensify, with access for low income households becoming increasingly constrained by the UK Government’s welfare reforms.

Linked with this, in England it is clear that the private rented sector is becoming much more important as both a solution to homelessness (by accommodating some households who would otherwise have become homeless) and as a cause of homelessness (with loss of fixed-term tenancies accounting for a rapidly growing proportion of local authority acceptances). However, despite the recent rapid growth of private renting in Scotland, there is no sign of a similar upward trend in the importance of the ending of private tenancies as a cause of homelessness. That said, it is possible that this may start to change if local authorities use private tenancies more extensively to prevent homelessness or to discharge the main statutory homelessness duty.

In the medium term there will need to be a full recovery in levels of new house building in Scotland if it is to keep pace with projected rates of household growth. Otherwise there will be an increase in overall housing market pressures in Scotland, albeit that the household dwelling balance remains far more favourable than that in England. Marked regional variations in projected rates of household growth mean that housing market pressures will continue to increase in eastern and some northern parts of Scotland relative to the west-central belt.

²⁸ See Table 90 in: Pawson, H. & Wilcox, S. (2012) *UK Housing Review 2011/12*. Coventry: CiH: <http://www.york.ac.uk/res/ukhr/index.htm>

²⁹ Pleace, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

³⁰ Bramley, G., et al. (2010) *Estimating Housing Need*. London: DCLG.

The implications of the UK Coalition Government's welfare reforms on homelessness

As noted above, any radical weakening in welfare protection in the UK is likely to have damaging consequences for homelessness. Almost all aspects of the Coalition Government's welfare reforms are considered to be problematic with respect to their implications for homelessness, to a greater or lesser degree. However, within that context the reforms that seem likely to have the most significant homelessness implications in Scotland are:

- The new under-occupation penalty ('bedroom tax') within Housing Benefit for working age social tenants, which will almost certainly drive up rent arrears and evictions,³¹ especially given the existence in Scotland of a serious mismatch between the stock profile (mainly family-sized accommodation) and much social housing demand (from single people, including single homeless people);
- The extension of the 'Shared Accommodation Rate' of Local Housing Allowance to 25-34 year olds living in the private rented sector, which will increase pressure on a limited supply of shared accommodation and possibly force vulnerable people into inappropriate shared settings (even with the concession for those who have lived in hostels for at least three months);³² and
- Increased conditionality and sanctions associated with the Work Programme, coupled with the transferring of many vulnerable claimants from sickness benefits onto Jobseeker's Allowance,

implying the possibility of stringent sanctions applied to vulnerable single homeless people and others with chaotic lifestyles.³³

The national caps on maximum Local Housing Allowance rates for private tenants, introduced in April 2011, are set at a level that will not, in practice, impact at all within Scotland, and in all but two areas (Orkney and Shetland) Local Housing Allowance case numbers have continued to grow despite the introduction of the reduced Local Housing Allowance rates based on 30th percentile rents from the same date.³⁴ While Ministers had hoped to see rents falling in response to the lower Local Housing Allowance rates, in most areas of Scotland Local Housing Allowance rents tended to rise in the first year of operation under the new regime.

There was some support amongst our key informants for the principles of Universal Credit, due for introduction from October 2013, particularly the flexibility it offers for people to work for a small number of hours and still be better off. However, there are many issues involved in the design of Universal Credit, not least the formidable logistical challenge in integrating the tax and benefit IT systems. There is also widespread anxiety regarding the Government's expectation that claimants will apply for Universal Credit online, and about the potential budgeting difficulties associated with paying very low income and vulnerable households monthly in arrears. There are concerns about the lower values of the benefits to be provided for lone parents and larger families, partly resulting from the structural characteristics of Universal Credit, and partly reflecting other benefit cuts

³¹ Pawson, H. (2011) *Welfare Reform and Social Housing*. York: HQN Network.

³² Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

³³ An overview of the complex issues that some single homeless people face is captured in Fitzpatrick, S., Johnsen, S. & White, M. (2011) 'Multiple Exclusion Homelessness in the UK: Key patterns and intersections', *Social Policy and Society*, 10 (4): 501-512.

³⁴ The difference between the 30th percentile and median based LHA rates is relatively modest in many areas of Scotland, as variations in rent levels within the market are relatively compressed.

already introduced since 2010. Another main source of concern focuses on the intention to incorporate the rent element of Universal Credit within the overall payment – rather than (in general) making it a detachable component which could be paid direct to social landlords – with potential implications for rent arrears, evictions and ultimately homelessness.

The national benefit cap for out-of-work (working age) households to be introduced in April 2013, in association with the move towards the Universal Credit regime, is expected to restrict benefits for some 2,500 households in Scotland, including 7,000 children.

While the Westminster Government's 'localisation' agenda does not impact on housing or homelessness policy in Scotland, a number of welfare reforms that will affect homeless people across the UK fit within a general policy agenda which seeks to pass from central to local government responsibility for dealing with households in financial crisis. This pertains in particular to the locally distributed enhanced Discretionary Housing Payment funds,³⁵ intended to ameliorate the worst impacts of mainstream Housing Benefit cuts, and the abolition of key elements of the Social Fund and its replacement with new discretionary local welfare schemes, with no ring-fence applied to these funds. Such heavy reliance on discretionary, localised arrangements to play a major role in supplementing the underlying national welfare system must be seen as inherently challenging, and problematic. However in Scotland local authorities will undertake these new

responsibilities in the context of a Scottish Welfare Fund established by the Scottish Government to replace the Social Fund currently operated by the UK Government. The Scottish Welfare Fund will administer Community Care Grants and Crisis Grants, and has been allocated an additional £9 million for 2013/14, which the Scottish Government argues 'will reinstate funding cuts by Westminster in recent years as a result of changes to UK welfare rules'.³⁶

Also relevant here is the decision to exclude Council Tax Benefit from the new Universal Credit regime, which detracts from the aim of creating a single unified welfare benefit, with no overlapping tapers. Instead from 2013/14, local authorities in England, and the Scottish and Welsh governments, have been charged with devising their own schemes in the context of a 10% reduction in the financial support for their new council tax benefit schemes.³⁷ The Scottish Government and the Scottish local authorities have agreed that together they will make up that funding deficit in the first year, maintaining council tax benefits at current levels in 2013-14.³⁸ Nonetheless the overlap between Universal Credit and the various new Council Tax Benefit schemes is likely to have the greatest impact for very low earner households.

Young people have been especially badly affected by benefit cuts (particularly the Shared Accommodation Rate extension and uprating of non-dependent deductions from Housing Benefit), as well as by rising unemployment. This is a critical issue with respect to the likely implications for homelessness as younger age cohorts – both young families with children and young

³⁵ Discretionary Housing Payments are top-up housing benefit payments to close or eliminate the gap between a household's Local Housing Allowance entitlement and the rent being demanded by their landlord. Local authorities have been provided with an increase in their budgets for Discretionary Housing Payments in order to ameliorate the impact of the Local Housing Allowance in some cases.

³⁶ Scottish Government (2012) Press Release: Protecting Scotland's poorest: <http://www.scotland.gov.uk/News/Releases/2012/10/protectingpoorest21102012>

³⁷ Adam, S. & Browne, J. (2012) *Reforming Council Tax Benefit*. York: JRF.

³⁸ Scottish Government (2012) Press Release: <http://www.scotland.gov.uk/News/Releases/2012/04/counciltax19042012>

single people - tend to be far more vulnerable to homelessness than older age groups. Certainly, if borne out, indications that the Government will remove under-25s from the remit of Housing Benefit³⁹ will surely mean a very serious rise in youth homelessness across the UK.

Emerging statistical trends on homelessness in Scotland

The emerging statistical patterns on homelessness in Scotland appear sharply different to those in England and Wales, where almost all indicators of homelessness commenced an upward trajectory from around 2010. In Scotland, in contrast, there has been an apparent recent decline in 'visible' forms of homelessness, including both statutory homelessness and rough sleeping, and with respect to 'hidden' forms of homelessness (concealed, sharing and overcrowded households), there is a more mixed picture than south of the border. These Scottish trends reflect both the impact of targeted homelessness policies and a somewhat less pressured housing market context than in England. The underlying drivers of homelessness nonetheless still appear on an upward trajectory in Scotland, with the situation very likely to deteriorate as UK welfare reform kicks in.

Trends in visible homelessness

After a 'surge' in applications and acceptances in the early part of the decade, prompted by the expansion in entitlements of non-priority households, statutory homelessness has been declining slowly in Scotland since 2005/2006.

There has been a particularly sharp (19%) drop in the number of homelessness applications over the past year, from 55,663 in 2010/11 to 45,322 in 2011/12. There has also been a levelling off in Temporary

accommodation placements, after sustained upwards pressure over the past decade, which saw the 'snapshot' number of households in temporary accommodation at the end of the financial year almost treble from 4,060 in 2001 to 11,254 in 2011, before dropping back to 10,743 in 2012. These positive trends in statutory homelessness are associated with the recent adoption by Scottish councils of pro-active homelessness prevention strategies, rather than reflecting any easing in the underlying drivers of homelessness. In fact, evidence from the Scottish Household Survey indicates that the proportion of adults reporting having ever been homeless rose through the period 2001 to 2008, from 3.2% to 6.9%. It should also be noted that the per capita rate of statutory homelessness remains much higher in Scotland (6 acceptances per 1,000 population) than in England (1 acceptance per 1,000 population), mainly because of Scotland's much more generous statutory homelessness safety net.

Linked with this, one of the most striking differences between Scotland and elsewhere in the UK is the extent to which single people are included in the statutory homelessness system, forming the majority household type amongst those accepted as owed the main duty even before the post-devolution expansion in priority need. Thus, in 2002/03, 57% of households accepted as unintentionally homeless and in priority need in Scotland contained single people, and by 2011/12 this had risen only slightly to 59% (with single people accounting for between 60-65% of homelessness applications throughout this period). In England, by contrast, single people account for only around one quarter of all homelessness acceptances.⁴⁰

The profile of the causes of statutory homelessness in Scotland has remained relatively stable over the past few years.

39 Prime Minister (2012) *Welfare Speech* 25th June: <http://www.number10.gov.uk/news/welfare-speech/>

40 For more information see Fitzpatrick, S. et. al (2012) *The homelessness monitor England 2012*. London: Crisis.

More specifically, the relative importance of homelessness due to mortgage default or rent arrears has remained static, accounting for only around 5% of all statutory acceptances, with a similar pattern evident in England and Wales. This is despite an expectation that – via rising unemployment – the weak economic conditions of recent years would have led to increased homelessness generated in this way. This finding is in keeping with the perception of key stakeholders that most repossessed home owners in particular are able to find at least an interim solution to their housing problems via family and friends, or by securing a private tenancy.

In contrast with official practice in England, the Scottish Government maintains no regular rough sleeper ‘headcount’. Instead, the scale of rough sleeping is monitored through the statutory homelessness recording system. According to these local authority returns, 1,931 people applying as homeless in 2011/12 reported having slept rough the night preceding their application; a figure which is some 43% lower than that four years previously (3,394 in 2007/08). Rough sleeping appears to have declined not only in absolute but also in proportionate terms (the percentage of applicants reporting that they slept rough the night prior to application dropped from 5.9% in 2007/08 to 4.3% in 2011/12). Repeat statutory homelessness likewise appears to be in decline in Scotland: the percentage of statutory homelessness assessments identified as repeat cases has fallen from 9.8% in 2002/03 to 5.8% in 2011/12. These positive trends seems likely to be associated with the expansion in statutory rehousing entitlements for single people, including those with more complex needs. However, anecdotal evidence

does indicate a recent rise in rough sleeping in Glasgow specifically.

In considering the above analysis one should bear in mind that the administrative changes associated with the increasingly robust implementation of homelessness prevention activities have somewhat undermined the value of the homelessness statistics as an indicator of trends over time in ‘acute housing need’. This is because the ‘housing options’ approach now widely adopted has resulted in a narrowing in the scope of official statistical recording. As confirmed by our local authority interviews, applicants subject to prevention assistance tend to be considered as having been aided outwith statutory provisions.⁴¹

Trends in hidden homelessness

The number of *concealed households*⁴² has been fairly static in Scotland, with a slight decline in 2010 partially reversed in 2012. In 2012 there are an estimated 160,000 households containing at least one concealed single household, involving around 200,000 individuals in total. This is in addition to approximately 12,000 concealed lone parent/couple families. This means that around 7% of all Scottish households are estimated to contain a concealed household. Relatedly, there has been a slowing down in new household formation, particularly in the 25-34 group, mainly because of affordability and access problems, although this is less marked in Scotland than in England. Recent fluctuations probably reflect changes in the private rented sector supply and, most recently, ‘double dip’ recession and welfare benefit changes.

After a long-term decline, there has been an increase in the number of *sharing households*⁴³

⁴¹ The Scottish Government is developing a monitoring tool to enable recording of this group (see Chapter 5).

⁴² ‘Concealed households’ are family units or single adults living within other households, who may be regarded as potential separate households that may wish to form given appropriate opportunity.

⁴³ ‘Sharing households’ are those households who live together in the same dwelling but who do not share either a living room or regular meals together. This is the standard Government and Office for National Statistics definition of sharing households which is applied in the Census and in household surveys. This means that many people who are ‘flatsharers’ in the common usage of the term, or who are ‘sharing’ in the sense of being subject to the shared accommodation rate, as well as many students, are not ‘sharing households’ in this sense, mainly because they have a common living room (including larger kitchens) and/or they share some meals. In the current analysis, such groups are considered ‘concealed households’. In practice, the distinction between ‘concealed’ and ‘sharing’ households is a very fluid one.

in the last two years, probably reflecting the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession. The decline, and then subsequent rise, of this indicator have both been more marked in Scotland than elsewhere in the UK. In 2012 around 50,000 (2% of) households in Scotland shared, mainly in the private rented sector. Mostly commonly these were single person households, though couples and lone parents also share. Scotland has a higher prevalence of sharing than the UK as a whole, and higher than the all of the English regions outside of London. Extending the shared accommodation rate to 25-34 year olds may further increase the number of households sharing accommodation in Scotland, but with the strong demand pressures on a limited supply of shared accommodation,⁴⁴ it seems likely that many of those affected will become 'concealed households' instead.

*Overcrowding*⁴⁵ has continued to affect around 50,000 (2% of) households in Scotland over the last decade, with no general trend to improvement, though nor has there been the pronounced deterioration evident in England. Overcrowding is much more common in the rental sectors than in owner occupation across the UK, and within Scotland is also more associated with deprived areas and to some extent with urban areas.

Overview of statistical trends

These encouraging recent trends on statutory and repeat homelessness in Scotland, and on rough sleeping, are strongly associated with targeted policy measures on homelessness. It remains to be seen whether such local policy-associated gains can be maintained in the face of a major deterioration in structural conditions associated with the prolonged

recession, radical welfare reform, and a declining supply of affordable housing for those on low and modest incomes. The data on hidden homelessness in Scotland already demonstrates a mixed picture, with the numbers of sharing and concealed households commencing very recent rises.

However, as elsewhere in the UK, and despite much press speculation about 'middle class homelessness', there is nothing in the qualitative or quantitative data collected for this study to suggest that the nature of homelessness or the profile of those affected has substantially altered in the current economic climate. On the contrary, all of the indications are that the risk of homelessness is heavily concentrated, as always, on the poorest and most disadvantaged sections of the community, who lack access to the sort of financial or social 'equity' that enable most people to deal with work and relationship crises without becoming homeless. The sort of direct relationship between loss of income and homelessness implied in press accounts is to be found much more readily in those countries (such as the United States) and amongst those groups (such as recent migrants) with very weak welfare protection.⁴⁶ Such a scenario may, however, be brought closer by the current significant cuts in welfare benefits being implemented by the UK Coalition Government.

The homelessness monitor: tracking the impacts on homelessness in Scotland going forward

Looking forward, the next three years is a crucial time period over which the intensifying homelessness impacts of the recession are likely to be severely exacerbated by the UK Government's radical welfare reforms. At the

⁴⁴ Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

⁴⁵ 'Overcrowding' is defined here according to the most widely used official standard - the 'bedroom standard'. Essentially, this allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members.

⁴⁶ Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

same time, housing market pressures, while still less acute than those experienced south of the border, are continuing to worsen in Scotland, with severely constrained access to home ownership for first-time buyers, which in turn is increasing demand for both of the rental sectors.

As well as tracking these headline trends till 2015, we will also attempt to ascertain the profile of those affected by both visible and hidden forms of homelessness, and whether there is any evidence of a change in this as the impacts of recession and welfare reform are played out over the next few years.

The evidence provided by this Homelessness Monitor over the next three years will provide a powerful platform for assessing the impact of economic and policy change on some of the most vulnerable people in Scotland.

1. Introduction

1.1 Introduction

The aim of this study is to provide an independent analysis of the impact on homelessness of recent economic and policy developments in Scotland. The report was commissioned in response to concerns that the recession may be driving up homelessness across the UK, and also that some of the Coalition's radical welfare reform agenda in particular may have detrimental effects on those vulnerable to homelessness.

This Scottish Homelessness Monitor is a four-year longitudinal study, and this first year report provides a 'baseline' account of how homelessness stands in Scotland in 2012 (or as close to 2012 as data availability allows), and analyses key trends in the period running up to 2012. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments that are likely to have the most significant impacts. It further provides a conceptual framework for linking policy and economic developments to possible impacts on homelessness, and describes how these impacts will be assessed over the next three years of the project.

There are parallel Homelessness Monitors being completed for other parts of the UK and, while 2012 is the first year of this Homelessness Monitor in Scotland, and also in Wales,⁴⁷ the first Homelessness Monitor for England was published in 2011,⁴⁸ with the English 2012 update now available.⁴⁹ From 2013, there will also be a Homelessness Monitor for Northern Ireland. With future editions published annually, this series will track developments till 2015.

1.2 Definition of homelessness

A wide definition of homelessness is adopted in this report, and we are considering the impacts of the relevant policy and economic changes on all of the following homeless groups:

- People sleeping rough.
- Single homeless people living in hostels, shelters and temporary supported accommodation.
- Statutorily homeless households – that is, households who seek housing assistance from local authorities (LAs) on grounds of their being currently or imminently without accommodation. This covers all household types, including families with children and single people.
- 'Hidden homeless' households – that is, people who are, arguably, homeless but whose situation is not 'visible' either on the streets or in official statistics. Classic examples would include households subject to severe overcrowding, squatters, people 'sofa-surfing' around friends' or relatives' houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations. By its very nature, it is difficult to assess the scale and trends in hidden homelessness, but some particular elements of the hidden homeless population are amenable to statistical analysis and it is these elements that are focused upon in this report. These include overcrowded households, as well as 'concealed' households and 'sharing' households.

⁴⁷ *The Homelessness Monitor Wales* will be published in Winter 2013 and available to download free of charge from: .

⁴⁸ Fitzpatrick, S. et. al (2011) *The homelessness monitor. Year 1*. London: Crisis: http://www.crisis.org.uk/data/files/publications/TheHomelessness-Monitor_141011.pdf

⁴⁹ Fitzpatrick, S. et. al (2012) *The homelessness monitor England 2012*. London: Crisis: <http://www.crisis.org.uk/research.php>

Further details on the definitions used for each of these categories are given in subsequent chapters.

1.3 Research focus and methods

The key areas of interest are the homelessness effects of the post-2007 economic recession and the housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare reforms and cutbacks in public expenditure being pursued by the UK Coalition Government elected in 2010, and the housing, homelessness and other relevant policies being implemented by the Scottish Government.

Three main methods are employed in this study

First, relevant literature and policy documents have been reviewed, including Government impact assessments, evidence submitted to Parliamentary enquiries, and briefings and evaluations prepared by a range of organisations. We have also analysed relevant legislation, including the Housing (Scotland) Act 2001, the Homelessness Etc. (Scotland) Act 2003, and the Welfare Reform Act 2012.

Second, we have undertaken a series of key informant interviews and small groups discussions with national and local stakeholders. In selecting these interviewees we sought to capture the experiences of a range of different homeless or potentially homeless groups, and also a geographical and sectoral balance, such that we interviewed:

- 3 national stakeholders from the voluntary sector;
- 3 representatives of single and/or youth homelessness service providers;
- 5 representatives of local authorities in major Scottish cities; and
- 5 representatives of local authorities in mixed/semi-rural areas.

All of these interviews have been conducted face-to-face. In these initial interviews we sought key informants' perspectives on both existing impacts of economic and policy change on homeless people and those at risk of homelessness, and also any future impacts that they are anticipating. The topic guides used in these first round interviews are presented in Appendix 1 (single/youth homelessness agencies) and Appendix 2 (local authorities). The plan is for these interviews to be staged annually throughout the duration of the project, in order to track changes over time in experiences and perceptions of the impact within a purposively selected sample of service providers and other key informants across Scotland.

Third, and finally, we have undertaken detailed statistical analysis on a) relevant economic and social trends in Scotland, particularly post-2007; and b) the scale, nature and trends in homelessness amongst the four subgroups noted above.

1.4 Structure of report

Chapter 2 places current homelessness in Scotland in a broader historical, UK and international perspective, and also provides a conceptual framework on homelessness 'causation' which informs the consideration of economic and policy impacts in the remainder of the report. Chapter 3 reviews the economic context and the implications of the recession and housing market developments for homelessness. Chapter 4 shifts focus to the likely impacts of policy developments under both the UK Coalition Government, especially its welfare reform agenda, and the Scottish Government, particularly its housing and homelessness policies. Chapter 5 provides a detailed analysis of the available statistical data on current scale and recent trends on homelessness in Scotland, focusing on the four subgroups noted above, thus forming a 'baseline' for subsequent monitoring and

identifying any trends already emerging. All of these chapters are informed by the insights derived from our qualitative interviews with key informants. In Chapter 6 we summarise the main findings of this baseline report and set out a framework for monitoring the impact on homelessness of policy and economic change until 2015.

2. The historical and international context for homelessness in Scotland

2.1 Introduction

This chapter begins by providing a brief historical introduction to homelessness in Scotland, concentrating on the post-devolution era. It focuses on the main policy and institutional responses of the Scottish Executive/Scottish Government to each of the four subgroups noted in Chapter 1 – people sleeping rough; single homeless people; statutorily homeless households; and hidden homeless households. It then places this ‘Scottish story’ in a wider international context. The chapter concludes by summarising current thinking on the causation of homelessness – informed by these historical and internationally comparative accounts – in order to provide a conceptual framework to inform the analysis of potential policy and economic impacts on homelessness that forms the main focus of the report.

2.2 A recent history of homelessness in Scotland: the post-devolution ‘radical divergence’

Established in 1999, the Scottish Parliament has devolved legislative and policy responsibility for most areas of social policy in Scotland, including housing, homelessness, social work, health and education, but, crucially, not social security (including HB).⁵⁰ Homelessness was a ‘flagship’ policy area for the first post-devolution Labour-Liberal Democrat Scottish Executive, elected in 1999, and has continued to enjoy a high policy profile under subsequent Scottish administrations, including the current Scottish National Party (SNP) administration elected in 2011.

Shortly after devolution, in August 1999, a Homelessness Task Force (HTF) was set up by the Scottish Executive with the Minister for Social Justice as its chair. From the beginning, the HTF’s style of work was intended to be consensual and ‘inclusive’, its membership drawn from across the statutory and voluntary sectors. The HTF was given the following terms of reference:

*“To review the causes and nature of homelessness in Scotland; to examine current practice in dealing with cases of homelessness; and to make recommendations on how homelessness in Scotland can best be prevented and, where it does occur, tackled effectively”.*⁵¹

The HTF’s first report, published in April 2000, focused on legislative proposals,⁵² virtually all of which were incorporated into Part 1 of the Housing (Scotland) Act 2001. The next phase of the HTF’s work comprised a more fundamental review of homelessness policy and law in Scotland, and its second and final report was published in February 2002.⁵³ This report contained 59 recommendations, of which five proposed further legislative change, enacted through the Homeless Etc. (Scotland) Act 2003. In combination, these two Acts of the Scottish Parliament form the key legislative framework underpinning the unique ‘Scottish model’ on homelessness.

The work undertaken by the Scottish HTF, and its various subgroups, has influenced responses to all forms of homelessness in Scotland over the past decade or so, as now discussed.

⁵⁰ Anderson, I. (2009) ‘Homelessness policy in Scotland: A complete state safety net by 2012?’, in Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

⁵¹ Scottish Executive (2002) *Helping Homeless People: An Action Plan for Prevention and Effective Responses*. HTF Final Report. Edinburgh: Scottish Executive.

⁵² Scottish Executive (2000) *Helping Homeless People: Legislative Proposals on Homelessness*. HRF Initial Report. Edinburgh: Scottish Executive.

⁵³ Scottish Executive (2002) *Helping Homeless People: An Action Plan for Prevention and Effective Responses*. HTF Final Report. Edinburgh: Scottish Executive.

Rough sleeping

As has been well documented,⁵⁴ the very visible growth of rough sleeping in central London in the late 1980s prompted the then Conservative Government to establish the first Rough Sleepers Initiative (RSI) in London in 1990.⁵⁵ Rough sleeping has subsequently been a very active area of policy development for successive Conservative, Labour and Coalition Westminster administrations,⁵⁶ and for the Mayor of London.⁵⁷ Significant falls in rough sleeping were recorded in both the capital and England as a whole in the 1990s, and appeared to be sustained through most of the 2000s, but with increases more recently associated mainly, though not exclusively, with migration from central and eastern Europe (CEE).⁵⁸

The Scottish RSI was launched in 1997, in response to evidence of increasing levels of rough sleeping across the country.⁵⁹ The high political priority attached to homelessness by the incoming Labour administration quickly became apparent with a pre-devolution commitment to 'end the need to sleep rough' by 2003 (this commitment was formalised in 1999).⁶⁰ An independent evaluation concluded that, though this 2003 target – to bring into line the number of rough sleepers and the supply of emergency accommodation available to them – had been narrowly missed,⁶¹ the Scottish RSI programme had produced tangible reductions in the need to sleep rough across the country. The RSI had also encouraged positive cultural and political change in many

local authority areas, and had enhanced services for rough sleepers and other vulnerable single homeless people in both urban and rural Scotland.⁶²

The particularly acute problems of rough sleeping in Glasgow were addressed via the targeted work of the Glasgow Street Homelessness Review Team (GSHRT), set up as a key HTF subgroup in November 1999.⁶³ The work of the GSHRT culminated in a major hostel closure and reprovioning programme in the city, discussed further below.

While, unlike in England, there are no regular street counts of rough sleepers in Scotland, there is an alternative source of data on rough sleeping derived from the statistical returns made by local authorities on the operation of the statutory homelessness system. Analysis of this administrative dataset suggests that there may have been some decline in rough sleeping in Scotland over the past decade, though anecdotal evidence is indicative of a rise in rough sleeping in Glasgow specifically (see Chapter 5).

Single homelessness

A Crisis-sponsored review of single homelessness across the UK as a whole, conducted by the University of York in 2010, demonstrated that there have been long-term improvements in service responses,⁶⁴ with a shift over the past few decades from merely 'warehousing' single homeless people in hostels and night shelters, towards an emphasis on 'resettling' them in the

⁵⁴ Jones, A. & Johnsen, S. (2009) 'Street homelessness', in Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: Chartered Institute for Housing.

⁵⁵ Randall, G. & Brown, S. (1993). *The Rough Sleepers Initiative: An Evaluation*. London: HMSO; Social Exclusion Unit (1998) *Rough Sleeping - Report by the Social Exclusion Unit*. London: HMSO.

⁵⁶ Jones, A. & Johnsen, S. (2009) 'Street homelessness', in Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

⁵⁷ Mayor of London (2009) *Ending Rough Sleeping – the London Delivery Board*. London: GLA: <http://www.london.gov.uk/archive/mayor/publications/2009/docs/ending-rough-sleeping.pdf>

⁵⁸ Please see Fitzpatrick, S. et al (2012) *The Homelessness Monitor: England 2012*, London: Crisis. <http://www.crisis.org.uk/research.php>

⁵⁹ Yanetta, A., Third, H. & Anderson, I. (1999) *National Evaluation of the Rough Sleepers Initiative in Scotland*. Edinburgh: Scottish Executive.

⁶⁰ Scottish Executive (1999) *Social Justice...a Scotland Where Everyone Matters*. Edinburgh: Scottish Executive.

⁶¹ Laird, A., Mulholland, S., & Campbell-Jack, D. (2004) *Rough Sleepers Initiative: Monitoring the Target of Ending the Need to Sleep Rough by 2003: Third Report Covering the Period from 2001-2003*. Edinburgh: George Street Research.

⁶² Fitzpatrick, S., Pleace, N. & Bevan, M. (2005) *Final Evaluation of the Rough Sleepers Initiative*. Edinburgh: Scottish Executive.

⁶³ Glasgow Street Homelessness Review Team (2000) *Report of the Glasgow Street Homelessness Review Team*. Edinburgh: Scottish Executive.

⁶⁴ Jones, A. & Pleace, N. (2010) *A Review of Single Homelessness in the UK 2000-2010*. London: Crisis.

community.⁶⁵ The 'resettlement services' that have developed over recent years have attempted not only to address tenancy sustainment issues amongst this vulnerable group, but also broader aspects of their 'social inclusion', such as re-integrating them with social networks and engaging them in 'purposeful activity'.⁶⁶ These improvements have, in broad terms, been as true in Scotland as elsewhere in the UK, albeit that some of the specific policy interventions have differed.

The introduction of the 'Supporting People' (SP) funding stream, in April 2003, was central to the expansion of homelessness resettlement and prevention services across the UK, including in Scotland. This provided 'housing-related' support for a range of vulnerable groups, with homeless people and those at risk of homelessness key amongst them. However, the 'ring-fenced' status of SP funding was removed in 2008, as a result of the Central-Local Government Concordat in Scotland,⁶⁷ prompting concerns that services for some SP client groups, including homeless people, might lose out disproportionately (the ring-fence for SP has also been lifted in England, but not in Wales or Northern Ireland). There is little statistical data available in Scotland on the impact of the removal of the ring fence on the provision of housing support services for single homeless people (or indeed the other affected groups).⁶⁸ However, it seems to be the case that 'low level' forms of housing support have been hardest hit, such as those designed to prevent homelessness, with residential services less affected thus far.⁶⁹

In England the quality of hostels, day centres and other frontline services has improved considerably in recent years as a result of the 'Hostels Capital Improvement Programme'.⁷⁰ There has been no equivalent national programme in Scotland, but highly relevant here is the Glasgow Hostel Closure and Re-provisioning Programme, prompted by the recommendations of the GSHRT,⁷¹ and supported by a substantial Hostel Decommissioning Grant from the then Scottish Executive. Following the earlier closure of two other large-scale local authority hostels, this Scottish Executive-backed Programme, commencing in 2003, enabled three more highly problematic Glasgow City Council hostels, each with a capacity for approximately 240 single men, to be closed down and the residents moved into either mainstream social housing or supported accommodation. A longitudinal evaluation of the resettlement outcomes for ex-residents of two of these hostels was largely very positive, with most of those interviewed reporting sustained improvements in their health, financial circumstances, access to social support and overall quality of life after leaving the hostel, and very few had returned to homelessness.⁷² However, it is less clear that the outcomes for 'newly presenting' single people in Glasgow have been positive in the period after hostel closure,⁷³ with anecdotal evidence indicating that levels of rough sleeping have risen in the city (see Chapter 5).

Data on trends in the scale of single homelessness is hard to come by in Scotland

65 Pleace, N. & Quilgars, D. (2003) 'Led rather than leading? Research on homelessness in Britain', *Journal of Community and Applied Social Psychology*, 13: 187-196.

66 Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

67 Further information available here <http://www.scotland.gov.uk/Resource/Doc/923/0054147.pdf>

68 There is evidence in England on the detrimental impacts on services for homeless people of the removal of the SP ring fence and budget cuts, see Homeless Link (2011) Press Release 30 June 2011: *Cuts Making it Harder for Homeless People to Get Help*. London: Homeless Link: <http://www.homeless.org.uk/news/cuts-making-it-harder-homeless-people-get-help>.

69 Scottish Council for Single Homeless (2009) 'SCSH gives parliamentary evidence on homelessness', *Inhouse*, February, 197.

70 Communities and Local Government (2006) *Places of Change: Tackling Homelessness through the Hostels Capital Improvement Programme*. London: CLG.

71 Glasgow Street Homelessness Review Team (2000) *Report of the Glasgow Street Homelessness Review Team*. Edinburgh: Scottish Executive.

72 Fitzpatrick, S., et al. (2010) *The Glasgow Hostel Closure and Re-provisioning Programme: Final Report on the Findings of a Longitudinal Evaluation*. York: Centre for Housing Policy, University of York: <https://www.york.ac.uk/media/chp/documents/2009/The%20Glasgow%20Hostel%20Closure.pdf>

73 Quilgars, D. & Bretherton, J. (2009) *Evaluation of the Experiences of Single People Presenting as Homeless in Glasgow*. York: Centre for Housing Policy, University of York.

See here for more information <http://www.york.ac.uk/media/chp/documents/2009/Evaluation%20of%20the%20Experiences%20of%20Single%20People%20Presenting%20As%20Homeless%20in%20Glasgow.pdf>

as elsewhere in the UK,⁷⁴ as almost all relevant information relates to trends in provision rather than representing true 'need' measures. However, perhaps the most striking difference between single homelessness in Scotland and elsewhere in the UK is the extent to which single people are included in the statutory homelessness system, and therefore also represented in the administrative statistics generated by this system, as now discussed.

Statutory homelessness

While rough sleeping and single homeless people staying in various forms of temporary accommodation are recognisable across the developed world,⁷⁵ core to any understanding of homelessness in the UK is our unique 'statutory homelessness system'. This legislative framework, first established by the Housing (Homeless Persons) Act 1977, provided, in brief, that LAs must ensure that accommodation is made available to certain categories of homeless people. The original Act covered all of Great Britain, but was subsequently incorporated into separate legislation for different parts of the UK. The relevant legislation for Scotland is now contained in the Housing (Scotland) Act 1987, as amended by subsequent legislation, most notably the Housing (Scotland) Act 2001, and the Homelessness Etc. (Scotland) Act 2003.

Under this statutory framework,⁷⁶ if a LA has 'reason to believe' that a household may be homeless or threatened with homelessness they have a duty to make inquiries to establish whether they owe them a statutory duty. These inquiries concern the following key concepts:

- *Eligibility* – many 'persons from abroad' are 'ineligible' for assistance under the homelessness legislation.
- *Homelessness* – persons without any accommodation in the UK which they have a legal right to occupy, together with their whole household, are legally 'homeless'. Those who cannot gain access to their accommodation, or cannot reasonably be expected to live in it (for example because of a risk of violence/abuse), are also homeless.
- *Priority need* – the original priority need groups were: households which contain dependent children, a pregnant woman, or someone who is 'vulnerable' because of old age, mental illness, disability, or for 'some other reason'; and those who have lost accommodation as a result of an emergency, such as fire or flood. There have been many amendments and additions to these priority need categories over the years in all parts of the UK, not least in Scotland, as discussed below.
- *Intentional homelessness* – this refers to deliberate acts or omissions that cause a person to lose their accommodation (e.g. running up rent arrears, anti-social behaviour, giving up accommodation that was reasonable to occupy, etc.).
- *Local connection* – for the purposes of the homelessness legislation, households can have a local connection with a particular LA because of residence, employment or family associations, or because of special circumstances.

If a household is eligible, in priority need and unintentionally homeless, then they are owed the 'main homelessness duty'. In Scotland, this main duty is to be provided with 'permanent accommodation', which is defined as a Scottish secure tenancy (in social housing) or an assured tenancy (in the private rented sector). However, there are now some

⁷⁴ Jones, A. & Pleace, N. (2010) *A Review of Single Homelessness in the UK 2000-2010*. London: Crisis.

⁷⁵ Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG.

⁷⁶ For a summary, see Chapter 1 in Fitzpatrick, S., et. al. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

circumstances in which it is permitted to discharge duty into 'non-permanent' housing, including where the household has specific support needs, or where the applicant has consented to discharge of duty into a fixed-term 'short assured tenancy' in the private rented sector that meets various conditions.⁷⁷ If a household owed the main homelessness duty has no local connection with the authority to which they have applied, the duty to secure settled accommodation for them can be transferred to another UK authority with which they do have such a connection (except if they run the risk of violence or abuse in that other area).

As noted above, Scotland's legal and policy framework has radically diverged from the rest of the UK in the devolution period, consequent on the work of the HTF.⁷⁸ This process began with the Housing (Scotland) Act 2001 which, amongst other things, imposed new duties on local authorities to provide temporary accommodation for non-priority homeless households, and new obligations on housing associations to give reasonable preference to homeless households in their allocations policies and, through Section 5, to provide accommodation for those households assessed as being unintentionally homeless and in priority need by the relevant local authority.⁷⁹

More radical reforms were introduced in the

Homelessness Etc. (Scotland) Act 2003, with the uniquely ambitious commitment made that virtually all homeless people in Scotland were to be entitled to settled housing from the end of 2012.⁸⁰ This was to be achieved, principally, via the gradual expansion and then abolition of the 'priority need' criterion. A Ministerial Statement published in December 2005 set a target for local authorities to reduce the proportion of 'non-priority need' decisions by 50% by 2009, and thereafter to gradually reduce these to zero by 2012.⁸¹ The latest statistical release indicates that this target has now been virtually met in most Scottish local authorities (see Chapter 5), with only East Lothian reporting that it is unlikely to be able to fulfill the 2012 legislative requirement by the end of this year.⁸² On the 21 November 2012, the Scottish Parliament approved the secondary legislation that will bring the 2012 homelessness commitment fully into force by 31 December 2012.⁸³ While the 2003 Act also provided for a significant softening of the impact of the 'intentionality' criterion in Scotland, and made allowance for the Scottish Government to suspend the operation of the 'local connection' referral rules, neither of these latter amendments have been brought into force as yet, and there is no indication at present that they will be.⁸⁴

The key impact of the abolition of priority need is to end the traditional 'discrimination' against single people and childless couples within the

⁷⁷ The Homeless Persons (Provision of Non-permanent Accommodation) (Scotland) Regulations 2010 (SSI 2010/2) (under S32a of the Housing (Scotland) Act 1987). Thus far there has been very little use made of the provision to discharge the statutory homelessness duty using short assured tenancies (SCSH & Crisis (2011) SCSH & Crisis Survey: Section 32A Findings. Edinburgh: SCSH.)

⁷⁸ Fitzpatrick, S. (2004) 'Homelessness policy in Scotland', in Sim, D. (ed.) *Housing and Public Policy in Scotland*. Coventry: CiH; and Pawson, H. & Davidson, E. (2008) 'Radically divergent? Homelessness policy and practice in post-devolution Scotland', *European Journal of Housing Policy*, 8(1): 39-60.

⁷⁹ For details see Fitzpatrick, S. (2004) 'Homelessness policy in Scotland', in Sim, D. (ed.) *Housing and Public Policy in Post-Devolution Scotland*. Edinburgh: Chartered Institute of Housing in Scotland.

⁸⁰ Anderson, I. (2009) 'Homelessness policy in Scotland: A complete state safety net by 2012?', in Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) *Homelessness in the UK: Problems and Solutions*. Coventry: CiH.

⁸¹ Section 3 of the 2003 Act specified that Scottish Ministers must specify a date, no later than 31st December 2012, when all local authorities must reasonably be expected to meet the target to end the use of the 'priority need test' in homelessness assessments.

⁸² A number of other authorities (including Edinburgh, West Lothian, Highland and South Lanarkshire) have reported that, though they will meet the 2012 legislative requirement, this will have the impact of substantially lengthening homeless households' stays in temporary accommodation and severely restricting access to social housing for non-homeless households. <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/44465.aspx>

⁸³ The Homelessness (Abolition of Priority Need Test) (Scotland) Order 2012.

⁸⁴ Again, for details see Fitzpatrick, S. (2004) 'Homelessness policy in Scotland', in Sim, D. (ed.) *Housing and Public Policy in Post-Devolution Scotland*. Edinburgh: Chartered Institute of Housing in Scotland.

statutory homelessness system.⁸⁵ That said, as Scottish local authorities were traditionally more generous in their interpretation of ‘priority need’ than local authorities south of the border, single people in fact constituted the majority of households accepted as owed the main duty even before the reforms were implemented, meaning that the household profile of statutorily homeless households has only shifted quite marginally over the past decade (see Chapter 5). While the progressive nature of this extension of the safety net has been acclaimed internationally,⁸⁶ growing demand pressures, coupled with a reduction in the number of social lets available, mean that there are serious challenges in delivering this ‘rights-based’ model in practice. This pressure is evident in the growing number of households living in TA in Scotland, which almost trebled in the decade between 2001 and 2011 (see Chapter 5). Likewise, the proportion of new social landlord lettings absorbed by statutorily homeless households rose steadily, from around one quarter in 2001/02 to 43% by 2010/11.

In response, the Scottish Government has, since 2010, been promoting prevention measures far more strenuously than hitherto in an effort to reduce ‘statutory demand’ and assist with meeting the demands of the 2012 commitment.⁸⁷ These prevention measures are modelled on the English ‘housing options’ approach, which resulted in a dramatic drop in homelessness acceptances across England after its introduction in 2003.⁸⁸ There has been a similar sharp decline in homelessness applications in Scotland since the housing options agenda has taken root (see Chapter 5 for details), and reactions to these very recent developments in Scottish statutory homelessness policy are discussed in detail in Chapter 4.

Hidden homelessness

Finally, there is the issue of ‘hidden’ homelessness, which has been a longstanding concern of many homelessness agencies and the subject of various reports by Crisis.⁸⁹ The term ‘hidden homelessness’ remains controversial, but broadly speaking refers to those people who may be considered ‘homeless’ but whose situation is not ‘visible’ either on the streets or in official statistics on households seeking housing assistance. Classic examples would include households living in severely overcrowded conditions, squatters, people ‘sofa-surfing’ around friends’ or relatives’ houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations.

By its very nature, it is difficult to assess the scale and trends in hidden homelessness, particularly amongst single homeless people (though see the useful analysis in a key Crisis report),⁹⁰ but some particular elements of potential hidden homelessness are amenable to statistical analysis, including with respect to trends over time, and it is these elements of hidden homelessness that are focused upon in this report. This includes overcrowded households, and also ‘concealed’ households and ‘sharing’ households, all of which are concepts recognized in a number of official surveys in Scotland and elsewhere in the UK. This evidence indicates a rather more mixed picture on hidden homelessness in Scotland than south of the border, where there appears to be a more consistent upward trend across most forms of hidden homelessness, associated with acute housing and demographic pressures. These points are considered in detail in Chapter 5.

⁸⁵ Anderson, I. (2009) ‘Homelessness policy in Scotland: A complete state safety net by 2012?’, in Fitzpatrick, et. al. (eds.) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

⁸⁶ Ibid.

⁸⁷ Shelter Scotland (2011) *A Shelter Scotland Report: Housing Options in Scotland*. Edinburgh: Shelter Scotland.

⁸⁸ DCLG (2006) *Homelessness Prevention: A Guide to Good Practice*. London: DCLG.

⁸⁹ Reeve, K. & Batty, E. (2010) *The Hidden Truth about Homelessness: Experiences of Single Homelessness in England*. London: Crisis.

⁹⁰ Ibid.

In addition, in Scotland only, there is data available on past experience of homelessness via the Scottish Household Survey (SHS). Questions on lifetime experience of homelessness, and experience over the past two years, allow for hidden as well as visible aspects of past homelessness to be captured, as well as the social distribution of this experience. Again, Chapter 5 considers these points in detail. This SHS survey data indicates that the overall incidence of homelessness in Scotland may have risen in recent years, despite the apparently falling trend in statutory homelessness and recorded rough sleeping.

An overview of post-devolution developments in Scotland

To summarise, Scotland has taken a sharply different path to that of the rest of the UK post-devolution by significantly strengthening its statutory safety net for homeless people.⁹¹ This has attracted international plaudits (see below), but has also brought significant challenges as manifested in a rapid expansion in TA use and rising 'statutory demand' for permanent social tenancies. In response, the Scottish Government has encouraged a much stronger recent emphasis on homelessness prevention, promoting an English-style housing options approach.

Other important developments over this post-devolution period include the (successfully executed) Glasgow hostel closure programme, and, more broadly, the impact of the Scottish RSI and SP programmes in encouraging the development of new and more flexible services for rough sleepers and other single homeless people (though there is

now anxiety about the sustainability of these latter developments given the removal of the SP ring-fence and budget cuts).

Another area of considerable success, cutting across all four subgroups mentioned above, and where Scotland has much in common with the rest of the UK, is youth homelessness, where a major UK review reported a 'sea change' of improvement in service responses over the decade until 2008.⁹² The strengthening of the statutory safety net for young people in all parts of the UK, and the strong focus on young people within homelessness prevention strategies, have been the central drivers of these improvements.⁹³ The Equal Opportunities Committee in the Scottish Parliament has recently undertaken an inquiry into best practice in the prevention of homelessness amongst young people,⁹⁴ and has issued a report containing a number of recommendations with respect to further improving the mediation, respite, life skills and other preventative interventions available to young people at risk of homelessness.⁹⁵

Young people have been particularly badly affected by benefit cuts (particularly the SAR extension and uprating of non-dependent deductions from HB), as well as by rising unemployment. This is a critical issue with respect to the likely implications for homelessness as younger age cohorts – both young families with children and young single people – tend to be far more vulnerable to homelessness than older age groups. Certainly, if borne out, indications that the Government will remove under-25s from the remit of Housing Benefit⁹⁶ will surely mean a very serious rise in youth homelessness.

⁹¹ Fitzpatrick, S., Quilgars D. & Pleace, N. (eds.) (2009) *Homelessness in the UK: Problems and Solutions*, Coventry: CiH.

⁹² Quilgars, D., Johnsen, S. & Pleace, N. (2008) *Youth Homelessness in the UK: A Decade of Progress?*, York: JRF.

⁹³ Though another key factor in England and Wales has been the 'Southwark' ruling, in May 2009, in which the House of Lords decided that homeless 16 and 17 year olds should be considered 'children in need' under the Children Act 1989, and therefore have a full social services assessment of their support needs. This ruling is not applicable in Scotland which has separate childcare legislation (Children (Scotland) Act 1995).

⁹⁴ The Inquiry title is: 'Having and Keeping a Home: steps to preventing homelessness among young people' <http://scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=6786&mode=pdf>

⁹⁵ Scottish Parliament (2012) *Having and Keeping a Home: Steps to Preventing Homelessness Among Young People*. Edinburgh: Scottish Parliament: <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/55470.aspx>

⁹⁶ British Prime Minister's Office (2012) Press Release: <http://www.number10.gov.uk/news/welfare-speech/>

2.3 The international context

It is helpful to place this account of homelessness policy in Scotland, and elsewhere in the UK, in a wider international context.

The key respect within which Scotland stands out from other countries is in the emphasis on 'enforceable' legal rights – i.e. rights which courts of law will enforce on behalf of individuals – as a mechanism of 'empowering' homeless households and ensuring that their housing need is met.⁹⁷ The UK as a whole is in fact highly unusual in having enforceable rights for some homeless people the ultimate discharge of which involves making available *settled housing* to qualifying households, with only France offering anything remotely similar (see below).⁹⁸ While in many other European countries there is a 'right' to housing contained in the national constitution, there are seldom any legal mechanisms provided to enable homeless individuals to enforce these rights. There are enforceable rights to *emergency accommodation* in a number of European countries, such as Germany and Sweden, and this is also the case in New York City in the US.⁹⁹ However, in all of these cases, the entitlement falls far short of the right to settled housing that applies in Scotland and, in a slightly modified form, elsewhere in the UK,¹⁰⁰ for those owed the main homelessness duty.

Scotland's exceptionally strong legal safety net for homeless households is not only internationally unique, it has been held up as an exemplar for other countries,¹⁰¹ with the Scottish Executive even receiving a human rights award from an international NGO (The Centre on Housing Rights and Evictions) in 2003.¹⁰² Pressure to adopt the 'Scottish model' has been evident in a number of countries, including the US,¹⁰³ though any significant moves towards a rights-based model seem extremely unlikely in that context.¹⁰⁴ Probably the most significant impact of the Scottish model to date has been in France, where the enactment of an 'enforceable right to housing' (*Droit Au Logement Opposable*) in 2007, also with full implementation due by 2012, was explicitly influenced by debates in the French Parliament and elsewhere about the Scottish right to housing.¹⁰⁵ While this statutory French framework comes closest, outside of the UK, to approaching the Scottish rights-based model to addressing homelessness, weak implementation through a highly complex and (partially) decentralised bureaucratic system in France means that this has had only a limited impact on social housing allocations thus far.¹⁰⁶

However, notwithstanding the lack of legally enforceable rights to settled housing of the type that pertain in Scotland or the UK, it is important to emphasise that in most European and other developed countries

⁹⁷ Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London: CLG.

⁹⁸ Loison-Leruste, M. and Quilgars, D. (2009) 'Increasing access to housing – implementing the right to housing in England and France', *European Journal of Homelessness*, 3(75)1-100.

⁹⁹ Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*, London.

¹⁰⁰ See Fitzpatrick, S. et. al (2012) *The homelessness monitor. Year 1*. London: Crisis: <http://www.crisis.org.uk/research.php>

¹⁰¹ Anderson, I. (2007) Sustainable solutions to homelessness: the Scottish case, *European Journal of Homelessness*, 1:163-183; and Anderson, I. (2012) 'Responding to homelessness: rights-based approaches', in Smith, S. (Editor-in-Chief) *The International Encyclopaedia of Housing and Home*, Oxford: Elsevier.

¹⁰² Goodlad, R. (2005) 'Scottish Homelessness Policy: Advancing Social Justice?' *Scottish Affairs*, no 50, winter, p. 86.

¹⁰³ Tars, E. S. & Egleston, C. (2009) 'Great Scot! The Scottish Plan to end homelessness and lessons for the Housing Rights Movement in the United States', *Georgetown Journal on Poverty Law & Policy* 16(1):187-216.

¹⁰⁴ Byrne, T. and Culhane, D.P. (2011) 'The Right to Housing: An Effective Means for Addressing Homelessness?' *University of Pennsylvania Journal of Law and Social Change*, 14.3: 379-390.

¹⁰⁵ Loison, M. (2007) 'The implementation of an enforceable right to housing in France', *European Journal of Homelessness*, 1:185-197; and Brouant, J. (2011) 'Implementation of the enforceable right to housing (DALO) confronted to local practices and powers', in Houard, N. *Social Housing Across Europe*. Paris: La Documentation Française.

¹⁰⁶ Loison-Leruste, M. & Quilgars, D. (2009) 'Increasing access to housing – implementing the right to housing in England and France', *European Journal of Homelessness*, 3: 75-1-100; and Houard, N. (2011) 'The French homelessness strategy: reforming temporary accommodation, and access to housing to deliver 'Housing First': continuum or clean break?', *European Journal of Homelessness*, 5(2): 83-98.

there is some sort of state-funded assistance to homeless people.¹⁰⁷ These programmes are often organised in a broadly similar way to that in Scotland and the wider UK: central government establishes a national strategic and/or legal framework, and provides financial subsidies for homelessness services; LAs are the key strategic players and ‘enablers’ of homelessness services; and direct provision is often undertaken by voluntary organisations.

As in Scotland and elsewhere in the UK, most north-western European countries offer ‘reintegrative’ services of various kinds as well as emergency provision, and have at least some focus on homelessness prevention. This is most notably the case in Germany and Finland where prevention efforts, particularly eviction prevention, have been extremely effective in driving down levels of family homelessness to close to zero in some areas.¹⁰⁸ Among eastern and southern European countries, however, provision tends still to be more basic and crisis-focused.¹⁰⁹ In Australia and the US there are sophisticated targeted programmes on homelessness, but in the latter case in particular this is compensating for a very weak mainstream welfare safety net.¹¹⁰ Another weakness in the US has been a lack of emphasis on homelessness prevention, but that is now beginning to change under the Obama administrations.¹¹¹

To sum up, there are a number of areas where the Scottish response to homelessness seems ‘ahead of the game’ as compared with other developed countries, most obviously with respect to the emphasis on homelessness prevention and the statutory protection offered to homeless households. While this statutory system may be argued to have its drawbacks, in that it can encourage an adversarial approach on the part of both LA and advocacy agencies,¹¹² and concerns about perverse incentives,¹¹³ it also has a number of important benefits,¹¹⁴ not least making it far more difficult for social landlords to exclude the poorest and most vulnerable households from the mainstream social rented sector as happens in a number of other European countries.¹¹⁵

2.4 Causation and homelessness

Explanations of homelessness in the UK and in other developed countries have traditionally fallen into two broad categories: *individual* and *structural*.¹¹⁶ Broadly speaking, individual explanations focus on the personal characteristics, behaviour and needs of homeless people. Structural explanations, on the other hand, locate the causes of homelessness in external social and economic factors, such as housing market conditions, poverty and unemployment. An ‘individualistic’ focus on the ill health, substance dependencies and dysfunctional families of homeless people began to

¹⁰⁷ Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*, London; and Fitzpatrick, S., Johnsen, S. & Watts, B. (2012) *International Homelessness Policy Review. A Report to Inform the Review of Homelessness Legislation in Wales*. Cardiff: University of Cardiff.

¹⁰⁸ Busch-Geertsema, V. & Fitzpatrick, S. (2008) ‘Effective homelessness prevention? Explaining reductions in homelessness in Germany and England’, *European Journal of Homelessness*, 2: 69-95; and Fitzpatrick, S., Johnsen, S. and Watts, B. (2012a) *International Homelessness Policy Review: A report to inform the review of homelessness legislation in Wales*. Cardiff: University of Cardiff.

¹⁰⁹ Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

¹¹⁰ Fitzpatrick, S. & Stephens, M. (2007) *An International Review of Homelessness and Social Housing Policy*. London.

¹¹¹ Culhane, D.P., Metraux, S. & Byrne, T. (2011) ‘A prevention-centred approach to homelessness assistance: a paradigm shift?’, *Housing Policy Debate*, 21(2): 295-315.

¹¹² O’Sullivan, E. (2008) ‘Sustainable solutions to homelessness: The Irish case’, *European Journal of Homelessness*, 2: 205-234.

¹¹³ Fitzpatrick, S. & Pleace, N. (2012) ‘The statutory homelessness system in England: A fair and effective rights-based model?’, *Housing Studies*, 27(2) pp 232-251.

¹¹⁴ Fitzpatrick, S. & Watts, B. (2011) ‘The ‘Right to Housing’ for homeless people’, in O’Sullivan, E. (ed.), *Homelessness Research in Europe*. Brussels: FEANTSA.

¹¹⁵ Stephens, M., Burns, N. & MacKay, L. (2002) *Social Market or Safety Net? British Social Rented Housing in a European Context*, Bristol: Policy Press; and Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare policies, Labour Market and Housing Provision*. Brussels: European Commission.

¹¹⁶ Neale, J. (1997) ‘Theorising homelessness: contemporary sociological and feminist perspectives’, in Burrows, R., Pleace, N. & Quilgars, D. (eds.) *Homelessness and Social Policy*. London: Routledge.

subside in the 1960s as pressure groups and academics increasingly argued that homelessness was the result of housing market failures. While structural, housing market-based accounts of homelessness then dominated until the 1980s, their credibility declined as research repeatedly identified high levels of health and social support needs amongst single homeless people, particularly those sleeping rough.¹¹⁷ As a result, researchers again began to incorporate individual factors in their explanations of homelessness, while at the same time continuing to assert the overall primacy of structural factors. This led them to the following set of assertions which became the 'orthodox' account of homelessness causation:¹¹⁸

- (a) Structural variables such as housing shortages, poverty and unemployment create the conditions within which homelessness will occur and determine its overall extent; *but*
- (b) People with personal problems are more vulnerable to these adverse social and economic conditions than other people; *therefore*
- (c) The high concentration of people with support needs in the homeless population can be explained by their susceptibility to structural forces, rather than necessitating an individualistic explanation of homelessness.

This 'new orthodoxy' provided a more 'practically adequate' explanation of homelessness than prior analyses, but was unsatisfying for several reasons. For example, there are many factors which could be interpreted as operating at either a structural

or individual level. Should, for example, the breakdown in a homeless person's marriage be considered an individual problem or the result of a structural trend towards growing family fragmentation? How can the new orthodoxy account for homelessness arising from acute personal crises where structural factors can seem virtually absent, as has been demonstrated to often be the case with older homeless people?¹¹⁹

Perhaps most fundamentally, these orthodox accounts of homelessness tend to imply a rather simplistic 'positivist' notion of social causation:

"Housing shortages, poverty, unemployment, personal difficulties such as mental health, drug or alcohol problems are sometimes said to be the causes of rough sleeping. However, there are continuing problems of rough sleeping in areas with no housing shortage. Equally, the great majority of people in poverty or with mental health, or substance abuse problems, do not sleep rough. ... It follows that housing shortages, poverty, mental health and substance misuse problems cannot be said to cause rough sleeping."
(p. 5)¹²⁰

There is an assumption here that for something to constitute a 'cause' of homelessness it must be both 'necessary' (i.e. homelessness cannot occur unless it is present) and 'sufficient' (i.e. it inevitably leads to homelessness). But such 100% correlations are rarely found in the social world, and certainly not with respect to complex phenomena like homelessness.

The 'critical realist' account of homelessness employed in this report overcomes these

¹¹⁷ Fitzpatrick, S., Kemp, P. A. & Klinker, S. (2000) *Single Homelessness: An Overview of Research in Britain*. Bristol: The Policy Press.

¹¹⁸ Pleace, N. (2000) 'The new consensus, the old consensus and the provision of services for people sleeping rough', *Housing Studies*, 15: 581-594.

¹¹⁹ Crane, M., et al. (2005) 'The causes of homelessness in later life: findings from a 3-Nation study', *Journal of Gerontology*, 60B(3): 152-159.

¹²⁰ Randall, G. & Brown, S. (1999) *Prevention is Better Than Cure*. London: Crisis.

limitations by employing a more sophisticated theory of social causation.¹²¹ First, according to the realist perspective, social causation is *contingent*: given the open nature of social systems, something may have a ‘tendency’ to cause homelessness without ‘actually’ causing it on every occasion, because other (contextual) factors may often – or even always – intervene to prevent correspondence between cause and effect. These ‘buffer’ factors may include, for example, targeted prevention policies (see above) or protective social relationships (see below). Second, realist explanations are *complex*, taking into account multiple (often inter-related) causal mechanisms, and also allowing for the possibility of a range of quite separate causal routes into the same experience.

Another central tenet of realist theories of causation is that causal mechanisms operate across a wide range of societal ‘strata’, with no one strata assumed to be logically prior to any other.¹²² This is a crucial point with respect to the causation of homelessness wherein the orthodox position seems to be that ‘structural’ or ‘economic’ causes are somehow more fundamental than more ‘personal’ or ‘social’ factors. In contrast, a realist theoretical framework allows for the possibility that the balance of underlying causal factors may vary between different homeless groups. For example, there can be little doubt that high levels of youth unemployment and social security cuts played a major role in driving up the numbers of homeless young people in the late 1980s,¹²³ whereas for older people it is plausible that personal crises such as bereavement may be far more important than any aspect of the structural context.¹²⁴ Likewise, research on statutorily homeless

families in England has suggested that this form of homelessness is far less strongly associated with individual support needs than appears to be the case with rough sleeping or single homelessness.¹²⁵

It may also mean that the balance between structural and individual factors varies between countries. It seems likely, for example, that countries with benign social and economic conditions – well functioning housing and labour markets and generous social security policies – will have a low overall prevalence of homelessness, but that a high proportion of their (relatively) small homeless populations will have complex personal problems.¹²⁶ The reverse has been posited to hold true (high prevalence/low proportion with support needs) in countries with a more difficult structural context. While the available evidence is far from definitive, it does tend to support this analysis, with Sweden and the Netherlands at one end of the spectrum (countries with strong welfare states) and the US at the other (with a very weak welfare safety net).¹²⁷

Research funded by the European Commission (EC) supports the argument that ‘welfare regimes’ impact profoundly on the causes and nature of homelessness.¹²⁸ However, the relationship between homelessness and labour market change is complex, and seems direct only in those countries (such as in eastern and southern Europe) and amongst those groups (such as recent migrants) which have the least welfare protection. Even in these cases, it is usually long-term worklessness or labour market marginality which is important rather than sudden labour market ‘shocks’, such as redundancy. The authors comment:

¹²¹ Fitzpatrick, S. (2005) ‘Explaining homelessness: a critical realist perspective’, *Housing, Theory & Society*, 22(1):1-17.

¹²² Ibid.

¹²³ Fitzpatrick, S. (2000) *Young Homeless People*. Basingstoke: Macmillan.

¹²⁴ Crane, M., et al. (2005) ‘The causes of homelessness in later life: findings from a 3-Nation study’, *Journal of Gerontology*, 60B(3): 152-159.

¹²⁵ Pleace, N., et al. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

¹²⁶ Shinn, M. (2007) ‘International homelessness: policy, socio-cultural, and individual perspectives’, *Journal of Social Issues*, 63(3): 657-677.

¹²⁷ Fitzpatrick, S. (2012) ‘Homelessness’, in Clapham, D. & Gibb, K. (eds.), *Handbook of Housing Studies*. London: Sage.

¹²⁸ Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

“In those countries, and for those groups, with better welfare protection, it seems that sustained poverty and/or unemployment contribute to homelessness not so much in direct, material ways, but rather in longer-term, more indirect ways via exerting negative social pressures on family units.” (p. 266)

This suggests that, insofar as there is an impact of rising unemployment on homelessness, this will most likely be a ‘lagged’ effect of the recession, and also rather a diffuse one, mediated by many intervening variables (see Chapter 3). However, this is highly dependent on the strength or otherwise of welfare protection, as social security systems, and especially housing allowances, are what usually ‘break the link’ between losing a job or persistent low income and homelessness.¹²⁹ This means that significant reform of welfare provisions – such as that being implemented by the UK Coalition Government and discussed in detail in Chapter 4 – are likely to be highly relevant to homelessness trends. Also important will be the mitigation measures that the Scottish Government and local government put in place to blunt the impacts of welfare reform.

The same European comparative research suggests that housing market conditions can have a more direct effect on homelessness than labour market conditions, and this effect can be to some extent independent of welfare arrangements.¹³⁰ In Germany, for example, a slackening housing market in many parts of the country has driven down homelessness, even in the context

of rising unemployment and increased welfare conditionality.¹³¹ Likewise in England, statutory homelessness has been closely tied to the housing market cycle until more pro-active homelessness prevention over the past decade disrupted this link.¹³² As discussed in Chapter 3, in the last housing recession levels of statutory homelessness actually *decreased* in Scotland, and even more so in England, partly because overall levels of housing affordability and access eased in the context of a sluggish housing market and this facilitated higher levels of available relets in the social and private rented sectors.¹³³ But recent analysis of data on past experience of homelessness from the SHS suggests that, in fact, economic deprivation may be an even more powerful a driver of homelessness in Scotland than housing market pressures, possibly reflecting the somewhat less acute nature of housing market stress in Scotland than south of the border (see Chapter 5).

Housing policies as well as housing markets matter to homelessness,¹³⁴ and it has been argued that housing can be considered, to at least some extent, ‘the saving grace’ in the British welfare state, as the UK does better by low income households on a range of housing indicators than it does on most poverty league tables.¹³⁵ Housing appears to be a comparative asset, which tends to moderate the impact of poverty on low-income households. It has been hypothesised that three key housing policy instruments explain these relatively good housing outcomes for poorer households in the UK: Housing Benefit (HB), which pays up to 100% of eligible rent for low-income households; a relatively large social housing sector,

¹²⁹ Ibid.

¹³⁰ Ibid.

¹³¹ Busch-Geertsema, V. & Fitzpatrick, S. (2008) ‘Effective homelessness prevention? Explaining reductions in homelessness in Germany and England’, *European Journal of Homelessness*, 2: 69-95.

¹³² Fitzpatrick, S. & Pawson, H. (2007) ‘Welfare safety net or tenure of choice? The dilemma facing social housing policy in England’, *Housing Studies*, 22(2): 163-182.

¹³³ Pawson, H. & Wilcox, S. (2011) *UK Housing Review 2010-11*. Coventry: CiH.

¹³⁴ Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

¹³⁵ Bradshaw, J., Chzhen, Y. & Stephens, M. (2008) ‘Housing: the saving grace in the British welfare state?’, in Fitzpatrick, S. & Stephens, M. (eds.) *The Future of Social Housing*, London: Shelter.

allocated overwhelmingly according to need; and the statutory homelessness safety net.¹³⁶ Notably, all three aspects of this UK ‘housing settlement’ are now subject to potentially far-reaching change in England under the Coalition Government’s welfare reform and ‘localism’ agendas, which may undermine the protection they offer.¹³⁷ This is not the case in Scotland with respect to the devolved areas of responsibility (the statutory homelessness system and social housing),¹³⁸ but is equally true with respect to HB as this is, for now at least, part of the reserved social security function (see Chapter 4)¹³⁹.

One final point to note is the causal inter-relationship between the structural factors just discussed and the more ‘individual’ causes of homelessness. Often, though not invariably, the individual vulnerabilities, support needs and ‘risk taking’ behaviours implicated in some people’s homelessness (particularly amongst those sleeping rough) are themselves rooted in the pressures associated with poverty and other forms of structural disadvantage.¹⁴⁰ Those with a higher level of resources – in terms of social, cultural, human and material capital – may be expected to have the resilience to manage life crises without falling into homelessness. In this context, strong social relationships are likely to be an especially important ‘buffer’ to homelessness,¹⁴¹ and conversely the ‘exhaustion’ of family or other ‘anchor’ relationships (both sudden or gradual) is a widespread trigger to homelessness.¹⁴² These relationships can be put under considerable strain by stressful economic conditions, as noted in the EC research above. Thus

deteriorating structural conditions could be expected to generate more individual and interpersonal vulnerabilities to homelessness over time, and are central to the anticipated lagged effects of unemployment and economic downturns (see Chapter 3).

2.5 Key points

- There has been a significant divergence in homelessness law and policy across the UK in the post-devolution period, with Scotland opting to strengthen its statutory safety net far beyond anything contemplated elsewhere in the UK.
- From end 2012, all unintentionally homeless people in Scotland will be entitled to settled housing. This ‘Scottish model’ for addressing homelessness, via the use of robust legal rights, has attracted widespread international attention and plaudits, but has also brought significant challenges with respect to the growing use of TA and rising ‘statutory demand’ for permanent social tenancies.
- In response, the Scottish Government has, since 2010, encouraged a much stronger emphasis on homelessness prevention, employing an English-style ‘housing options’ or ‘advice-led’ model, which has brought about a recent sharp drop in statutory homelessness applications.
- Other important policy developments in the post-devolution period include the successfully executed Glasgow hostel closure programme, and, more broadly,

¹³⁶ Fitzpatrick, S. & Stephens, M. (eds.) (2008) *The Future of Social Housing*. London: Shelter.

¹³⁷ Accessible here <http://www.crisis.org.uk/data/files/publications/TheHomelessnessMonitor.pdf>

¹³⁸ Though it is worth noting the Scottish Government proposals to require social landlords to grant a ‘probationary’ short Scottish secure tenancy to all new tenants of social housing, <http://www.scotland.gov.uk/Publications/2012/02/9972/5>.

¹³⁹ Gibb, K. & Stephens, M. (2011) *Devolving Housing Benefit: A Discussion Paper*. Edinburgh: Chartered Institute for Housing in Scotland/Scottish Federation of Housing Associations.

¹⁴⁰ McNaughton, C. (2008) *Transitions through Homelessness: Lives on the Edge*. Basingstoke: Palgrave Macmillan.

¹⁴¹ Lemos, G. (2000) *Homelessness and Loneliness. The Want of Conviviality*. London: Crisis; Lemos, G. & Durkacz, S. (2002) *Dreams Deferred: The Families and Friends of Homeless and Vulnerable People*. London: Lemos & Crane; and Tabner, K. (2010) *Beyond Homelessness: Developing Positive Social Networks*. Edinburgh: Rock Trust.

¹⁴² Stephens, M., et al. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission.

the development of new and more flexible services for rough sleepers and other single homeless people across Scotland. There are, however, concerns about the sustainability of some of these positive developments given cutbacks in housing support services in many Scottish local authorities.

- International, theoretical and historical perspectives all indicate that the causation of homelessness is complex, with no single ‘trigger’ that is either ‘necessary’ or ‘sufficient’ for it to occur. Individual, interpersonal and structural factors all play a role - and interact with each other – and the balance of causes differs over time, between countries, and varies between demographic groups.
- With respect to the main structural factors, evidence from a range of European countries suggests that housing market trends have the most direct impact on levels of homelessness, with the influence of labour market change more likely to be a lagged and diffuse effect, strongly mediated by welfare arrangements and other contextual factors. However, there is some evidence for Scotland that high levels of homelessness may be even more closely associated with areas of economic deprivation than with housing market pressures.

3. Economic factors that may impact on homelessness in Scotland

3.1 Introduction

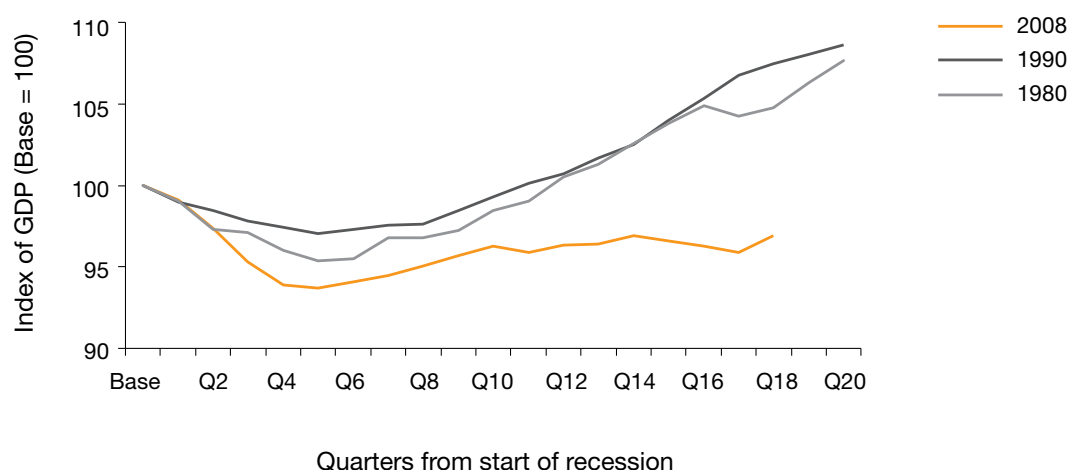
This chapter reviews the key economic developments in Scotland, and across the UK, that may be expected to affect homeless groups and those vulnerable to homelessness. It identifies the impacts of the post-2007 economic and housing market recessions, and also considers the potential impact on homelessness of the current low levels of new house building, relative to projected levels of population and household growth. We give specific consideration to the interrelationship between mortgage/rent arrears and homelessness, as this is an area of particular policy and press interest. This analysis is informed by the causal framework set out in Chapter 2, and also by insights derived from our qualitative interviews with key informants from homelessness service providers across Scotland. In Chapter 5 we assess whether the anticipated economic impacts identified in this chapter, and the potential policy impacts highlighted in the

next chapter, are as yet evident in trends in national datasets.

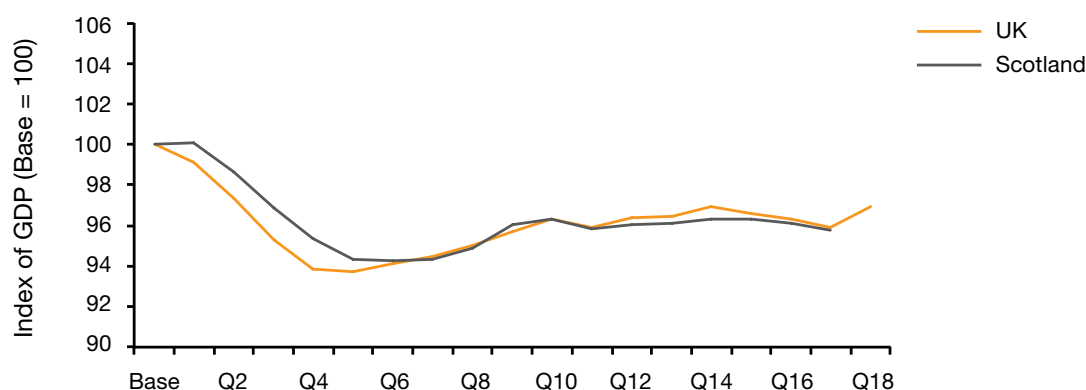
3.2 Post-2007 economic context

The post-credit-crunch downturn in the UK economy has been much deeper and more prolonged than other recent recessions (see Figure 3.1), and there are considerable doubts hanging over the prospects of economic recovery, not just in Scotland and the UK, but also in Europe and the rest of the world. Following the election the Coalition Government tilted the balance of fiscal policy towards faster cuts in public spending in order to contain levels of government borrowing and debt. While this has initially helped the UK avoid concerns in international financial markets about its rising levels of government debt, the economic downside of the faster public spending cuts in the UK has been slower economic growth.

Figure 3.1: Two years of economic standstill delays recovery



Source : Computed from ONS Quarterly GDP data (ABMI)

Figure 3.2: Recession in Scotland closely follows UK pattern

Source : Computed from ONS Quarterly GDP data (ABMI)

This has been compounded by the slow rate of economic recovery across the international economies, and in particular the sluggish and uneven rate of recovery across the euro zone area where virtually all governments are engaged in more or less severe public spending austerity measures.

The upshot is that the UK economy moved into a 'double dip' recession in 2012, with a decline in GDP in the last quarter of 2011 being followed by further declines in the first two quarters of 2012. While there was some recovery in the third quarter this was in part due to exceptional factors (such as the Olympics) and it is far from certain that this is the beginning of a concerted recovery.

At the time of the 2012 Budget the Office for Budget Responsibility (OBR) forecast was for modest growth of 1.6% in 2012, rising to 2.0% in 2013.¹⁴³ However that forecast has clearly been overtaken by events and

future prospects are constrained by the continuing euro zone economic and financial uncertainties. Indeed in its latest Inflation Report the bank of England now expects growth in the last two quarters of 2012 to do no more than offset the downturn in the first half of the year. And while acknowledging the high level of uncertainty around the future of the European and world economy it also suggests that it will be another two years or so before the UK economy fully recovers and returns to 2008 levels of output.¹⁴⁴

Within that context figures for the Scottish economy show that while initially the post 2008 economic downturn was slower than across the UK as a whole, over the last three years it has followed a similar pattern to the UK economy as a whole (see Figure 3.2).

It must also be recognized that the cuts in public spending have only just begun to take effect, and the negative impact on economic

¹⁴³ Office for Budget Responsibility (2012) Economic and fiscal outlook, March 2012. London: The Stationary Office.

¹⁴⁴ Bank of England (2012) *Inflation Report August 2012*, London: Bank of England.

growth and public sector employment has not yet been fully felt. OBR forecast UK unemployment to rise to nearly 9% in 2012 and 2013 (on the ILO measure), before beginning to ease back over the next three years to just over 6%. This is still some way above the average (5.3 per cent) over the decade before the credit crunch, and as noted above the OBR forecast must now be seen to be rather optimistic. The rising trend in unemployment has also affected some groups disproportionately, most notably young people.

Between 2002 and 2011 UK unemployment for those aged 18-24 nearly doubled, with the unemployment rate for that age group rising to 18%; compared to 8% for all those unemployed.¹⁴⁵ Rising unemployment as a result of public spending cuts is a particular concern in those parts of the UK most dependent on public sector jobs. The loss of

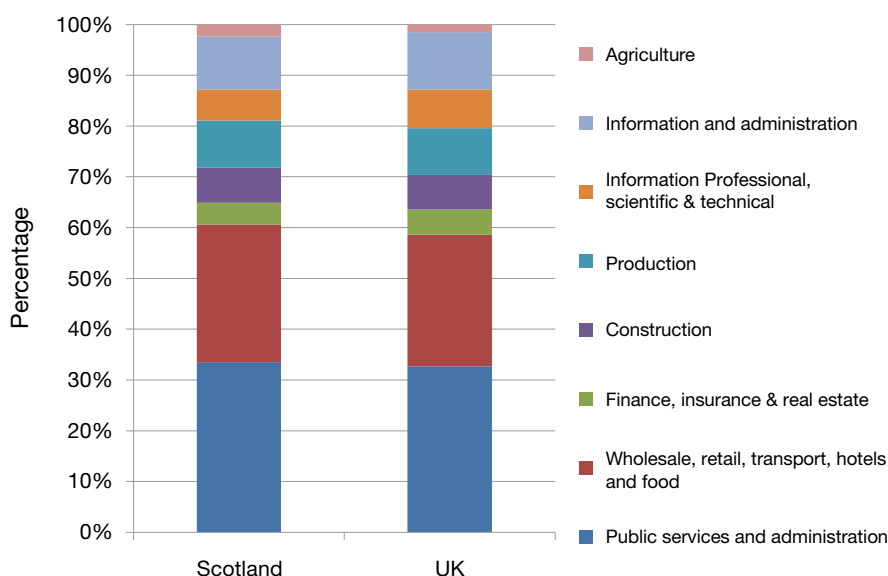
jobs in the retail sector is also significant in terms of numbers of relatively low paid and less skilled employment.

3.3 The Scottish Economy

The impact of the post credit crunch downturn across the UK in Scotland must clearly be set in the context of the specific characteristics of the Scottish economy and labour market.

There are limited differences between the Scottish and UK wide economy in terms of their broad sectoral composition. Scotland has a higher proportion of its workforce in the agriculture, forestry and fishing sectors and in public services and administration. While it has a slightly smaller financial sector than the UK as a whole, the UK figure reflects the very substantial concentration of the financial sector in London. Outside of

Figure 3.3: Workplace employment in Scotland in 2010



Source : Regional Statistics, ONS Website

¹⁴⁵ ONS (2011) *Labour market statistical bulletin: August 2011*. London: ONS.

London, Scotland has the largest proportion of its workforce in the finance sector. Within those broad sectors there are also distinctive features of the Scottish economy, such as those related to the North Sea oil fields and the whisky industry.

One of the obvious consequences of that employment structure is the Scottish economy will be slightly more disadvantaged by the UK wide public expenditure cuts now in train. While the distribution of those cuts between services is subject to decisions by the Scottish Government, their overall expenditure plans and policies are to a large degree fixed by the budgetary framework and financial settlements provided by the UK Westminster government. There are, however, important and distinctive arrangements for council housing finance in Scotland, and these are discussed further in Chapter 4 below.

The Scottish labour market is now characterised by a slightly lower level of economic inactivity and unemployment among working age adults than in the rest of the UK; but at the same time it has a rather higher rate for claimant unemployment compared to the rest of the UK. At May 2012 the unemployment rate in Scotland was 8.0%, compared to 8.1% for the UK as a whole, while overall economic inactivity was 22.3%, compared to 22.9% for the UK as a whole. But the claimant unemployment rate for Scotland at June 2012 was 5.2%, compared to 4.9% for the UK as a whole.¹⁴⁶

At the same time there has been a sharp fall in full-time employment in Scotland since 2007/08 (down by 6.5% by 2011/12), offset only in part by a rise in the smaller numbers in part-time employment (up by 9.0%).¹⁴⁷ So together with a 2.7% fall in the overall numbers in employment, the rise in part-time

employment is in effect a rise in levels of under-employment.

Scotland is also characterised by levels of pay slightly below the average for the UK as a whole, but when compared to the other countries of the UK and the regions of England it has higher pay levels than all regions other than London, the South East, and the East of England. Similarly gross household incomes in 2008-2010 were 4% lower than for the UK as a whole, but above all other areas excepting the three same regions of England.¹⁴⁸

3.4 Post-2007 housing market downturn

Housing affordability improved in the early 1990s but began to deteriorate from 1997 onwards, and more sharply after 2004. Much of the improvement in affordability was based on the substantial reduction in interest rates after 1990, linked to the long period of low inflation resulting both from government policy and favourable international economic conditions.

As Figure 3.4 shows, the combination of prolonged economic growth, and low interest rates, led to a sharp rise in house prices relative to earnings after 2001; but the impact on mortgage costs relative to earnings was far less pronounced. While other factors, such as the growth in investment in the PRS, also played some part in the rise in house prices, that impact was also softened for home buyers by the lower post 1990 levels of interest rates.¹⁴⁹ Nonetheless affordability for first time buyers, measured in terms of average mortgage costs as a proportion of average full time earnings, had by 2007 risen to the same level as in 1990; at the peak of the last housing market 'boom'.

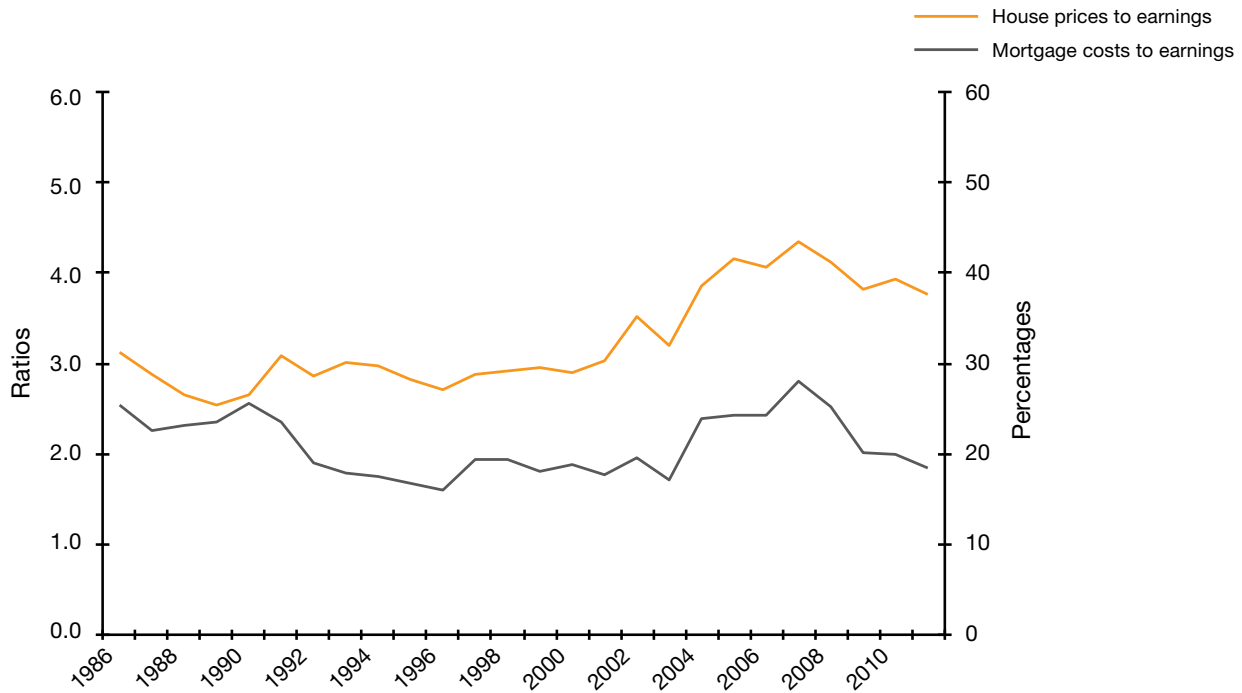
¹⁴⁶ ONS (2012) *Regional Labour Market Statistics*, June 2012. London: ONS

¹⁴⁷ ONS (2012) *Regional Labour Market Statistics*, August 2012. London: ONS.

¹⁴⁸ ONS (2011) *Family Spending 2011*. London: ONS.

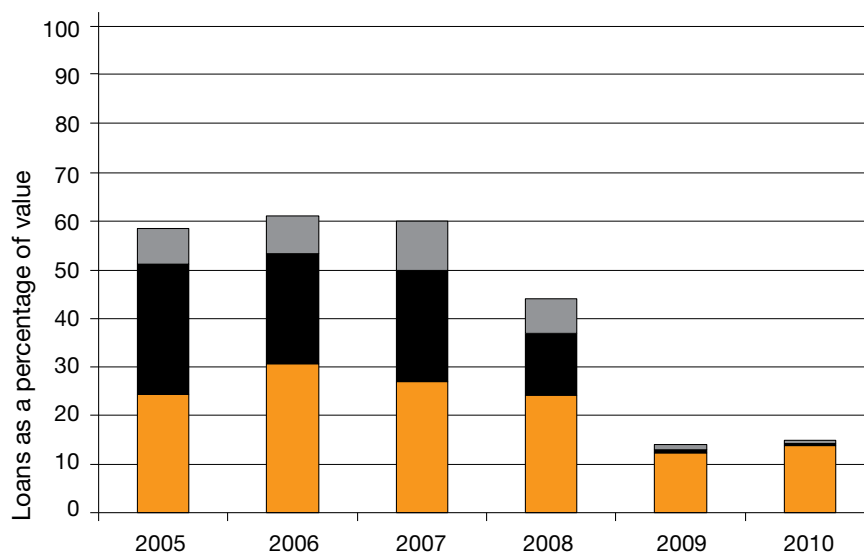
¹⁴⁹ Wilcox, S. & Williams, P. (2009) 'The Emerging New Order', in *UK Housing Review 2009/2010*, Coventry: CiH.

Figure 3.4: Housing market affordability in Scotland



All full time earnings and mix adjusted first time buyer house prices

Figure 3.5: Decline in low-deposit mortgages for first-time buyers



Source : Regulated Mortgage Survey

Subsequently affordability has eased as both house prices and average mortgage rates for first time buyers have fallen in the post crunch years. One point to note is that Figure 3.4 is based on mix adjusted prices for first time buyers, rather than simple average prices.¹⁵⁰ This is because the mix of the smaller numbers of dwellings being purchased in the post crunch years is very different to that in the pre crunch years, with fewer small dwellings now being purchased, partly due to the collapse in levels of new house building, that has in recent years included a high proportion of smaller dwellings.

As a result simple average prices exaggerate the extent to which prices have been resilient in the post crunch years, as the increase in the average size of dwellings within the mix is responsible for a good deal of that price resilience.¹⁵¹ Mix adjusted house prices for first time buyers in 2011 were still some 3% lower than in 2007. In contrast, simple average prices suggest that first time buyer prices in Scotland continued to increase in the years after 2007.¹⁵²

However while housing affordability has improved since 2007, access to home ownership has become more problematic for would be first-time buyers in this period as the reduced flow of mortgage funds and regulatory pressures have drastically reduced the availability of mortgage products allowing purchase with low or no deposit.¹⁵³ The sharp reduction in the availability of low deposit mortgages (see Figure 3.5) has in effect created a 'wealth barrier' to homeownership for aspiring first-time buyers – now excluding some 100,000 potential purchasers each year

in the UK. There have been just some 17,000 advances for first-time buyers a year in Scotland since 2008; less than half the level achieved in the immediate pre crunch years. This is lower than at any time over the past thirty five years.¹⁵⁴

There was some marginal easing in the availability of low deposit mortgages for first time buyers in 2010, but Financial Services Authority (FSA) data on low deposit mortgages for all home buyers suggest this was not sustained into 2011.¹⁵⁵ Moreover this constraint for would be first time buyers looks set to be locked in by a future tighter regulatory framework for mortgage lenders that will extend beyond the current dislocation of the market. In effect this is equivalent to a reversion to the constraints on mortgage availability in the years before the deregulation of the mortgage markets in the early 1980s.

Looking ahead expectations for housing market recovery in 2012 and beyond are moderated by the low level of anticipated economic growth, anxieties about employment prospects in the face of public sector cuts, and the prospect that financial market pressures will result in rising interest rates.

A further important difference in the housing market in this downturn is the far more significant role of the PRS. The sector almost doubled in size over the last decade,¹⁵⁶ and now accounts for 12% of the Scottish housing market. It fulfils an important and active role in providing accommodation for households at all income levels, and it is also associated with high levels of mobility,

¹⁵⁰ Mix adjusted prices for the years from 1993 onwards. Simple average prices for earlier years, adjusted to avoid a discontinuity with the 1993 mix adjusted prices.

¹⁵¹ Wilcox, S. & Williams, P. (2009) 'The Emerging New Order', in *UK Housing Review 2009/2010*. Coventry: CiH.

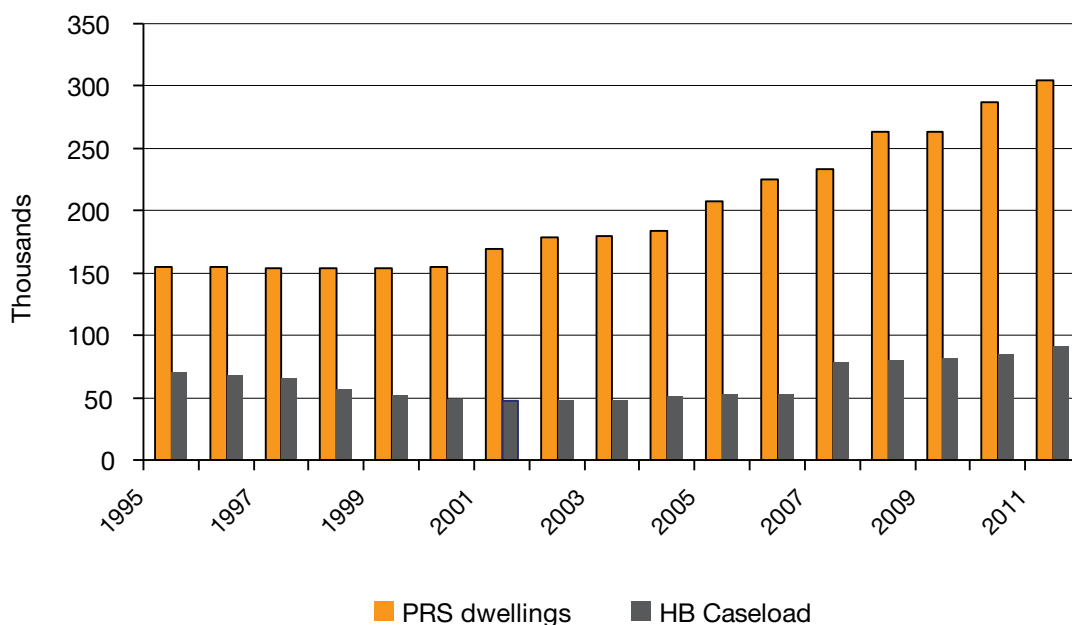
¹⁵² Table 505, 'Housing Market: simple average house prices by new/other dwellings, type of buyer and standard statistical regions', from 1969, Housing Live Tables, DCLG website.

¹⁵³ Pawson, H. & Wilcox, S. (2011) *UK Housing Review Briefing Paper*. Coventry: CiH.

¹⁵⁴ CML (2012) Mortgage Lending Tables Scotland, CML website.

¹⁵⁵ MLAR Statistics, March 2012, FSA website.

¹⁵⁶ Table 17 in: Pawson, H. & Wilcox, S. (2012) *UK Housing Review*. Coventry: CiH.

Figure 3.6: Rapid growth of private rented sector

Data for Scotland

providing accommodation for a half of all households moving in the previous year.¹⁵⁷

The improved supply of private rented dwellings has brought a welcome flexibility to the wider housing market, and has also provided an alternative source of accommodation for households unable to secure housing in either the social rented or home owner sectors (albeit that the PRS may not be their preferred tenure).

The growth in the importance of the PRS for moving households is both in terms of moves into, but also within, and out of the sector. While data from England suggests that less than one in ten moves by existing private tenants are either because the accommodation was unsuitable, or because of issues with their landlord,¹⁵⁸ this still translates into some 10,000 'pressured'

moves in Scotland each year (see further below).

While it is clear that the PRS now plays a much more important part in the housing market, our understanding of the PRS is hampered by the lack of timely and robust data. There is no transaction data on lettings in the PRS, equivalent to the Registers of Scotland data for house sales, and no robust data series on PRS rents. We currently rely either on survey data, which is always some two years behind the story, or various ad hoc private sector data sets which give only a very partial perspective on more current developments.

We do, however, have more timely data on the numbers of low-income households in the PRS in receipt of HB, and those numbers have grown rapidly in recent years,

¹⁵⁷ Scottish Government, (2011) *Scotland's People Annual Report: Results from the 2009/2010 Scottish Household Survey*. Scottish Government website.

¹⁵⁸ DCLG (2011) *English Housing Survey: Household Report 2009-10*. London: DCLG.

and particularly since 2006. The number of Scottish claimants rose to 78,000 in May 2007, and continued to increase gradually to 91,000 by May 2011.

While robust up to date time series data on private rents are not available, the latest Royal Institution of Chartered Surveyors (RICS) survey suggests that private rents have been rising strongly over the last two years, with private rents in Scotland rising by 6% in the 12 months to July 2012, somewhat ahead of the average for Great Britain as a whole.¹⁵⁹ The same survey anticipates a similar level of increase over the next year.

It is also important to note in this context that Scotland has, proportionately, a considerably larger social housing sector than either England, Northern Ireland or Wales. In Scotland the social sector accounted for some 24% of all dwellings in 2010, compared to 17% in England, 18% in Northern Ireland and 17% in Wales.¹⁶⁰ This is important as a larger social housing sector provides a better 'buffer' to respond to volatility in the private housing market.

3.5 House building, household growth and housing supply

In the medium term the shortfall in post credit crunch house building levels relative to projected rates of household growth look set to increase overall housing market pressures.

In crude terms there is a small balance of dwellings relative to households in Scotland, but that is before taking into account the inevitable level of vacancies due to turnover within any functioning housing market, the incidence of second homes, or the imbalance between supply and demand in terms of location, type and quality of dwelling. The crude surplus of dwellings

over households was 5.6% in 2010.¹⁶¹ However, against that 2.8% of dwellings were recorded as vacant for council tax purposes; but this is not the full picture as this does not include the short term vacancies associated with turnover that do not result in a council tax discount or exemption. In addition 1.5% of all dwellings were recorded as being second homes; but again this is not the full picture as couples might have two homes, but designate each as the principal home of one partner, and not apply for a council tax discount.

The national net balance of dwellings over households is thus somewhat less than the 1.3% recorded based on council tax statistics. Moreover there are marked variations between different areas reflecting both long and short term changes in economic activity within Scotland. Even given the caveats indicated above there are seven local authority areas in Scotland where the numbers of households exceed the recorded numbers of occupied dwellings (Argyll & Bute, Clackmannanshire, Dumfries & Galloway, Dundee City, Falkirk, Midlothian and Stirling), and many others where the recorded dwelling surplus is negligible.

In the post credit crunch years, both levels of new house building, and the growth in household numbers, have slowed relative to previous trends, and future forecasts. Between 2001 and 2007 the rate of average annual new house building was just over 24,000, but in the last four years this has fallen to just under 18,000. Over the same period the average rate of household growth fell from just under 20,000 a year to less than 14,000 a year.

While additional net dwellings are added to the housing stock through conversion activities, this is rather more than offset by

¹⁵⁹ RICS (2011) *RICS Residential Lettings Survey GB July 2012*. London: RICS.

¹⁶⁰ Pawson, H & Wilcox, S (2012) *UK Housing Review 2011-12*. Coventry: CIH.

¹⁶¹ National Records of Scotland (2012) *Estimates of Households and Dwellings in Scotland, 2011*. National Records of Scotland website.

levels of demolitions.¹⁶² Nonetheless during both periods the rate of net additions to the housing stock exceeded the rate of household growth. However looking ahead household growth over the decade to 2020 is projected at some 23,000 a year,¹⁶³ and this will clearly require a rapid recovery in house building rates from current levels.

Over the decade to 2020 the number of households is projected to increase by 10%, while over the same period the population is projected to increase by just 5%. Over the 25 years to 2035 the number of households is projected to increase by 23%, while over the same period the population is projected to increase by just 10%. Over that time the average household size is projected to decline from 2.17 in 2010 to 2.08 in 2020, and then to just 1.95 in 2035. This is linked to the rapid projected increase in older households. Over the 25 year period a 63% increase is projected for households with a household representative person aged 65 or over. For households with a household representative person aged 85 or over the projected increase is over 150%.

There is, however, a much greater element of uncertainty about the proportion of the projected household growth that is linked to the growth in population, as a very substantial part of the projected population increase is based on assumptions in respect of future levels of net inward migration.

Historically there has been a mixed pattern of net inward and outward migration for Scotland, but with migration between Scotland and the rest of the UK as important, if not more important, than migration to and from overseas countries. In the 1990s there were as many years that outward migration from Scotland to the rest of the UK exceeded inward migration, as there were years when the position was reversed.

Since 2002/03 there has been a prolonged period of consistent inward migration to Scotland, both from overseas and the rest of the UK. Within that net inward migration from the rest of the UK has declined sharply since 2007/08, while net inward migration from overseas countries has substantially increased to the extent that it accounted from some 85% of total net inward migration into Scotland for the three years from 2009/09 to 2010/11.¹⁶⁴

The population and household projections anticipate net inward migration gradually falling back from the average level of some 24,500 experienced over the three years to 2010/11 to a level of 18,000 in 2015/16, and then remaining at that level in subsequent years. However net migration is highly volatile, and subject to many both foreseeable and unforeseeable factors. In recognition of this the main household projections are accompanied by variant projections which alternatively adopt both higher and lower long-term net migration assumptions. But even on the low migration assumption an 18% increase in household numbers is projected over the 25 years to 2035, which translates into an annual increase of over 16,000 households.

Even at this lower level some recovery is required relative to low house building rates in the post crunch years. However, no more is required than for house building to return to the level achieved in Scotland earlier in pre credit crunch years. And if the household dwelling balance in Scotland is limited it is positive, and apart from the last few years, it is a balance that has been growing rather than shrinking. In both respects Scotland is in a far more favourable position than England, which has an even smaller household dwelling balance, and to keep pace with future household growth needs

¹⁶² Scottish Government (2011) *Housing Statistics for Scotland – Conversions and Demolitions*, Scottish Government website.

¹⁶³ National Records of Scotland (2012) *Households Projections for Scotland, 2010 Based*. National Records of Scotland website.

¹⁶⁴ National Records of Scotland. (2012) *In out and net migration by age group between Scotland and overseas, 2001/02 to latest*. National Records of Scotland website.

to start building at a far higher rate than it has achieved at any time over the last two decades.

Finally it should be noted that the household projections are undertaken at the local authority level, and there are some marked variations between authorities in the projected rates of household growth. The principal projections show a 43% growth rate for Edinburgh and Perth & Kinross over the 25 years to 2035, and a 39% growth rate for Aberdeen City and East Lothian. At the other extreme a reduction of 6% in household numbers is projected for Inverclyde.

3.6 Impact of the post-2007 economic and housing market downturn

As noted in Chapter 2, European comparative research suggests that housing market conditions and systems can have a more direct effect on homelessness than labour market conditions. It also indicates that the impact of recessionary pressures – particularly rising unemployment – on homelessness is likely to be complex and rather diffuse, mediated by welfare arrangements and other intervening factors. Analyses of previous UK recessions have also suggested that a time lag operates, with unemployment affecting homelessness both *directly* – via higher levels of mortgage or rent arrears – and *indirectly* – through pressures on family and household relationships.¹⁶⁵

Taken together, however, the net effects of recessionary pressures on homelessness may not always be the expected ones; nor are they uniform over economic and housing market cycles. While there are some common elements in economic and housing market cycles there are also important differences in

the configuration and characteristics of each market cycle.

Following the post-1990 recession, easing affordability and rental housing supply substantially outweighed the negative consequences of economic weakness on housing – e.g. repossessions arising from rent or mortgage arrears triggered by loss of employment. Probably partly reflecting this trend, by the mid-1990s statutory homelessness had fallen back somewhat the peak values of a few years earlier, although the scale of this reduction was much more modest in Scotland than in England. Note that the sharp post 2000 rise in priority homelessness in Scotland was a direct result of policy measures – to expand the statutory entitlements of single homeless people – rather than reflecting any shift in underlying housing market or economic pressures (see Chapter 5).

Housing access pressures are crucial drivers of homelessness because frustrated ‘entry’ into independent housing by newly forming or fragmenting households is a far more important ‘trigger’ of (statutory) homelessness than are forced ‘exits’ from owner occupation via mortgage default or eviction due to rent arrears (see Chapter 5).¹⁶⁶ There is also good evidence that general conditions of affordability predict levels of hidden homelessness, such as overcrowding or concealed households (see Chapter 5).¹⁶⁷

Crucially, post-1994 also saw a substantial rise in the availability of social sector lettings (Figure 3.8), partly because increased private sector affordability also enables more social sector tenants to move out to buy, thus increasing the availability of ‘relet’ properties in the private sector.

¹⁶⁵ Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swindon: ESRC: http://www.esrc.ac.uk/_images/Recession_Britain_tcm8-4598.pdf; and Audit Commission (2009) *When it comes to the Crunch How Councils are Responding to the Recession*. London: Audit Commission.

¹⁶⁶ Pleace, N., et. al (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG.

¹⁶⁷ Bramley, G., et al. (2010) *Estimating Housing Need*. London: DCLG.

Figure 3.7: Statutory homelessness in Scotland and England – historic trends

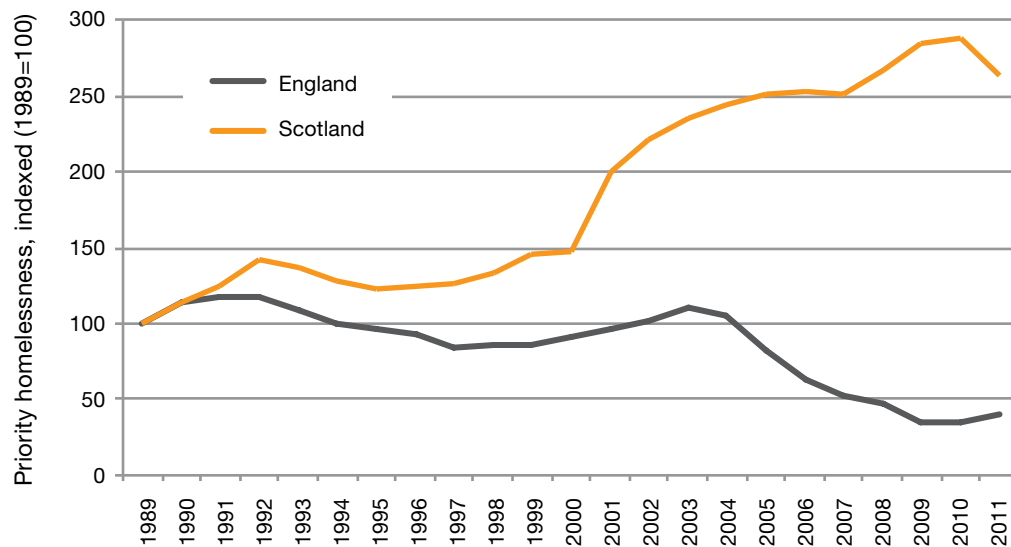
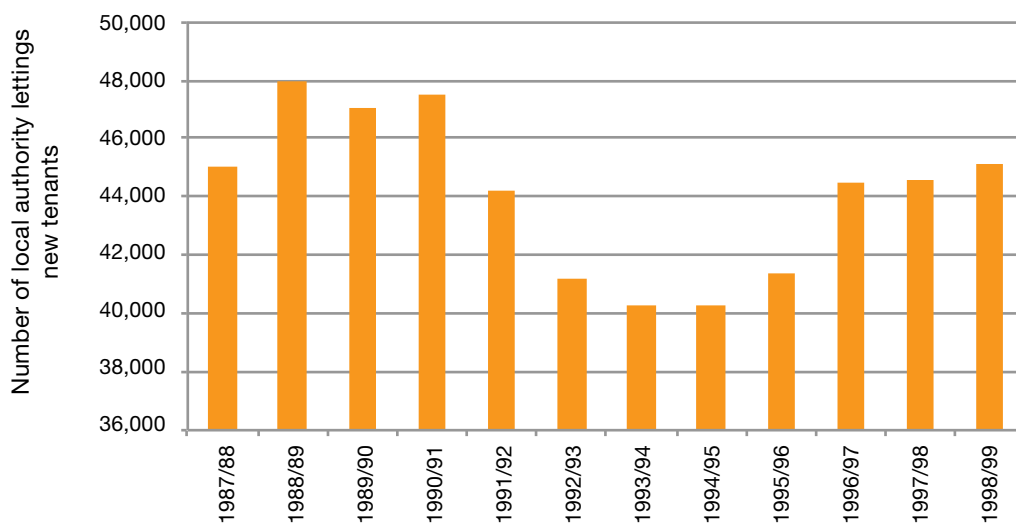


Figure 3.8: Local authority lettings to new tenants in Scotland, 1990s



Source: UK Housing Review – Table 103

However a similar sustained positive impact on social sector lettings is unlikely following the current downturn. This is mainly because the continuing limitations on the availability of mortgage finance and the tighter constraints on low income access to private renting (thanks to LHA reforms – see Chapter 4), will restrict voluntary moves out of the sector that would lead to a substantial rise in the levels of available social sector relets. Moreover, predominantly as a result of the gradual long term effect of the Right to Buy, levels of relets are now much lower than they were at the time of the last recession. Nor have levels of new supply been increased to offset the decline in relets.

Our key informants stressed the combined impact of restricted social housing supply, and pressures associated with the 2012 homelessness commitment, as the critical contextual factors impacting on homelessness in Scotland at the moment. There was less emphasis on the impact of recessionary pressures on homelessness thus far, though there was an expectation that these would increase over time *'We haven't seen the big impact yet'* (National stakeholder, voluntary sector).

In keeping with the theoretical framework set out in Chapter 2, interviewees tended to emphasise that it will be the *combination* of benefit cuts and lack of access to employment that will hit potentially homeless groups – it will not generally be one particular factor on its own that will tend to be decisive, but rather the cumulative effect. One senior manager from a single homelessness service emphasised a general *'ratcheting up'* of financial pressure on the poorest households, with the recession, welfare cuts, and public sector funding restrictions all combining to: a) *'deepen'* the challenge faced by individual service users, and b) make helping services more stretched and rationed, and so *'harder to access'*. Many of those interviewed

therefore found it difficult to separate out the effect of the recession from that of welfare reform, but the latter was generally thought likely to have a more direct impact on homelessness (see Chapter 4).

That said, in contradiction to the comments made by most of the senior managers interviewed, frontline workers we spoke to in an emergency accommodation service in one of Scotland's major cities felt that they *could* already see an impact of the recession in the profile of their clients.

"People you wouldn't normally class as 'homeless' [are coming into our service], not the classic complex needs with drugs and alcohol."

They explained that they were seeing more people with debt problems, unable to pay their rent etc., and also more people made homeless because of overcrowding issues. Similar points on the growing importance of debt in triggering homelessness were also made by some of our voluntary sector key informants. The frontline workers in this particular service emphasised that the balance in their client group was *'still more complex needs than debt'* but the latter was growing. However, when asked specifically about the possible emergence of 'middle class homelessness' they were quite clear:

"They're not exactly middle class. But employed people, who can't make ends meet, fleeing debt."

The next few subsections consider the specific interrelationship between mortgage arrears/repossession, and rent arrears/evictions, and homelessness, as this is an area of particular policy and press interest.

Mortgage arrears and repossessions

Across the UK, both mortgage arrears and repossessions have risen sharply since 2007

(see Figure 3.9).¹⁶⁸ However the increase in repossessions has been far less marked compared to the last recession. Potential claims for possession issued to the courts actually started to rise after 2003 (Figure 3.10), as rising affordability ratios left more recent buyers exposed to unmanageable changes of circumstances, while there were no effective market or regulatory pressures on lenders to exercise any significant measure of 'forbearance'.

In practice, the combination of low interest rates and lender forbearance has so far held down the proportion of high arrears cases resulting in repossession. Lenders have been strongly encouraged by the Government to exercise forbearance, and this has been reinforced by new court protocols and the availability of advice to people with mortgage debt problems on court premises. It may also be argued that lenders have a considerable interest in forbearance in many cases, if there is a reasonable chance that the household will recover its financial position and also if houses are difficult to sell in the current market. This interest may be reinforced by the overall position of banks' balance sheets and the way they are assessed by the financial markets; there may be a disincentive currently to force the issue and reveal losses on mortgage and other loans.¹⁶⁹

However, it is possible that this may change, especially since the reduction in the standard interest rate applied for the Support for Mortgage Interest (SMI) scheme. While hitherto low interest rates have cushioned the impact of forbearance on lenders' finances, it is now the case that a far higher proportion of claimants in receipt of SMI will be receiving financial support below the level

that fully covers their contractual mortgage commitments.

The full effect of this change has yet, however, to be felt, not least as average interests have continued to slowly fall, and under the new arrangements it will take a full 0.5% fall in average rates to trigger a change in the SMI rate. But if on the way down the lagging factor in changes to the SMI factor is beneficial to lenders and borrowers, once interest rates begin to rise the lagging factor will become more problematic with SMI payments falling short of average mortgage interest payments.

Even without any change in lenders' stance on the exercise of 'forbearance' we might expect to see a further rise in repossessions going forward, especially given the still relatively high number of homeowners with high arrears that makes them vulnerable to repossession actions (albeit the numbers are declining and are much lower than in the period 1991-96).

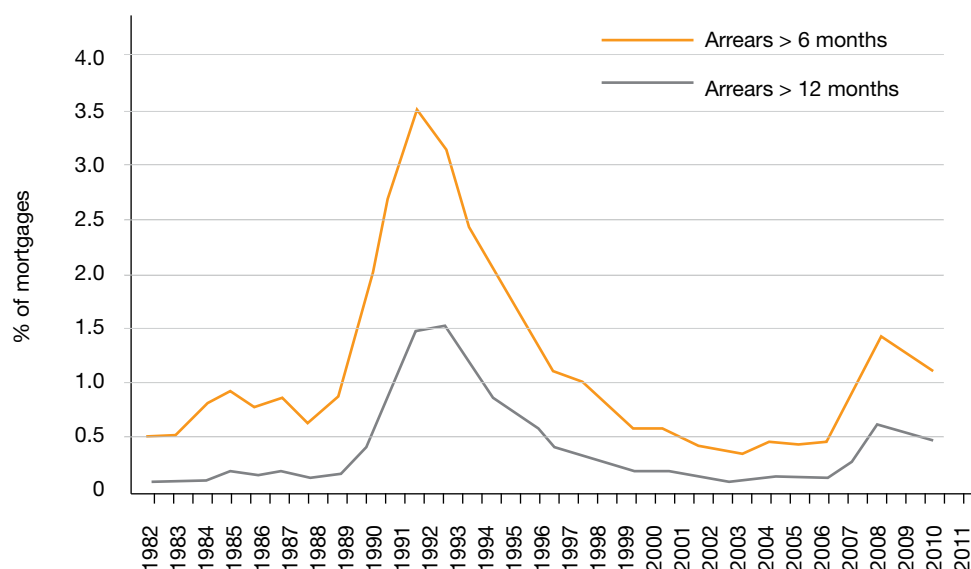
In addition the pattern of increased debt and arrears with more lender forbearance raises the overall latent risk of overhang within the sector and there is widely argued to be a vulnerability to any increase in interest rates from their currently low levels. Statistical modelling of affordability problems among mortgaged home owners suggests an elasticity of 2.3 linking such problems to interest rates (if interest rates rose by half, say from 4% to 6%, serious affordability problems would rise from 1% to 2.5% of mortgaged owners).¹⁷⁰

Similarly, this model showed that a doubling of unemployment could lead to a rise of 50%

¹⁶⁸ It should be acknowledged that, since CML publishes such statistics only at the UK level, none of the figures on mortgage arrears and repossessions is specific to Scotland. Over time, it should become possible to draw useful trend data from the system under which mortgage providers in Scotland must notify local authorities when there is a risk of homelessness arising from a forthcoming repossession. However, since this framework was only recently established, such data currently exists only for 2011/12.

¹⁶⁹ Wilcox, S, et al. (2010) *Evaluation of the Mortgage Rescue Scheme and Homeowners Mortgage Support*. London: DCLG.

¹⁷⁰ See Bramley, G. (2011) *Affordability Criteria For Mortgage Lending: Household Panel Survey Evidence And Emerging Regulations In the UK*, paper presented at ENHR-EMF Housing Finance Workshop on Mortgage Markets, Brussels, March 2011, p. 20.

Figure 3.9: Mortgage arrears and repossessions, UK 1982-2011

Source: DCLG Live Table 1300

in serious mortgage affordability problems and ultimately to repossessions. If the forbearance process has created a much larger pool of households who are merely 'treading water' then the impact as this unwinds could be larger still.

An econometric model based on aggregate data has shown that the level of possessions could be extremely sensitive to the level of interest rates, with more moderate sensitivity to other factors.¹⁷¹ The same study suggested, as its central forecast, that while repossession levels are likely to remain at around 36,000 in 2012, they are then likely to rise in the next three years to 50,000 in 2015.

Landlord possession actions

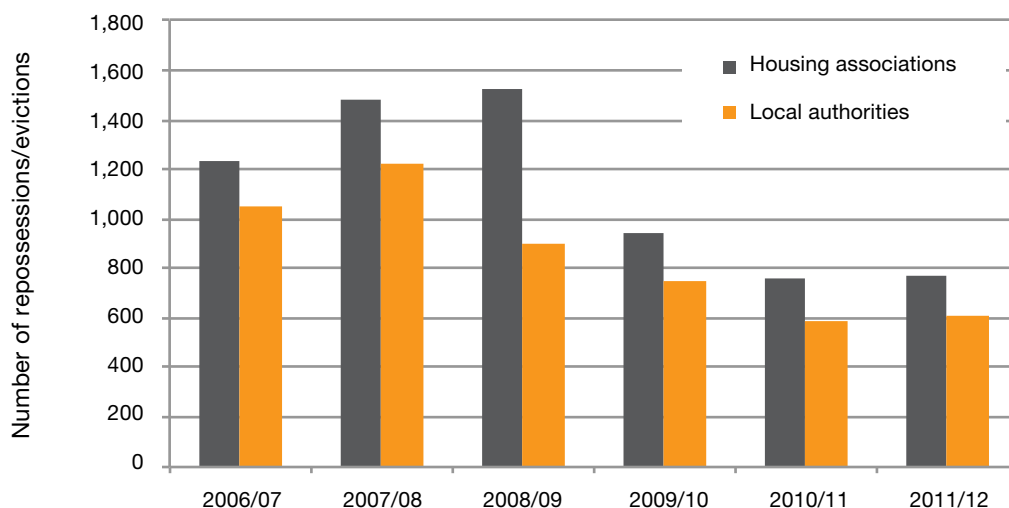
The drivers and dynamics for possession actions by social landlords are quite distinct from those relating to the mortgage market.

Thus far there has been little indication of strong linkage to economic or housing market pressures. As shown in Figure 3.10, a strongly downward trend in social landlord evictions was established following the credit crunch although this appears to have bottomed out in 2010/11. It remains to be seen whether this marks the start of an upward trend of evictions triggered by rent arrears due to rising unemployment.

Unemployment, mortgage and rent arrears and homelessness

As noted above, a range of intervening variables are likely to influence the relationship between unemployment, resultant mortgage/rent arrears, and homelessness. A key point to bear in mind is that, for homelessness to occur, two things have to happen simultaneously, (a) a person has to lose their current home (e.g. because of repossession or eviction), and (b)

¹⁷¹ Muellbauer, J. & Aron, J. (2010) *Modelling and Forecasting UK Mortgage Arrears and Possessions*. London: DCLG: <http://www.communities.gov.uk/publications/housing/modellingarrearssummary>

Figure 3.10: Social landlord evictions in Scotland

Sources: Scottish Housing Regulator, Scottish Government

they have to fail to find another. In other words, not everyone who is repossessed or evicted necessarily becomes homeless.

As discussed in Chapter 5, mortgage and rent arrears, in combination, still account for only around 5% of all statutory homelessness acceptances in Scotland; a proportion that has remained steady throughout the post-2007 downturn.¹⁷² This may seem surprising given that, as noted above, these would appear to be the causes of homelessness most obviously associated with economic weakness (via job losses or short time working). Indeed, a number of the LA representative we interviewed remarked that, in anticipation of recession-related rises in homelessness, they had been monitoring ‘money-related’ reasons for homelessness presentations – specifically rent and mortgage arrears – but to their surprise these had stayed ‘very steady’.

“We monitored it (mortgage repossessions) very carefully a couple of years ago because [we] were expecting a rise to come but it never did.”

(Manager, local authority homelessness service)

While LAs had seen a growth in Section 11 notices,¹⁷³ these only rarely ‘translated’ into statutory homelessness applications.¹⁷⁴ The explanation offered by most key informants was that the households concerned were able to draw on enough financial and/or social ‘equity’ to find alternative solutions for themselves, e.g. securing a private tenancy, or moving (back) in with family. For this group at least, the statutory homelessness system was seen to be the ‘absolute last resort’:

“You would never choose this [the statutory system] if you had any other options.”

¹⁷² Very similar comments were made by LAs in both England and Wales, see <http://www.crisis.org.uk/policy-and-research.php>

¹⁷³ Creditors, housing associations and private landlords are required under Section 11 of the Homelessness Etc. (Scotland) Act 2003 to notify local authorities of households at risk of homelessness due to eviction/repossession.

¹⁷⁴ See also para. 6.19 in the Scottish Parliament 2012 Inquiry. See <http://www.scotland.gov.uk/Resource/0039/00395996.pdf>

(Manager, local authority homelessness service)

“More people are struggling financially... [but they are] finding their way out of it.”
(Manager, local authority homelessness service)

The changing nature of the UK housing market, and in particular the substantial growth in the PRS as a ‘flexible’ tenure, as discussed in detail above, is clearly important in this context, absorbing some of those who might otherwise become homeless. That said, it may be the case that the arrangements in the PRS, or with family and friends, secured by those evicted or repossessed may simply be short-term ‘fixes’, providing only a temporary respite from homelessness rather than preventing it (see Chapter 5). Also note the comments above by frontline workers that, while it may not (yet) be showing up statistically, their sense is that their caseload contains a growing number of people experiencing debt-related homelessness.

3.7 Key points

- The impact of the economic downturn and rising unemployment on homelessness is likely to be lagged and diffuse, often operating through ‘indirect’ mechanisms such as additional strain on family relationships. Much depends on the strength of the welfare safety net, and therefore the impact of this on the Government’s welfare reforms.
- While both rent and mortgage arrears continue to account for only a very small proportion of statutory homelessness cases in Scotland – with most of those affected thought able to find their own solution by securing a PRS tenancy or by moving in with family – there is some qualitative evidence of a rise in debt-related problems amongst the users of some homelessness services.
- The last major housing market recession *reduced* homelessness in Scotland (albeit to a lesser extent than it did in England) because it eased access to the owner occupied sector, which in turn freed up additional social and private lets. This positive impact substantially outweighed the negative consequences of economic weakness on housing – e.g. repossessions arising from rent or mortgage arrears triggered by loss of employment.
- However, such a benign impact of the housing market recession is less likely this time. Predominantly as a result of the long-term impact of the right to buy, levels of lettings available in the social rented sector are now much lower, with levels of new supply insufficient to offset this decline. The continuing severe constraints on mortgage availability also placing increasing pressures on the rental sectors.
- In that context the continuing growth of the PRS – the sector has almost doubled in the last decade and now accounts for 12% of the Scottish housing market – assumes much greater importance in terms of its capacity to absorb growing numbers of low income households; and in turn that capacity will be constrained by the UK Government’s welfare reforms.
- In the medium term there will need to be a full recovery in levels of new house building if it is to keep pace with projected rates of household growth. Otherwise there will be an increase overall in housing market pressures in Scotland, albeit that the household dwelling balance remains far more favourable than that in England. Marked regional variations in projected rates of household growth mean that housing market pressures will continue to increase in eastern and some northern parts of Scotland relative to the west-central belt.

4. Coalition and Scottish Government policies potentially impacting on homelessness

4.1 Introduction

Chapter 3 considered the homelessness implications of the post-2007 economic downturn, which straddled the end of the Labour era and the UK Coalition Government's term in office. This chapter now turns to review policy developments that might be expected to affect homeless groups and those vulnerable to homelessness, either immediately or over the next few years. It covers both areas of policy devolved to the Scottish Parliament and Scottish Government (homelessness and housing policies) and areas of policy reserved to Westminster and therefore the responsibility of the UK Coalition Government (welfare reform).

We begin by considering recent developments in homelessness policies in Scotland, before examining the impact of the ongoing UK-wide welfare reform agenda in Scotland and the distinctive housing policies of the Scottish Government. This discussion is informed by the causal framework set out in Chapter 2, and also by insights derived from our repeated qualitative interviews with key informants from homelessness service providers across Scotland. In Chapter 5 we assess whether the potential policy impacts highlighted in this chapter, are as yet evident in trends in national datasets.

4.2 Homelessness policies in Scotland

As noted in Chapter 2, since devolution in 1999, Scotland has significantly strengthened its statutory homelessness safety net for homeless people and, with the abolition of the 'priority need' criterion by the end of

2012, all unintentionally homeless people in Scotland will soon be entitled to settled housing.¹⁷⁵ This expansion of statutory entitlements has posed very substantial challenges for Scottish local authorities, with significantly growing pressure on both TA and permanent social housing stock over the past decade. In response, the Scottish Government has recently encouraged a much stronger recent emphasis on homelessness prevention, along the lines of the English 'housing options' model.¹⁷⁶

Adoption of this housing options (or 'advice-led' model) implies that all households approaching a LA for assistance with housing are given a formal interview offering advice on all of the various means by which their housing problems could be resolved. This may involve measures, such as family mediation or landlord liaison, designed to enable the household to remain in their existing accommodation, or help may be offered to find alternative accommodation, typically in the private rented sector. The idea is that a flexible and 'customer-focused' approach may help to find the most appropriate outcome for particular households, taking into account all of their circumstances, and may also obviate the need to make a statutory homelessness application.

To support the development of a housing options approach in Scotland, the Scottish Government launched the Housing Options Hubs programme in 2010, establishing five roughly regional groupings of local authorities with access to modest designated funding of £500,000 in 2010/12, with another £150,000

¹⁷⁵ The Homelessness (Abolition of Priority Need Test) (Scotland) Order 2012 (SI 2012/330)

¹⁷⁶ Pawson, H., et al. (2007) *Evaluating Homelessness Prevention*. London: CLG. <http://www.communities.gov.uk/publications/housing/preventhomelessness>; Pawson, H., Netto, G. & Jones, C. (2006) *Homelessness Prevention: A Guide to Good Practice*; London: DCLG. <http://www.communities.gov.uk/publications/housing/homelessnessprevention>.

of funding announced in April 2012. An independent evaluation has concluded that the programme indeed proved an effective spur to homelessness prevention, not only through disseminating ideas about specific techniques and ways of working, but also by securing additional local authority 'buy in' for a new and more activist approach to homelessness.¹⁷⁷ Also important in opening the way for culture change will have been signalling by the Scottish Housing Regulator of their support for the housing options approach, and also, possibly, the scaling down of regulatory inspection which had previously discouraged 'gatekeeping'.¹⁷⁸

The annual statutory homelessness statistics discussed in Chapter 5 indicate a resultant very sharp decrease in both presentations and acceptances in Scotland over the past year, with statutory homelessness reducing by one-fifth nationally, but by as much as half in some specific local authorities. This has also fed through into a levelling off in the use of TA. As in England,¹⁷⁹ views differ on the extent to which these trends are attributable to 'genuine' homelessness prevention or to increased local authority gatekeeping which may, on occasion, mean that homeless people are being denied their statutory rights. Citizens Advice Scotland, for example, has expressed concerns in written evidence to a Scottish Parliament Inquiry into the 2012 commitment¹⁸⁰ that some of their clients have been discouraged from making a homelessness application, in a context where *'[local authorities] are under pressure to help rising numbers of homeless people alongside meeting the [2012] commitment.'*¹⁸¹

Stakeholders interviewed for this current research have highlighted the sometimes fine line between 'good quality housing advice' and 'gatekeeping', and a senior local authority official we interviewed even remarked: *'Now gatekeeping is fashionable but we call it 'housing options'.*

At the same time, however, many of those submitting evidence to the Scottish Parliament Inquiry made the point that, under the influence of both the 2012 commitment and the shift towards housing options, the culture of homelessness services has altered substantially in favour of greater 'respect' for applicants, and towards a more flexible, person-centred and outcome-orientated approach. Similar sentiments were expressed by the key stakeholders we interviewed: *'Customers are getting a better service than in 2003'* (senior manager, single homelessness service provider), with local authorities *'developing a different relationship with the client'* (manager, local authority homelessness service). Single homeless people in particular are said to have benefited from this culture change within local authorities.¹⁸²

Certainly, evidence given both to the Inquiry and our own qualitative investigations indicate broad cross-sectoral support for both the abolition of priority need, and the more recent shift towards an advice-led prevention model,¹⁸³ notwithstanding continuing concerns over the acute pressure on TA and permanent housing allocations in many areas. One of the strongest statements in this regard was from the Scottish

¹⁷⁷ Ipsos MORI and Mandy Littlewood Social Research and Consulting (2012) *Evaluation of the Local Authority Housing Hubs Approach*. Edinburgh: Scottish Government: <http://www.scotland.gov.uk/Resource/0039/00394152.pdf>

¹⁷⁸ Pawson, H. & Davidson, E. (2008) 'Radically divergent? Homelessness policy and practice in post-devolution Scotland', *European Journal of Housing Policy*, 8(1): 39-60.

¹⁷⁹ Pawson, H. (2007) 'Local authority homelessness prevention in England: Empowering consumers or denying rights?', *Housing Studies*, 22(6): 867-884.

¹⁸⁰ Infrastructure and Capital Investment Committee, Second Report, 2012 (Session 4) Homelessness in Scotland: the 2012 Commitment. <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/44465.aspx>

¹⁸¹ Written evidence from Citizens Advice Scotland http://www.scottish.parliament.uk/S4_InfrastructureandCapitalInvestmentCommittee/General%20Documents/Citizens_Advice_Scotland.pdf

¹⁸² Scottish Parliament http://www.scottish.parliament.uk/S4_InfrastructureandCapitalInvestmentCommittee/General%20Documents/Scottish_Council_for_SingleHomelessness.pdf

¹⁸³ Inquiry into the 2012 homelessness commitment <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/44465.aspx>

Federation of Housing Associations to the Scottish Parliament 2012 Inquiry:

*“The 2012 Homelessness Commitment – to give every unintentionally homeless person the right to settled accommodation – stands as one of the most significant achievements of the Scottish Parliament in international terms. It has attracted worldwide acclaim and it has set a very clear mark of the kind of society that Scots wish to live in. It has also brought about a range of changes in housing and homelessness policy and practice which has transformed the way homeless people’s needs are met. In the space of a decade, we have seen a shift from a system which many felt was dehumanising, unfair and disempowering to a people-centred approach which seeks to find appropriate solutions for all.”*¹⁸⁴

One final point to note with respect the statutory homelessness framework in Scotland is the introduction, via the Housing (Scotland) Act 2010, of a new statutory requirement on local authorities to assess the housing support needs of statutorily homeless households, and to ‘ensure that housing support services are provided to those assessed as being in need’.¹⁸⁵ These duties pertain to all members of the household, not just the applicant. The Scottish Parliament has now approved housing support regulations to accompany this new duty, which will commence on 1 June 2013.¹⁸⁶ Shelter Scotland were instrumental in lobbying for the housing support duty, and have published research on key issues in its implementation.¹⁸⁷

This new housing support duty received a mixed reception amongst our interviews. One manager in a local authority homelessness service commented that ‘We are pinning all our hopes on the new housing support duty’ to protect at least some housing support services for homeless people, in a context where all ‘non-statutory’ funding is being severely pared back. However, other interviewees felt that there was a risk that the new duty would draw resources towards the point of crisis, and away from more upstream forms of homelessness prevention, e.g. low intensity services, floating support, etc. A similar range of views are apparent in the written evidence to the Scottish Parliament Inquiry into the 2012 commitment.¹⁸⁸

Looking ahead, the evolving ‘story’ of the unique homelessness legal and policy approach in Scotland is of great interest not only elsewhere in the UK, but also internationally (see Chapter 2). In a Joseph Rowntree Foundation-funded review of the housing and homelessness impacts of devolution, to mark the 10-year anniversary of the devolved administrations, we suggested that:

“...the ideal homelessness system would combine the vigour of the English and Welsh preventative measures (alongside appropriate inspection and other safeguards against unlawful gatekeeping) with the strong statutory safety net available in Scotland (alongside robust assessment methods to counter concerns about any ‘perverse incentives’ that this may create).” (p.46)¹⁸⁹

¹⁸⁴ Written evidence from Scottish Federation of Housing Associations http://www.scottish.parliament.uk/S4_InfrastructureandCapitalInvestmentCommittee/Inquiries/SFHA.pdf

¹⁸⁵ These new duties are contained in Section 32B of The Housing (Scotland) Act 1987, as inserted by The Housing (Scotland) Act 2010 Section 15.

¹⁸⁶ The Housing Support Services (Homelessness) (Scotland) Regulations 2012 (SI 2012/331)

¹⁸⁷ Rosengard, A. & Jackson, A.A. (2012) *Supporting Homeless People: Implementing the Housing Support Duty*. Edinburgh: Shelter Scotland. Supporting Homeless People: implementing the supporting people duty http://scotland.shelter.org.uk/_data/assets/pdf_file/0005/426146/SUPPORTING_PEOPLE_AR_FINAL_REPORT_SHELTER_SCOTLAND_FINAL_28_03_12.pdf

¹⁸⁸ Inquiry into the 2012 homelessness commitment <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/44465.aspx>

¹⁸⁹ Wilcox, S. et al. (2010) *The Impact of Devolution: Housing and Homelessness*. York: JRF.

The strong progress towards the 2012 target, together with recent developments on homelessness prevention, at least raise the possibility that this 'ideal' system is attainable in Scotland. However, a great deal depends on the interaction with wider policy agendas, the most important of which relates to UK-wide welfare reform and, within Scotland, to issues of wider housing policy and supply. It is to these wider matters that we now turn.

4.3 The impact of UK-wide welfare reforms in Scotland

Given that social security systems, and especially housing allowances, are what usually 'break the link' between losing a job or persistent low income and homelessness (see Chapter 2), the welfare reforms proposed by the UK Coalition Government are likely to be highly relevant to homelessness trends. The most important reforms relate to:

- Housing Benefit (HB) and Local Housing Allowance (LHA) reforms;
- Universal Credit and benefit caps; and
- Work Programme and increased conditionality.

Housing Benefit and LHA reforms

The LHA was introduced under Labour in 2008 with a number of objectives. Allowances for private tenants were to be set based on standard rates for the accommodation of the size deemed appropriate for the size of the household, in the broad locality of the dwelling (the Broad Rental Market Area or BRMA), rather than a complex assessment of the reasonable market rent for the individual dwelling, and the 'local reference rent' for the locality. In practice the government introduced as part of the LHA scheme a provision that the maximum payment to a

claimant should be no more than £15 above the level of their contractual rent.

The LHA regime was intended to be simpler and more transparent than the previous regime, and at the same time to provide tenants with greater choice – and responsibility – when moving into private dwellings when applying for, or in receipt, of HB.

A further feature of the LHA is that it should generally be paid direct to the claimant, rather than to the landlord, albeit with provisions for direct payments to landlords in the event of rent arrears, or with respect to tenants assessed as 'vulnerable'. The payment via client system provoked widespread landlord concern; with suggestions that this aspect of the new framework would result in claimants' access to housing being debarred.

Overall, however, the years following the roll out of the LHA in fact saw a rise in the numbers of claimant households securing private tenancies in Scotland, albeit to a much lesser extent than elsewhere in Great Britain. In Scotland the numbers rose from 78,000 in May 2007 to 85,000 by May 2010.¹⁹⁰ The numbers of claimants in the PRS had already started to grow from 2003, but some part of the increase appears to be the result of reclassification of cases between the PRS and the RSL sector (between May 2006 and May 2007).

Factors underlying this trend included the wider growth of the PRS, the constraints on the availability of social rented dwellings. Nonetheless, the continued growth in claimant numbers in the PRS following the introduction of the LHA put into context previous landlord assertions that LHA payments to claimants would trigger a collapse in provision.

¹⁹⁰ DWP (2011) *DWP Housing Benefit and Council Tax Benefit Statistical Summary*. London: DWP.

In practice, the sharp rise in the numbers of claimants securing accommodation in the growing PRS in Great Britain as a whole led to government concerns about the overall costs of the LHA regime. Coupled to this were concerns that the transparent LHA rates in more expensive parts of Britain (and in particular in parts of inner London) were enabling claimants, at substantial cost to the state, to secure accommodation that could not be afforded by working households on moderate earnings.¹⁹¹

Those issues were initially set out in a consultation paper issued by the previous Government ahead of the 2010 election. However, these were swiftly taken up by the incoming Coalition Government, in the broader context of its determination to cut public expenditure, with a particular emphasis on achieving economies in the welfare budget. Added to the concerns about the equity of a scheme enabling claimants to live in high value areas, Ministers also argued that the LHA regime had led to landlords increasing their rents to take advantage of the scheme.

With only minor changes, the Coalition Government pressed ahead with its planned reforms to the HB and LHA regimes for tenants in the social and private rented sectors, as originally outlined in 2010. The only major concession to lobbying pressure was to drop the proposed 10% 'benefit penalty' for claimants remaining on Jobseeker's Allowance for more than 12 months. As from April 2011:

- LHA rates for private tenants are based on 30th percentile rather than median market rents (with limited transitional protection for existing tenants);
- The maximum payment for private renters is the actual rent if it is below the LHA rate (i.e. removing the financial incentive for

claimants to 'shop around' for 'below-rate' rents);

- National caps apply to the LHA rates (£250-£400 depending on the number of bedrooms required by the claimant household);
- The maximum LHA rate is reduced to the 4-bedroom rate; and
- Non-dependent deductions are uprated for both private and social tenants.

The three key changes implemented from later dates are as follows:

- From January 2012 the 'shared accommodation rate' (SAR) (formerly 'single room rate') is extended to single claimants aged 26-34, as well as to those under 26;
- From 2013 periodic uprating of LHA will be based on the Consumer Price Index (CPI) rather than on local rents; and
- From April 2013, social tenants of working age in receipt of HB 'under-occupying' their homes will be subject to penalty benefit cuts to encourage them to move to an 'appropriate size' dwelling.

The Government has also modified the presumption that housing allowance payments should in the first instance be paid to claimants, and only be paid to landlords in cases where there are rent arrears, or the claimant is vulnerable. It now plans to allow payments direct to landlords if they agree to reduce their rent to match the lower LHA rate. However, this provision is only temporary and the wider principle of direct payments will be reintroduced in the context of the Universal Credit scheme (see below).

¹⁹¹ Walker, B. & Niner, P. (2010) *Low income working households in the private rented sector*. London: DWP.

Figure 4.1: Timetable for introduction of major reforms

Date of introduction	Measures
April 2011	Lower (30th percentile) LHA rates and national LHA per week caps for new claimants.
January 2012	Lower LHA rates and caps apply to existing claimants as their claims are renewed over the year. Extension of SAR to single claimants aged 25-34, as well as to those under 25.
April 2013	Under-occupation limits for social sector tenants. Lower LHA rates basis for limits on temporary accommodation for homeless households. Maximum benefit cap for out of work claimants.
October 2013	Universal Credit for new claimants.
April 2014	Phased transfer of existing claimants to Universal Credit, over four years.

There are transitional arrangements to slightly defer the impact of the new regime on existing claimants. Those transitional provisions, and the ameliorating impact of the increased budgets for LA Discretionary Housing Payments (DHPs), mean that the effects of the new regime will be seen gradually over the current and coming years, rather than as a ‘big bang’.

A time line for the new welfare reform provisions is set out in Figure 4.1.

The LHA reductions outlined above have been widely predicted as having a very marked impact on the capacity of benefit-dependent households to secure PRS accommodation, particularly in parts of inner London where the national caps will sharply reduce the maximum LHA rate.

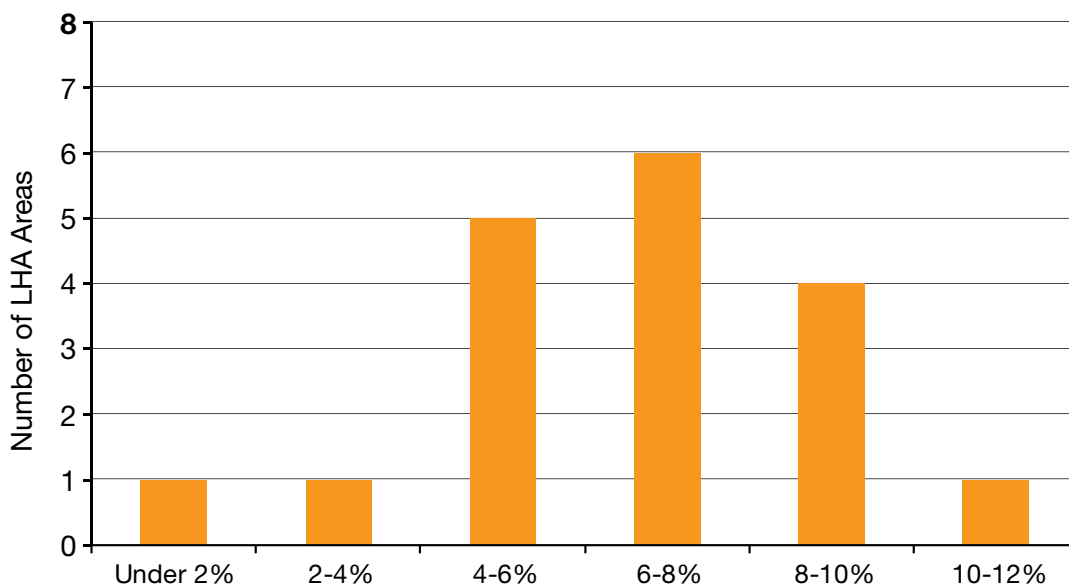
However, the national LHA caps will not impact at all within Scotland, and the difference between the 30th percentile and median based LHA rates is relatively modest in many areas of Scotland,¹⁹² as variations in rent levels within the market are relatively compressed (see Figure 4.2). Landlords seem most likely to reduce rents to the new maxima in these areas where the difference

between the median and 30th percentile rates is small, where claimants form a large proportion of the demand group for available private lettings, and where competition from other households is limited.

This is consistent with comments by our interviewees who, in areas of high unemployment and a flat housing market, found that landlords were generally willing to adjust their rent levels to conform to the new 30th percentile ceiling, and even to accept the SAR rate for one bedroom properties: *‘Landlords can’t go anywhere else.’* (manager, local authority homelessness service). The situation was far more difficult in buoyant market areas, but even here local authorities had found a degree of landlord willingness to accept the need for rent reductions. *‘It takes a lot of negotiation but some of them are willing to be flexible’* (manager, local authority homelessness service). Such negotiation may involve providing comfort to landlords through committing to tenancy support aimed as forestalling rent arrears.

Nonetheless, there is considerable uncertainty, and conjecture, about the extent to which landlords might be prepared to reduce rents in line with the lower LHA rates, and thus

¹⁹² DWP (2010). *Impacts of Housing Benefit Proposals. Changes to the Local Housing Allowances to be Introduced in 2011/12*. London: DWP

Figure 4.2: Difference 30th percentile and median LHA rates

Source : Scottish Government Office. 1 bed rates for March 2011

continue to supply lettings to claimants without any (further) call on their non-LHA disposable incomes. A coherent set of estimates of the likely impacts of the scheme were set out in a Cambridge University report,¹⁹³ that in turn took as its starting point evidence from the evaluation of the LHA pathfinders that ran for two years before the LHA scheme was rolled out nationally.¹⁹⁴

The LHA evaluation found where the LHA rate was lower than the contractual rent that one in six landlords had reduced the rent charged. In just over a half of all cases the tenant made up the shortfall between the LHA and the rent, while almost 30% failed to do so. In half of the latter cases the resulting rent arrears did not lead to any landlord action; and thus there was *de facto* acceptance of the lower level of rent set by the LHA rates. Overall, the Pathfinder evaluation suggests that just over 30% of all landlords had been explicitly

(16%), or implicitly (15%), prepared to reduce their rents in response to LHA rates.

While this survey data is the best available on 'landlord behaviour' consequences of the LHA system it cannot conclusively show how landlords will react to the new changes to the LHA regime, which involve a substantial reduction in LHA rates, and take effect in a very different market context. However the formal DWP impact assessment estimated that, before taking account of any behavioural changes by either landlords or tenants, the lower LHA rates would see 28,620 households in Scotland losing some £7 per week.¹⁹⁵

When the LHA regime was first introduced claimants comprised just over a quarter of all households in the PRS in Great Britain as a whole, but almost a third in Scotland. By 2010 the proportion had grown to a third in Great Britain as a whole, while remaining

¹⁹³ Fenton, A. (2010). *How will changes to Local Housing Allowance affect Low-income Tenants in Private Renting?* Cambridge: Cambridge Centre for Housing and Planning Research.

¹⁹⁴ Rhodes, D & Rugg, R. (2006). *Landlords and Agents in the Private Rented Sector: the Baseline Experience in the LHA Pathfinders*. London: DWP.

¹⁹⁵ DWP (2010) *Housing Benefit: Changes to the Local Housing Allowance Arrangements*. London: DWP.

steady in Scotland.¹⁹⁶ At the same time, the changing housing market conditions, the acute mortgage constraints on access to owner occupation, and the continuing shortfall in new house building rates, have added to the competitive pressures within the private rented sector.

As noted above in order to encourage landlords to reduce rent charged to claimants the Government introduced a temporary measure whereby housing benefit could be paid direct to the claimant in cases where the landlord agreed to reduce the contractual rent to match the new lower LHA rate. While this measure will have reinforced the likelihood of landlords responding to lower LHA rates, the extent of that response is not yet clear, and is likely to vary from one area to another depending on local market conditions.¹⁹⁷

In the medium term there are also concerns about the greater constraints on access to the PRS for claimants that would result if private rents increase more rapidly than the LHA rates are uprated by the CPI. While over the last decade private rents have increased more rapidly than the CPI the future relationship cannot be predicted with any certainty. Moreover, the technical definition of the CPI is also due to be revised in the near future to include an element related to home owners housing costs, and the government has also acknowledged that CPI uprating cannot be left to run for many years before there is a more fundamental review of LHA rates.¹⁹⁸ This will, however, clearly be an important feature of the new LHA regime to monitor in the years ahead.

Statistical evidence on the early impacts of the new LHA regime

While only limited initial results are currently available from the formal evaluation of the LHA evaluation,¹⁹⁹ some administrative data is available on changes in numbers of claimants and average claims up to August 2012. By that time the new LHA regime has been operating for 16 months, and since the beginning of 2012 its provisions have also begun to impact on existing claimants as their periods of transitional protection come to an end.

The first point to note is that the numbers of HB claimants able to secure accommodation in the private rented sector in Scotland have continued to grow under the new regime, albeit at a slightly slower rate than in the previous year. This has also been the case in Wales and England as a whole. It is only in the inner London areas subject to the LHA caps that numbers of claimants have begun to fall.

In the year to March 2011 the number of HB cases in the PRS in Scotland grew from 83,380 to 90,290. In the following 16 months, under the new LHA regime, the numbers continued to rise to 97,950 in August 2012. So at most it might be claimed that the new LHA regime has very marginally slowed the rate of growth of claimants able to secure accommodation in the PRS. Moreover the numbers of claimants grew in every local authority area under the new regime, other than in the Orkney and Shetland Islands where there was a marginal decline in numbers.

These figures cannot, however, give a full indication of the impact that the new LHA regime has had on the ability of low-income

¹⁹⁶ DWP (2011) *DWP Housing Benefit and Council Tax Benefit Statistical Summary*. London: DWP; and DCLG (2011) *Table 104, Live Tables*.

¹⁹⁷ Wilcox, S. (2011) *Constraining Choices: the housing benefit reforms in UK Housing Review 2010/2011*. Coventry: CiH.

¹⁹⁸ House of Commons (2010). *Changes to Housing Benefit announced in the June 2010 Budget*. Second Report of the Work and Pensions Committee, House of Commons.

¹⁹⁹ Beatty, A., et al. (2012), *Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings*. Department for Work and Pensions Research Report No. 798. London: DWP.

households to gain access to the private rented sector. Other factors need to be taken into account in a more detailed evaluation, including the continuing growth of the PRS sector as a whole, and the continuing restrictions on access to the social rented sector.

A further factor is the sharp rise in the numbers of in work households claiming HB.²⁰⁰ While no breakdown is available by tenure in the two years to May 2012 the increase in the numbers of working (and non passported) HB claimants rose by 252,000 in Great Britain as a whole, and this represented 90% of the overall rise in claimant numbers over that period.

While a detailed evaluation is required to provide a full understanding of the causes of that change, there are a number of likely contributory factors. Slow earnings growth in the post credit crunch years, and increased levels of part time employment are two factors to take in account, as are above inflation rises in both social sector and private rents. There is also a possibility that those contextual factors, plus perhaps all the publicity around the LHA and related reforms, have led to some increase in the take up rate for HB by working households.

Nonetheless the continuing growth in the numbers of HB claimants in the PRS post the LHA reforms does require some circumspection, at this point in time, in respect of claims that the new 30th percentile based regime is significantly impacting on low income households capacity to access the sector across the country.

The same administrative data also shows that, not surprisingly, the average HB payment to claimants in the PRS has declined since

the advent of the new LHA levels and caps. From an average of £115.13 per week in April 2011, for Great Britain as a whole, the average payment fell to £108.32 per week in May 2012.²⁰¹ In this respect the new LHA regime is clearly meeting one government objective in constraining public expenditure levels.

However, it is not yet clear how far these reduced levels of payments are a result of either some landlords reducing rents in response to the lower LHA rates, or tenants either absorbing the shortfall between the lower LHA rates and their actual rent, or moving to less expensive dwellings. The early evaluation study findings do not, however, suggest that these will be substantial factors. While claimants under the new regime are likely to face a larger shortfall between their rent and the LHA rate, compared to existing tenants, there is no initial evidence that they are more likely to seek a move to cheaper accommodation, or to negotiate a lower rent from their landlord.²⁰²

Moreover some part of the reduction in average awards will be as a result of the continuing growth in the proportion of working claimants who as a result of their earnings only receive partial benefit.

It is clear, however, that in most areas of Scotland LHA rates tended to rise in the first year of operation under the new LHA regime. That said only in 6 out of 18 BRMA were LHA rates in April 2012 either equal to, or higher than, the 30th percentile LHA rate set a year earlier for all sizes of properties. In the other areas the LHA rates for one, or even two, sizes of dwellings were lower in April 2012 than they were a year earlier. On average²⁰³ LHA rates across Scotland for all sizes of properties rose by just under 2% over the year.

²⁰⁰ Pattison (2012) *The growth of in-work housing benefit claimants*. British Social Housing Foundation.

²⁰¹ Unfortunately the DWP administrative statistics do not give figures for the average payments in Scotland.

²⁰² Beatty, A., et al. (2012). *Monitoring the impact of changes to the Local Housing Allowance system of housing benefit: Summary of early findings*. Department for Work and Pensions Research Report No. 798. London: DWP

²⁰³ This is an unweighted average, as data on the distribution of private rented stock between, and within, BRMA areas is not available.

There is no robust independent source of data on movements in private rents across Scotland. There is data available from some websites, but this only covers lettings made through the websites rather than by other channels, and thus does not cover the whole of the market. Moreover the two data series available from those sources provide divergent estimates of the changes over the past year, with one suggesting a 1% rise in rents, while the other suggests a fall of almost 4%.²⁰⁴ In contrast the RICS Residential Lettings Survey suggested that private rents in Scotland rose by almost 6% in the year to April 2012.²⁰⁵

While there is also local evidence about the impacts of the new LHA regime (see below), it will be some time before a fuller evaluation can be made of that impact. The limited, and contradictory, data available on private rents is not helpful. Moreover, the critical question in policy terms is not whether or not private rents have fallen or increased since the introduction of the new LHA regime, but whether or not they are now lower than they otherwise would have been given continuing changing pressures across the market as a whole.

Finally, there is one further dimension to the changes in the LHA regime that needs to be appreciated. The LHA rates (and caps) are the basis not just for the levels of payments for tenant claimants directly accessing the PRS, but also set to apply for the rents for households placed in TA by local authorities under their homelessness duties. The lower LHA rates (with a limited additional management allowance) are from 2013 due to apply to LAs seeking to secure accommodation for homeless households in the sector. However this is of less significance in Scotland than in England,

as Scottish authorities make more limited use of private sector tenancies as temporary accommodation.

The Shared Accommodation Rate (SAR)

Since the late 1990s single childless people (or with non-dependent children) aged under 25 and claiming housing benefit have been subject to the Single Room Rent (SRR) restriction, based on the expectation that young people share accommodation rather than occupy a 1-bedroom flat. Hence, for such claimants HB has been limited according to local rates for shared rather than self-contained accommodation. As from January 2012 this regime, now termed the Shared Accommodation Rate (SAR), has been extended to encompass single childless people aged under 35. Ministers have made a limited concession to homelessness sector lobbying by exempting from the SAR extension those who have lived in a hostel for at least three months.²⁰⁶ There are of course suggestions that the Government might remove entitlement to HB from under 25s altogether.²⁰⁷

University of York research has highlighted a number of potential implications of the SAR changes for homelessness.²⁰⁸ These will generate significant additional demand for the shared segment of the PRS, in a context of existing shortages of shared accommodation in many areas. There is also a greater risk of unstable or failed tenancies, particularly given the increased potential for friction arising from a wider mix of ages sharing and the unsuitability of some 'stranger' shared settings for vulnerable tenants with support needs.

Of all the changes being introduced in HB for private tenants, the SAR was generally considered the most significant in terms of its

²⁰⁴ Data from FindaProperty and RentRight websites.

²⁰⁵ RICS Residential Lettings Survey GB, July 2012, RICS website.

²⁰⁶ The Housing Benefit (Amendment) Regulations 2011 (SI 2011/1736). These regulations also provided that ex-offenders considered to pose a serious risk to the public are exempt from the SAR extension.

²⁰⁷ Prime Minister (2012) *Welfare Speech*. 25th June: <http://www.number10.gov.uk/news/welfare-speech/>

²⁰⁸ Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis.

potential consequences for homelessness in Scotland. The challenges of *'keeping people safe'* in a context where there was more pressure for a range of ages to share was a major preoccupation amongst both voluntary and statutory sector interviewees. The question was frequently raised of who would bear the burden in 'non exempt' cases where it was not safe for someone to share?

The new SAR age threshold was believed to be a particular problem for larger cities, which were most vulnerable in terms of their demographic profile. In one major city it was explained that, given that the LHA payable for a shared room is only £67 per week compared with £100 for a one-bedroom flat, to be re-classified as 'young' – in the case of someone aged 26-34 – leaves an enormous shortfall for someone already in a flat. Homelessness cases resulting from this measure were said to *'now be beginning to trickle through'*. In some low demand areas, as noted above, landlords may be willing to accept the SAR rate for one bedroom properties, but this is not an option in more robust market contexts. There was a suggestion in some local authorities that there may, in time, be a 'behavioural response' by both landlords and tenants to the SAR, with an increase in HMO applications and possibly the 'return of the landlady' in the form of resident landlord HMOs.

The administrative data suggests that the SAR changes are now beginning to have an impact. While not split by tenure (or country), the data for August 2012 shows a small decline in the numbers of single people aged 25-34 in receipt of HB, compared to March 2012, offsetting the even smaller rise in numbers during the first three months after the SAR changes were introduced at the beginning of January 2012. In contrast the overall number of HB recipients in Great Britain increased by a small amount over the same period, although

falling by a small margin in Scotland. However this data covers only the first few months of the operation of the new SAR regime, and more time and detailed analysis will be required before the impact of the changes can be fully understood.

Non-dependent deductions (NDDs)

Non-dependent deductions (NDDs) to HB – to take account of payments assumed to be made to the official tenant by household members aged 18 or over – are generally quite small in cash terms, but may still have a significant cumulative impact leading to upward pressure on rent arrears for the tenants affected.²⁰⁹ As in England, there was concern amongst the Scottish key informants we interviewed that increased NDDs were likely to contribute to more 'youth exclusions' and therefore homelessness. There is support for this view in the research that led to the previous government freezing NDDs over a run of years.²¹⁰ That said, it is somewhat difficult to isolate the impact of NDDs from other financial pressures on young people and their families, as was conceded by our key informants. There is also a potentially complex interplay between NDDs and the introduction of the 'bedroom tax' for under-occupation in social housing (see below).

Frontline workers from an emergency accommodation service were especially articulate on these issues and their complexities. In their comments, they placed a strong emphasis on younger men and women *'turfed out'* of their parent's home because their presence was *'affecting mum and dad's benefits'*. This was a usually a *'mix of'* benefits issues, but HB and NDDs were strongly implicated. The point they stressed was that, while the statistics will often say *'family can no longer accommodate'*, in actual fact the problem was often a purely financial one:

²⁰⁹ Pawson, H. (2011) *Welfare Reform and Social Housing*. York: HQN Network.

²¹⁰ Witherspoon, C., Whyley, C. & Kempson, E. (1996) *Paying for Rented Housing: Non-dependent Deductions from Housing Benefit*. London: Department of Social Security.

“Really is just financial, they stay friends with mum and dad, they come to visit them, so it’s not like there has been a relationship breakdown”.

(Frontline emergency accommodation worker)

Under occupation in the social rented sector

In Scotland, it is estimated that about 13% of all social tenants, and a third of those in receipt of HB, will be affected by the ‘underoccupation, with the HB losses for these households averaging £12 per week.’²¹¹ In total, it is estimated that around 90,000 Scottish households could be affected (see Chapter 5 for details).

This was the HB reform change that by far excited the greatest anxiety in Scotland, and was viewed as a ‘*huge issue*’ because of the ‘*complete mismatch*’ between stock and clients across the country. In many local authority areas there was thought to be an acute shortage of small dwellings – one which will exacerbated through the introduction of the 2012 statutory homelessness commitment. The pressure for social housing in Scotland was said to be ‘*largely from single people*’, but almost three quarters of the stock is family-sized.²¹² Hence, the feasibility of rehousing ‘underoccupiers’ into smaller dwellings was very much in doubt. This means that, as landlords, as well as from the homelessness perspective, many councils were very concerned at the possible consequences of what is being termed the ‘bedroom tax’.

In preparation, ‘awareness campaigns’ were being initiated, with councils gearing up by establishing databases of under-occupied properties, etc. Nonetheless, there was a sense in which it was difficult to envisage

a solution for all of those affected, and uncertainty as to who was going to ‘*take the hit*’ once the lowered level of benefit was implemented – local authorities, housing associations or tenants? The potential implications for housing associations were said to be dire – given that they won’t have accounted for the likely hike in arrears levels in their business planning – and this will affect their capacity to borrow and invest in their stock etc.

These comments were echoed in Wales and Northern England where the bedroom tax was likewise viewed as by far the most challenging welfare reform amongst all of those so far introduced.

Universal Credit and benefit caps

Government proposals for a Universal Credit (UC) and a cap on maximum total household benefits represent the most significant changes to the welfare benefits regime since the introduction of means tested in-work benefits in the early 1970s. The Welfare Reform Act 2012 includes the outline provisions for the new UC regime to replace Working Tax Credits, Child Tax Credits, HB, Income Support, and the income-related Jobseeker’s Allowance and Employment and Support Allowance, with the Universal Credit. It does not at present cover Council Tax Benefit (see further below).

Most, but not all, of the features of the UC proposal were set out in a 2009 report ‘Dynamic benefits’ published by the Centre for Social Justice (founded by Ian Duncan Smith MP in 2004).²¹³

The UK Government intends to introduce UC for new claimants from October 2013 and to ‘migrate’ existing claimants onto the scheme over a subsequent four-year

²¹¹ DWP (2012) *Housing Benefit: Under occupation of social housing – impact assessment* (Updated). London: DWP: <http://www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf>

²¹² Analysis of data from the SHS 2005/06.

²¹³ Brien, S. (2009) *Dynamic Benefits: Toward welfare that works*. London: Centre for Social Justice.

period. These changes are advocated not only as administrative simplification, but also to improve work incentives and make the potential gains to households entering low-paid work more transparent. Central to this is that, with a single unified benefit structure, there will be a single 'taper rate' through which help is withdrawn as earned incomes rise. Under the UC proposals, it is envisaged that benefit recipients would be subject to marginal deductions from additional earnings at a maximum rate of 76% – much lower than their maximum level under the current system. For those working less than 20 hours per week, the marginal deduction rate would be 65%. While there will be transitional protection, in the longer run lone parents and larger families, in particular, will tend to be worse off under UC.²¹⁴

While the UC as a whole is not in itself an initial cost saving measure, it will be introduced in a context where the government has already set in train a series of significant cut backs in the levels of available benefits, including the HB reforms discussed above, and the levels of support available for child care costs. In total the various cut backs will by 2014 provide the government with annual savings totaling some £18 billion.²¹⁵ As a result of those various cut backs, the Institute for Fiscal Studies have estimated that the total median income among households with children are set to fall by 4.2% in real terms between 2010-11 and 2015-16; compared to a 0.9% median fall for all households.²¹⁶

If UC are not expected to generate initial expenditure savings, Ministers have also expressed the hope that the more effective and transparent incentives offered by the scheme will lead to more households entering the labour market, thus leading to longer term expenditure savings.

The present coalition Government has also now made clear that it is considering a further £10 billion in welfare savings from 2015/16. While benefits paid to pensioner households (40% of the total benefit bill) are to be protected initial suggestions are that benefit rates may be frozen for a number of years, and that HB might be restricted to those aged 25 and over. In this context it must also be possible that further savings could be sought in the design of the UC regime itself; but this can currently be no more than speculation.

Meanwhile there are many complex issues involved in the design of UC, in particular the formidable logistical challenge of integrating the tax and benefit IT systems. The new regime will also be more complex than necessary, as it includes a two-tier earnings disregard, with a higher disregard available for households not receiving any help with housing costs as part of their UC. The lower levels of assistance that will consequently be offered to working tenant households receiving help with their rent, are also likely to frustrate the Government's hopes that the scheme will encourage greater labour market participation.²¹⁷

It should also be noted that since 2009 Child Benefit has been disregarded in the calculation of HB entitlements, and this has operated in the same way as an increase in earnings disregards to boost the incomes of working families in low paid work. This feature disappears in the UC regime, and while the indicative levels of the UC earnings disregards are higher than the current levels for HB (other than for single people), for larger families they are lower than the combined value of the earnings and Child Benefit regards, as shown in Table 4.1.

²¹⁴ Institute for Fiscal Studies (2011) *Universal Credit – A Preliminary Analysis*. London: IFS: <http://www.ifs.org.uk/publications/5417>

²¹⁵ Institute for Fiscal Studies (2010) *Cuts to welfare spending, take 2*. London, IFS <http://www.ifs.org.uk/budgets/sr2010/welfare.pdf>

²¹⁶ Browne, J (2012) *The impact of Austerity Measures on Households with Children*. Family and Planning Institute.

²¹⁷ Wilcox, S. (2011) *Universal Credit: Issues, Opportunities and the housing dimension in UK Housing Review 2010/2011*. Coventry: CiH.

Table 4.1: Universal Credit earnings disregards for tenant households

Household size	Current disregards	Universal credit disregards
Single person	£ 5.00	£13.42
Couple	£10.00	£32.82
Couple + 1 child	£30.30	£48.79
Couple + 2 children	£43.70	£53.78
Couple + 3 children	£57.10	£58.77
Lone parent + 1 child	£45.30	£53.31
Lone parent + 2 children	£58.70	£58.30

The consequence is that for many families the work incentives offered by UC will be little different than those under the current regimes, despite the other more positive characteristics of the scheme. Moreover the relatively favourable comparison of the UC and current schemes at current rates, is partly a consequence of the cut backs in the value of tax credits over the last two years. Compared to the 2010 welfare benefits regime UC compares far less favourably in terms of the incentives it provides for households in low paid work. The households most disadvantaged are larger families on low levels of pay.

In consequence the limited net changes to the work incentives for tenant households will potentially frustrate the Government's hopes that the scheme will encourage greater labour market participation.²¹⁸

The objective of a single integrated and simplified benefit system has also been diluted by the decision not to include Council Tax Benefit (CTB) within UC (although this was proposed in the earlier 'Dynamic Benefits' report). At the same time the UK government has imposed a 10% reduction

in the level of funding support CTB, and in England responsibility has been devolved to local authorities to devise and operate their own schemes.

However the Scottish Government and Scottish local authorities have agreed to make good the 10% cut in funding in the first year, and to maintain the current CTB scheme in Scotland in 2013/14.²¹⁹ While this will still leave in place complications where the UC and CTB scheme tapers overlap, in Scotland this will not be compounded, at least initially, by the reductions in the value of CTB support that will occur in England.

It should also be noted while the outline proposals for the new UC regime are now clear, there are a number of important details where only initial proposals have been put forward for consultation, and where the final form in which they will be put into operation has not yet either been determined, or made public and put into regulations and guidance (see further below). That continuing uncertainty has contributed to concerns about the timetable for introducing UC, and doubts remain about whether or not all the policy and IT developments will be completed in time.

²¹⁸ Wilcox, S (2011) 'Universal Credit: Issues, Opportunities and the housing dimension', in *UK Housing Review 2010/11*. Coventry: CiH.

²¹⁹ Scottish Government (2012) Council tax to be protected, News Release 19/04/2012, Scottish Government.

Another further critical related reform is the maximum cap on total benefits for out-of-work households below retirement age, which will come into effect from April 2013. The cap is to be based around the national average wage, but with a lower limit set for single people. These caps – which will initially stand at £350 for single person households and £500 for couples and lone parents – are to be a flat rate across the whole UK, with no variations to take account of either family size or housing costs. As a consequence the cap will be particularly hard-hitting for larger families in areas of high housing costs, because it will severely constrain the maximum amount of HB such households can access, limiting their ability to meet ‘affordable’ or even social rents in some cases. For very large families the impact will also be felt in areas with relatively low rents (as was noted by our Scottish key informants).

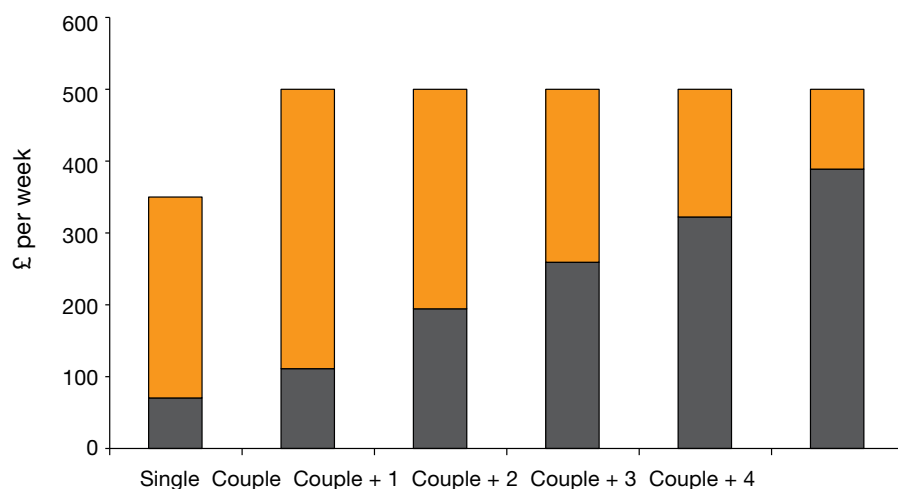
An indication of the level of funding available for housing costs under the caps, without requiring households to reduce

their expenditures on essential living costs below the levels provided for in basic benefit allowances, can be seen in Figure 4.3.

The DWP impact assessment estimated that the benefit cap would impact on some 2,500 households in Scotland (with some 7,000 children). Across Great Britain as a whole it also estimated that more of the 56,000 households affected would be in the PRS, and that more lone parent families would be affected than couples.²²⁰

While the general principles of UC were welcomed by many key informants across Great Britain, the practical challenges faced by benefit claimants under these new UC arrangements were a matter of great concern amongst both voluntary and statutory sector key informants, not least in Scotland. These concerns included the expectation that claims will be lodged online. While this will enable DWP to cut back its staff, it was predicted that it will necessitate ‘hand holding’ for large numbers of vulnerable applicants by housing advice/homelessness

Figure 4.3: Impact of Maximum Benefit cap



Source : UK Housing Review 2012 Briefing Paper

personnel. Frontline homelessness workers were especially vocal on this point, explaining that most of their clients don't have a bank account, and many cannot obtain a bank account because of fraud convictions (often for benefit-related offences). They also have no access to computers, and don't have skills to use computers, so the idea of applying online is not feasible. Moreover, many live chaotic lives, and so will struggle to cope with managing money if paid benefit monthly in arrears:

"Government has to change something, just won't work for our client group."
(Frontline homelessness worker)

The main homelessness-related concerns about Universal Credit were twofold. Firstly, there was the worry that rent arrears would rise if the housing element in the payment is not sufficiently sensitive to local rents. Secondly, given the intention to incorporate the rent element of UC within the overall payment rather than making it a detachable component which could be paid direct to landlords, there was an anxiety that claimants will spend some of the rent element elsewhere, again exacerbating the risk of rent arrears. This latter concern was particularly highlighted by those working with people with substance misuse problems.

On this latter point in particular, almost all key informants were extremely negative about the potential consequences: *'difficult to see any advantage to it. Pregnant with all kinds of possibilities for disaster'* (manager, local authority homelessness service). While the parallel with the 'personalisation' agenda, and desire to encourage people to become 'empowered consumers' was acknowledged, in practice most key informants could only see *'difficulties for providers, difficulties for clients'*.

These worries mirror those expressed by private landlords before the introduction of the LHA regime in 2008. In practice, under the LHA regime by February 2010 some 8% of claimants were having direct payments made to landlords under the rules permitting this where rent arrears occurred. A further 11% were having direct payments made to landlords on the basis of either a history of rent arrears, or an assessment that they were 'vulnerable' and thus likely to have difficulty in paying their rent.²²¹

The Government has made one minor change in response to some of the concerns expressed. Giving evidence to the Work and Pensions Select Committee on the 17th September (2012) Ministers announced that housing costs for those living in 'supported exempt accommodation' will be provided outside of UC.²²² This also means that 'eligible service charges' can continue to be included in these housing costs, at least in the short-term.

The Government has launched a number of local 'demonstration projects' to guide them in framing the detailed arrangements for cases where payments in respect of rent might be made direct to landlords (including Dunedin Canmore HA in Edinburgh). However, the projects have only started in June 2012 and will run for 12 months. Given that initial regulations and guidance for the new regime that will have to be introduced well before the projects have run their course, and been fully evaluated, this is illustrative of how hurriedly the new UC regime is being introduced.

The LHA regime for private landlords provides a broad outline of the cases where payments to landlords might be adopted – including cases that accrue rent arrears, or have a history of rents arrears, or can be viewed as 'vulnerable' to the extent they should not

²²¹ DWP (2011) *Two Year Review of the Local Housing Allowance*. London: DWP.

²²² DWP (2012) *Latest on Universal Credit – 20 September 2012 – Additional support for Universal Credit claimants announced*. London: DWP.

be required to take on the responsibility for managing their own rental payments. There are critical issues in defining each of these sets of reasons for making rental payments direct to landlords, but by far the most problematic task will be to operationally define and identify 'vulnerable' households within the context of a centrally managed national system.

Work Programme and increased conditionality

The issue that appeared to be of greatest concern to many of those working with single homeless people was the prospect of increased conditionality and tougher sanctions within income-related Jobseeker's Allowance (JSA) and Incapacity Benefit (IB)/Employment and Support Allowance (ESA), and also re-assessments of individual claimants which will result in some of those currently on sickness benefits being moved onto JSA, with a consequent significant drop in their weekly income. For example, frontline workers in a homelessness service in a major Scottish city noted that *'more and more [of their clients] are getting sanctioned'*. These clients with chaotic lifestyles often failed to keep relevant appointments, and were typically losing benefit for six weeks at a time. This also means that their HB is suspended during these periods of sanction, so they accrue rent arrears. When *'on a sanction'* these clients are said to *'beg, borrow, steal'* to survive for the six weeks, and are forced to use free food outlets in the city, such as day centres and soup runs.

Both local authority and voluntary sector key informants also noted the implications of the ongoing national review of Disability Living Allowance (DLA) claims, which is resulting in a large numbers of claimants being moving onto JSA, payable at a much lower rate than DLA. In the view of the frontline

homelessness staff interviewed, most of the clients affected were in fact *not* capable for work. They illustrated this point with various case histories, including that of one young man with an amputated leg and a severe drug problem, and a young woman with panic attacks so bad she couldn't walk to end of the street, who were both assessed as being fit for work. This service assisted their clients with benefits appeals, which they often won.

A general point made in Scotland (and also in England) was that these reductions in income maintenance benefits reduce the overall resources available to low income households, impacting on their capacity to top up rent payments for those experiencing HB cuts.

Discretionary Housing Payments and the Social Fund

As noted above local authorities have been provided with an increase in their budgets for 'discretionary housing payments' (DHPs) in order to ameliorate the impact of the LHA changes in some cases. DHPs are top-up housing benefit payments to close or eliminate the gap between a household's LHA entitlement and the rent being demanded by their landlord. Across Great Britain as a whole provision of an additional £40 million a year over the three years to 2014/15 has been made for the LHA reforms; £60 million is to be provided over the two years 2013/14 and 2014/15 for the social sector size limits; and up to £120 million over those two years for the introduction of the national benefit caps.²²³ However only a small proportion of those funds have been allocated to Scotland, including just £2.7 million in respect of mitigating the impact of the LHA reforms.²²⁴ In part this reflects the lower anticipated impact of the LHA reforms in Scotland, and in particular that no LHA rates in Scotland are subject to the national cap on those rates.

²²³ DWP (2012) *Discretionary Housing Payments: Public Consultation*. London: DWP.

²²⁴ DWP (2011) *Housing Benefit reforms continue as extra funding is given to Local Authorities*. Press Release 2/2/2011. London: DWP.

The pattern of local authority usage of the initial LHA facility is not yet clear, and thus the impact it has had for claimants impacted by the LHA changes. The use of those budgets is wholly a matter for local authority discretion and the only certainty therefore is that the pattern of usage will vary from one area to another. Such a heavy reliance on discretionary arrangements to play such a major role in supplementing the underlying national welfare system must be seen as inherently challenging, and problematic. There are issues around not just local authorities different priorities, and the extent to which they make use of the budget provisions, but about the effective co-ordination of policies and administration between the benefit and homelessness divisions within each authority.

Also relevant here is that, with the introduction of the UC regime, the centralised Social Fund to deal with benefit claimants exceptional needs and circumstances will be abolished. The provisions for Budgeting Loans and alignment Crisis Loans will remain part of the central national benefit system, but will be reconfigured. However the central provisions for Community Care Grants and Crisis Loans for living expenses will come to an end, to be replaced by locally based schemes from April 2013.²²⁵ Instead local authorities are to be provided with some limited additional government funding, which they may use at their discretion to either fill the gap left by the abolition of those centralised provisions, or to otherwise provide selective additional support to households where they deem it to be appropriate. There will be no formal duty for local authorities to undertake those functions, nor any new powers proposed. However, in Scotland local authorities will undertake these new responsibilities in the context of a Scottish Welfare Fund established by the

Scottish Government. The fund has been allocated an additional £9 million for 2013/14, which the Scottish Government argues 'will reinstate funding cuts by Westminster in recent years as a result of changes to UK welfare rules'.²²⁶

There remain other unresolved details of the planned UC scheme, including the arrangements in respect of the current 'passported benefits'. This is another area where it is possible that local authorities could find themselves asked to take on responsibility for issues that are difficult to resolve within the centralised national welfare scheme.

4.4 Housing policies in Scotland

While the welfare reforms have been initiated by the Westminster government, and apply across the UK as a whole, housing policy is a devolved function under the 1999 devolution settlement, and there are some important areas where housing policy in Scotland has followed a different course to that south of the border.

Perhaps the single most important difference, especially for the purpose of this report, is the very distinctive policies of the Scottish Government towards homelessness. These were discussed above.

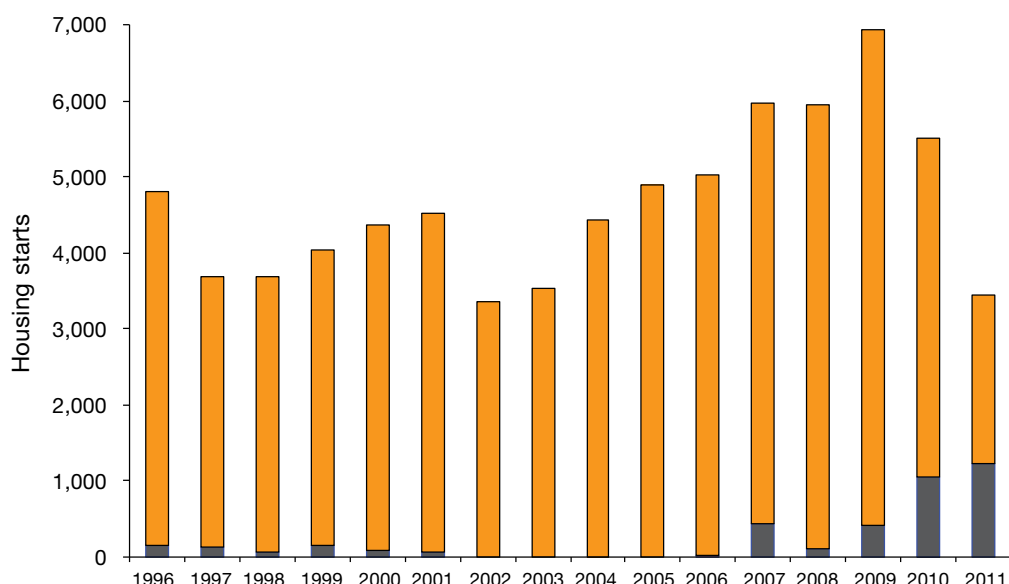
It has also adopted distinctive policies on two fronts that impact on the supply of social rented housing. On the one hand it has more actively supported the development of new council housing in Scotland, while on the other it has taken steps to reduce the scope of the Right to Buy, and now has plans for its abolition. These are discussed in turn below.

The supply of social housing

Consistent with UK government spending

²²⁵ DWP (2011) *Local support to replace Community Care Grants and Crisis Loans for living expenses: A call for evidence*. London: DWP.

²²⁶ Scottish Government (2012) *Protecting Scotland's poorest*. Press Release 21/10/2012. Edinburgh: Scottish Government.

Figure 4.4: Social housing new build starts in Scotland

Does not include 'off the shelf' purchases or new social housing from rehabilitation schemes.

cuts, Scotland is also entering a period of substantially reduced public investment in affordable housing; albeit to a much lesser extent than in England, especially following the recent announcement of an additional £40 million to be added to the budget for 2012/13.²²⁷ Even so this will still see a cash reduction in the budget of almost a third compared to 2011/12.²²⁸

The Scottish Government hopes to see some 6,000 new affordable homes built each year from 2011 to 2015, of which some two thirds should be social rented dwellings. While various new initiatives and the recent boost to the budgets will contribute towards that target, it remains challenging. New build completions of social rented dwellings stood at 5,250 in 2011, slightly below the 5,710 completions 2010. There was, however, a much more

marked fall in new starts from 5,150 in 2010 to just 3,450 in 2011 (see Figure 4.4).

A distinctive feature of housing policy in Scotland is that since 2009 it has included a more substantial role for local authorities in the provision of new social housing. This is facilitated by the very different financial regime for council housing finance in Scotland, compared to that in England and Wales. There are no provisions in Scotland requiring transfers of funds to central government; all local revenues are retained by the council in their housing revenue account. In consequence Scottish councils housing revenue accounts are in a much stronger position than those of their counterparts south of the border, and can use those revenues to support 'prudential borrowing', that is not subject to central government control.²²⁹

²²⁷ Scottish Government (2012) *Scottish Budget: Draft Budget 2013-14*. Edinburgh: The Scottish Government.

²²⁸ Pawson, H. & Wilcox, S. (2012) *Commentary Chapter 4 in UK Housing Review 2011/2012*. Coventry: CiH.

²²⁹ Wilcox, S. (2012) *The Quickening Pace of Devolution in UK Housing Review 2011/2012*. Coventry: CiH.

This has allowed the Scottish government to support a council new build programme with a maximum level of grant per dwelling of £30,000. The balance of costs are met from council housing revenue accounts, partly from the rents from the new dwellings, but also with a substantial level of cross subsidy from rents from existing dwellings.

Since 2011/12 housing associations have also been effectively required to provide an increased level of cross subsidy from either reserves or rents on their existing stock, with the average grant rate per new social rented dwelling being cut from almost £64,000 in 2010/11 to around £40,000 in 2011/12.²³⁰

While there is no suggestion that this will result in rent increases of the order anticipated under the English 'Affordable Rent' regime, the policy thinking is not entirely dissimilar to Westminster's. There are also questions about the capacity of housing associations in particular, to sustain new development with lower grant rates over any prolonged period.

Scotland has also increased the scale of its mid market rent programmes, relative to social housing, but unlike England this remains targeted on moderate income households. Altogether mid market rent, shared equity and shared ownership schemes accounted for just over one in three housing association approvals in 2011/12.

The Right to Buy

Since devolution the Scottish government has evolved a very distinctive policy towards the Right to Buy.²³¹ It has progressively reduced the scope and discounts of the Right to Buy for new council tenants, while leaving untouched the arrangements (including the discount levels) for existing (pre 2002) tenants. The 'modernised' Right to Buy made

available to new tenants since 2002 provides for discounts of 20% following a five year qualifying period, rising to a maximum of 35% for tenants of twenty (plus) years standing. The Scottish Government has, however, now consulted on options to either reduce discount levels for existing tenants (to the levels available to post 2002 tenants under the 'modernised' Right to Buy), or to abolish the Right to Buy altogether.²³² The consultation has now finished and there was widespread support for the proposal that the Right to Buy should be ended amongst the organisations and individuals that submitted responses.²³³

In contrast, south of the border no actions have been taken to restrict access to the Right to Buy, other than to slightly lengthen the qualifying period. However caps on maximum discounts were sharply reduced in 1999, and these applied to new as well as existing tenants. More recently the Coalition Government in Westminster has reversed those caps on discounts.

One consequence of the different approaches to the Right to Buy is that average achieved discounts fell sharply in England, Wales and Northern Ireland under the impact of the discount caps, while they have only slightly eased in Scotland, as the majority of sales in Scotland are still to the pre 2002 tenants that enjoy the most substantial discounts (see Figure 4.5).

Nonetheless Right to Buy sales fell sharply in Scotland (Figure 4.6) as well as across the rest of the UK as a whole over the last decade, and this was a result of the sharp rise in house prices in the years to 2007, and the reduced pool of remaining tenants with the incomes to support house purchase, as well as the different policies that limited discounts for either all tenants – or in the case of Scotland just new tenants.

²³⁰ Scottish Government (2011) *Affordable Housing Investment Programme 2010-11 Outturn Report*. Edinburgh: Scottish Government.

²³¹ Wilcox, S. (2012) *The Quickening Pace of Devolution in UK Housing review 2011/2012*. Coventry: CiH.

²³² Scottish Government (2012) *The Future of Right to Buy in Scotland: A Consultation*. Edinburgh: Scottish Government.

²³³ See Scottish Government (2012) *Consultation on the Future of Right to Buy in Scotland: Consultation Responses*. Edinburgh: Scottish Government: <http://www.scotland.gov.uk/Publications/2012/09/2777>. A total 164 organisations and individuals submitted responses

Figure 4.5: Average right to buy discounts

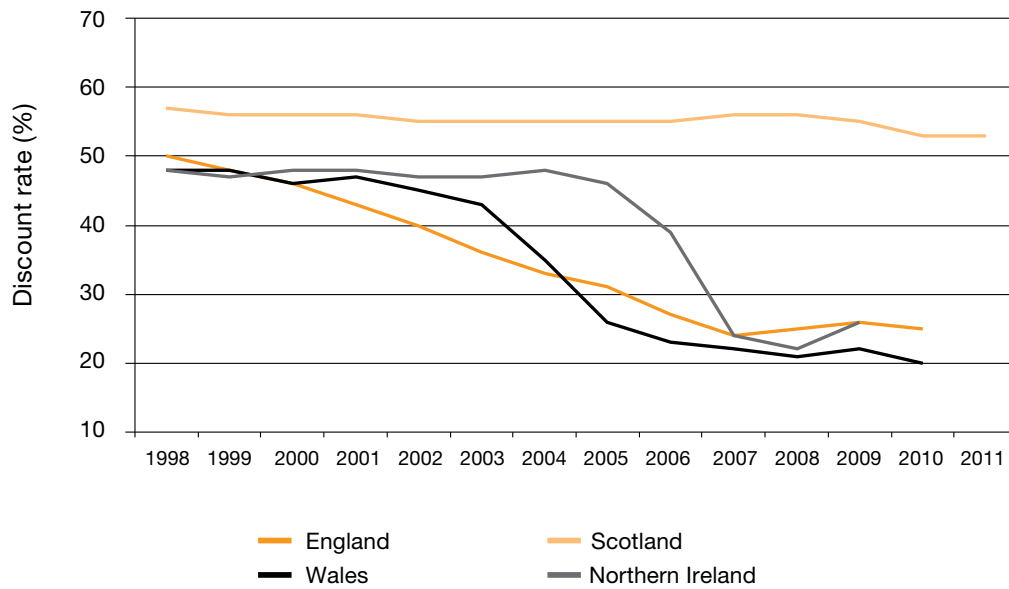
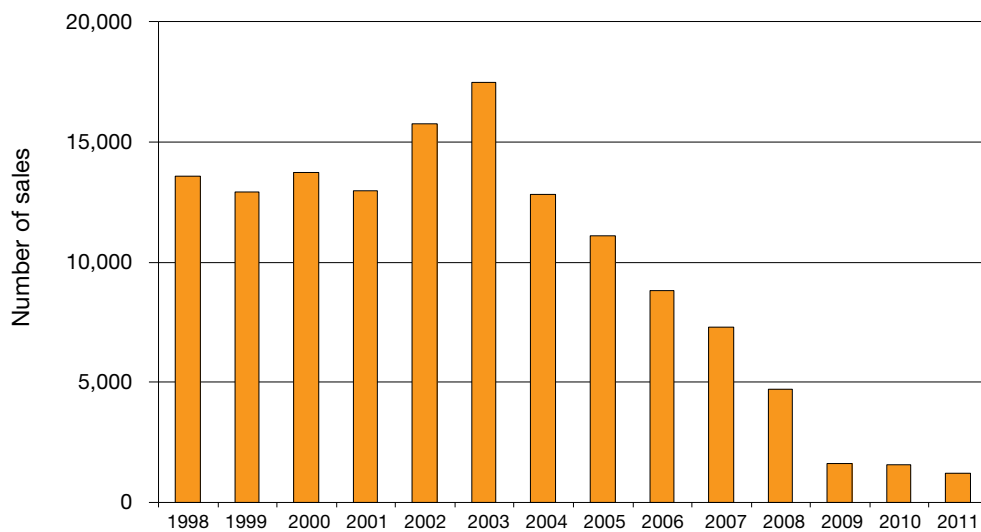


Figure 4.6: Right to Buy sales of council housing in Scotland



While views on the Right to Buy as a policy remain politically polarised it is nonetheless clear that it will have less impact in the future, whatever reforms are made. That said, the impact of past sales will be felt for some time to come, as evidence from England suggests that on average tenants exercising the right to buy continue to stay in their home for another fifteen years.²³⁴ The impact of sales on future relet rates is thus very slow and gradual; and will persist regardless of decisions about future sales policy. This is perhaps the most significant factor in the context of this report.

The ending of sales would, however, remove the income stream of sales receipts from local authorities, and this is one source of funding for investment in new housing, and in the short term this would have a potentially greater impact on the supply of social housing than the longer term and gradual impact of the loss of future relets as a result of continuing sales. Indeed a financial evaluation of the Right to Buy concluded that while the discounts under the original right to buy involved a net loss to the public sector, the lower discounts under the modernised right to buy are financially neutral, and broadly represent market value for sales to secure sitting tenants that would otherwise continue to occupy the same dwelling at a sub market rent.²³⁵

4.5 Key Points

- Despite the evident challenges, there appears to be strong cross-sectoral support in Scotland for *both* the longstanding 2012 commitment, and for the more recent shift towards an advice-led preventative model, with widespread reports of a positive culture change in local authority homelessness services which has benefited single applicants in particular.
- Going forward, the main challenges in maintaining a progressive policy approach to homelessness in Scotland post 2012 are identified as a) the welfare reform agenda, and in particular the introduction of the HB 'bedroom tax' for working age social housing tenants, and the extension of the SAR within LHA to 25-34 year olds, and b) the worsening shortfall in social housing lets relative to demand.
- While the caps on maximum LHA rates do not in practice affect Scotland, the national benefit cap is expected to restrict benefits for some 2,500 households in Scotland, including 7,000 children.
- In all but two areas of Scotland (Orkney and Shetland) LHA case numbers continued to grow despite the introduction of the reduced LHA rates based on 30th percentile rents. While UK Ministers had hoped to see rents falling in response to the lower LHA rates, in most areas of Scotland LHA rates tended to rise in the first year of operation under the new regime.
- Increased conditionality and tougher sanctions within the JSA and ESA regimes were said to be impacting negatively on homeless people with chaotic lifestyles, who find it difficult to meet DWP stipulations.
- While there was support amongst some key informants for the principles of UC, there are now considerable concerns about the readiness and accessibility of the centralised on line arrangements for delivering the new regime. There are also concerns that the scheme remains overly complex, and will not enhance work incentives for many claimants, and in particular for larger families in

²³⁴ Wilcox, S (2006) *A financial evaluation of the right to buy in UK Housing review 2006/07*. Coventry: CiH and Council of Mortgage Lenders.

²³⁵ Ibid.

very low paid work, compared to the benefits regime that operated in 2010, before the cut backs in the value of tax credits were introduced. There are also particular anxieties about the prospects for increased rent arrears and evictions where the rent element is paid to tenants.

- Despite substantial budget cuts the Scottish Government aims to provide some 30,000 new 'affordable' homes over six years, of which two thirds will be for social rent. This will be challenging given the marked fall in the level of starts on new social sector housing in 2011.
- The future of the Right to Buy in Scotland is currently under review. However, whatever view is taken in respect of the future of the scheme, past sales will have a continuing impact on the level of available social sector lettings over the next decade.

5. Baseline for homelessness in 2012

5.1 Introduction

The chapter analyses recent trends in homelessness ‘demand’ under the four headings used throughout this report: rough sleeping, single homelessness, statutory homelessness and hidden homelessness. Where possible, the analysis focuses in particular on trends in the years immediately leading up to the change of UK government in 2010. The overall aim here is to determine trajectories already established in advance of the policy and public spending agenda introduced under the new UK administration. We have also sought to identify early indications of subsequent trends, and the analysis therefore covers data up to and including financial year 2011/12 wherever possible.

The most up-to-date data available at the point of analysis (summer/autumn 2012) has been employed throughout this chapter. The analysis is based, in the main, on published statistics. However, in interpreting these figures we also draw on key informant interviews undertaken by the research team in 2012.

5.2 Rough sleeping

In contrast with official practice in England, the Scottish Government maintains no regular rough sleeper ‘headcount’. Instead, the scale of rough sleeping can be monitored indirectly through the local authority homelessness recording system. As shown in Table 5.1, according to local authority HL1 returns, almost 2,000 people applying as homeless in 2011/12 reported having slept rough the night preceding their application. Over the past few years the trajectory here has been steadily downward: the national total in 2011/12 was down by 43% on the figure four years previously.

The number of local authority homelessness applicants recorded as previously ‘long term roofless’²³⁶ has also fallen back over the past four years. On this measure, rough sleeping has reduced by 43% from a 2008/09 peak (see Table 5.1).

In interpreting the numerical trends shown in Table 5.1 it is important to bear in mind the declining overall number of homelessness applications collectively recorded by Scottish

Table 5.1: Rough sleeping in Scotland

	2007/08	2008/09	2009/10	2010/11	2011/12
Number of applicants sleeping out night prior to application	3,394	3,075	2,518	2,384	1,931
Percent of applicants sleeping out night prior to application	5.9	5.3	4.4	4.3	4.3
Number of applicants previously ‘long term roofless’	289	332	296	240	189
Percent of applicants previously ‘long term roofless’	0.5	0.6	0.5	0.4	0.4

Source: Scottish Government – Operation the homeless persons legislation in Scotland – various years

²³⁶ Defined in HL1 guidance notes as: ‘where an applicant has been sleeping rough for most of the previous six months’ – <http://www.scotland.gov.uk/Topics/Statistics/15257/HL1revisions>

local authorities since 2005/06 and, in particular, the sharp reduction in 2011/12 (see below). However, it is potentially significant that the incidence of rough sleeping recorded by local authorities has fallen not only in *absolute terms* but also as a *proportion* of all logged homelessness applications (see Table 5.1).

Taken together, these trends appear to suggest that rough sleeping has been steady or falling in recent years. Interestingly, this contrasts with what appears to have been a recently rising rough sleeper numbers in England.²³⁷ It seems likely that the more positive story in Scotland could reflect the expanded definition of priority need being progressively introduced across the country under the '2012 commitment', which has seen single men drawn into the statutory safety net who might otherwise have been vulnerable to rough sleeping (see Chapter 2 and below). While the rough sleeping statistics derived from HL1 returns will not provide a comprehensive account of the phenomenon in Scotland, and we cannot be certain that they are an accurate indicator of rough sleeping trends more broadly, the findings of recent research on 'multiple exclusion homelessness' (MEH) in seven UK cities, including Glasgow, suggest that they may provide reasonable coverage. This MEH study found that around three-quarters of rough sleepers had, in fact, made local authority homelessness applications at some point.²³⁸

Nevertheless, even if Scotland's rough sleeper numbers have been declining overall, there may well be local variations, and there is anecdotal evidence of a rise in rough sleeping in Glasgow specifically, as was

noted by a number of our key stakeholders. This reported trend was believed to result from a growing shortage of TA for single people in the city,²³⁹ with persistent reports that Glasgow is failing in some cases to meet its statutory duty to provide TA to single people.²⁴⁰

Also relevant here is a motion recently passed by Glasgow City Council calling on the Government to ease restrictions on the support that local authorities can provide to failed asylum seekers, saying the numbers now living on the streets of the city is a 'humanitarian crisis'.²⁴¹ Often lacking rights to social housing and state benefits, a range of migrant groups are less likely than other rough sleepers to make statutory homelessness applications.²⁴² While the scale of the migrant rough sleeping issue in Scotland is unlikely to match that in London, where monitoring data shows that 28% of London's 2011/12 rough sleeper population were people of Central and Eastern European origin, with another 25% of rough sleepers in the capital being migrants from elsewhere,²⁴³ it may well be a growing although largely undocumented concern in Scotland.

5.3 Single homelessness

With the '2012 reforms' to the homelessness legislation now almost fully implemented, 'single homelessness' has become a less definably separate issue from statutory homelessness in Scotland. As shown in Table 5.2, the number of applicants to Scottish local authorities classed as 'non priority homeless' dwindled from 10,600 in 2005/06 to only 3,100 in 2011/12. This is the result of the gradual

²³⁷ Pawson, H. & Wilcox, S. (2012) *UK Housing Review: 2012 Briefing Paper*. Coventry: CiH.

²³⁸ Fitzpatrick, S., Bramley, B. & Johnsen, S. (2012) 'Pathways into multiple exclusion homelessness in seven UK cities', *Urban Studies*, DOI: 10.1177/0042098012452329

²³⁹ Glasgow Homelessness Network

²⁴⁰ Written evidence from Glasgow homelessness network: http://www.scottish.parliament.uk/S4_InfrastructureandCapitalInvestmentCommittee/General%20Documents/_Homelessness_Network.pdf

²⁴¹ Council calls for end of block on asylum support: <http://www.insidehousing.co.uk/care/council-calls-for-end-of-block-on-asylum-support/6522709.article>

²⁴² Fitzpatrick, S., Johnsen, S. & Bramley, B. (2012) 'Multiple exclusion homelessness amongst migrants in the UK', *European Journal of Homelessness*, 6:31-58.

²⁴³ Broadway (2012) *Street to Home Annual Report 2011/12*. London: Broadway: http://www.broadwaylondon.org/CHAIN/Reports/S2H_201112.pdf

Table 5.2: Citizens Advice Scotland caseload trends, 2009/10-2011/12

	2009/10	2010/11	2011/12	% change 2010/11- 2011/12
Homelessness	7,425	7,585	6,144	-19
Rent arrears – social tenants	5,626	5,206	4,266	-18
Rent arrears – private tenants	919	859	792	-8
Mortgage arrears	4,105	4,045	3,531	-13
All housing	47,506	46,971	42,831	-9

Source: Citizens Advice Scotland

widening of ‘priority need’ definitions used by Scotland’s local authorities, en route to the complete elimination of this criterion by the end of 2012.

The Citizens Advice caseload data suggests that after a slight increase in homelessness-related enquiries in 2010/11, the numbers fell sharply in 2011/12. However, since reductions were seen across all housing-related categories in the last financial year it is possible that the pattern here is more a reflection of constrained supply in terms of advice provision rather than an indicator of underlying housing stress.

Unfortunately, with the abolition of the ring-fence on Supporting People expenditure, figures on supported housing provision for formerly single homeless people are no longer recorded nationally.

5.4 Statutory homelessness

As used in this report, the term statutory homelessness refers to local authority assessments of applicants seeking help with housing on the grounds of being currently or imminently without accommodation. Except where stated, the tables in this section are sourced from Scottish Government

homelessness statistics.²⁴⁴

Headline trends and the impact of homelessness prevention

The ‘headline statistics’ set out in Table 5.2 suggest that the overall scale of statutory homelessness has been falling slowly over the past six years in Scotland, but with a much larger drop in the latest year. At the same time, the proportion of applicants classed as ‘priority’ has been rising steadily.

These figures, and those which follow within this section, need to be interpreted within the context of two important policy factors, discussed above in Chapter 2. First, the phasing in of the 2012 legislative reforms which has seen the scope of ‘priority need’ being gradually widened towards the total abolition of the priority/non-priority distinction by 31 December 2012. Second, the published statistics have been affected by the increasingly robust implementation of homelessness prevention activities – sometimes termed the ‘advice-led’ or ‘housing options’ approach – by most of Scotland’s local authorities. The growing commitment to a prevention-centred approach to homelessness among Scottish local authorities has been attributed, in large part, to the Scottish Housing Options Hubs programme launched

by the Scottish Government in 2010.²⁴⁵

The rising proportion of officially logged applicants classed as 'priority homeless' (see Table 5.3) is mainly attributable to the 2012 reforms, as explained above. Until 2009/10 this also seemed to be resulting in a rising *number* of priority homeless cases. Over the past two years, however, this latter trend has

turned downwards, very sharply over the past year (see Table 5.4). At the same time, the *total number* of logged applications has fallen markedly. These trajectories are probably the result of the second policy factor noted above – i.e. more active homelessness prevention by local authorities. In this respect, Scottish councils appear to be following the lead set by their English counterparts from

Table 5.3: Local authority homelessness applications and assessment decisions

	Assessed as homeless		Not homeless	Total	% priority need	
	Priority	Non priority			...of all applicants	...of cases assessed as homeless
2004-05	31,195	10,433	15,767	57,395	54	75
2005-06	32,902	10,689	17,107	60,698	54	75
2006-07	32,829	9,921	16,858	59,608	55	77
2007-08	33,253	8,358	15,600	57,211	58	80
2008-09	34,695	6,890	16,096	57,681	60	83
2009-10	37,137	6,225	13,852	57,214	65	86
2010-11	36,470	5,045	14,148	55,663	66	88
2011-12	31,183	3,119	11,020	45,322	69	91

Source: Scottish Government

Table 5.4: Local authority homelessness applications and assessment decisions: percent changes year on year

	Assessed as homeless		Not homeless	Total
	Priority	Non priority		
2004/05	NA	NA	NA	NA
2005/06	5	2	8	6
2006/07	0	-7	-1	-2
2007/08	1	-16	-7	-4
2008/09	4	-18	3	1
2009/10	7	-10	-14	-1
2010/11	-2	-19	2	-3
2011/12	-14	-38	-22	-19

Source: Scottish Government

²⁴⁵ Ipsos MORI and Mandy Littlewood Social Research and Consulting (2012) *Evaluation of the Local Authority Housing Hubs Approach*. Edinburgh: Scottish Government <http://www.scotland.gov.uk/Resource/0039/00394152.pdf>

Table 5.5: Local authority recorded homelessness applications in 2005/06, 2010/11 and 2011/12

	2005/06	2010/11	2011/12	% change 2005/06- 2011/12	% change 2010/11- 2011/12
Aberdeen City	2,074	3,407	1,483	-28	-56
Aberdeenshire	1,470	1,786	1,590	8	-11
Angus	1,290	1,186	1,181	-8	0
Argyll & Bute	1,120	811	606	-46	-25
Clackmannanshire	1,157	763	708	-39	-7
Dumfries & Galloway	1,623	1,231	1,003	-38	-19
Dundee City	1,938	1,914	1,611	-17	-16
East Ayrshire	1,252	803	649	-48	-19
East Dunbartonshire	690	700	637	-8	-9
East Lothian	1,116	1,192	773	-31	-35
East Renfrewshire	368	314	271	-26	-14
Edinburgh	5,040	4,656	4,400	-13	-5
Eilean Siar	246	203	170	-31	-16
Falkirk	2,108	2,309	1,187	-44	-49
Fife	4,173	4,566	3,946	-5	-14
Glasgow City	11,220	10,422	9,144	-19	-12
Highland	2,458	2,149	1,285	-48	-40
Inverclyde	878	533	432	-51	-19
Midlothian	646	660	762	18	15
Moray	1,126	661	516	-54	-22
North Ayrshire	1,637	766	707	-57	-8
North Lanarkshire	4,092	2,476	2,223	-46	-10
Orkney	201	144	142	-29	-1
Perth & Kinross	1,347	1,128	977	-27	-13
Renfrewshire	1,493	1,253	1,186	-21	-5
Scottish Borders	991	862	541	-45	-37
Shetland	191	270	200	5	-26
South Ayrshire	1,030	910	948	-8	4
South Lanarkshire	2,412	2,945	2,313	-4	-21
Stirling	1,062	706	461	-57	-35
West Dunbartonshire	2,270	2,000	1,544	-32	-23
West Lothian	1,979	1,937	1,726	-13	-11
Scotland	60,698	55,663	45,322	-25	-19

Source: Scottish Government

2003. Here, a pro-active prevention ethic strongly promoted by central government was associated with an unprecedented 69% reduction in priority homeless numbers in the six years to 2009.²⁴⁶

As demonstrated by Table 5.5, the trend of falling logged homelessness applications at the national level reflects a trajectory common to almost all Scotland's local authorities. In only three of the 32 councils was the number recorded in 2011/12 higher than that in the national peak year of 2005/06 (there having been an initial 'surge' in applications in the earlier part of the decade, associated with the expanded entitlements of non-priority households from 2002 onwards). Overall, however, this downward trend became pronounced only from 2010/11.

As noted in Chapters 2 and 4, opinions were sharply divided on the 'genuineness' of these large reductions in statutory homelessness cases over the past year. Some took the view that falls on this scale were simply not credible: *'If it sounds too good to be true, it probably is'*, with a suspicion that *'too aggressive'* a style of housing options being pursued in some areas. On the other hand, several local authority interviewees felt that these dramatic reductions were credible because some local authorities had embraced housing options in a *'big bang'* approach over the past year or so, whereas the *'pioneers'* (such as North Ayrshire and Edinburgh) had tended to *'work up to it'* over a period of years, and so showed steadier declines from around 2005.

Clearly, if homelessness *is* increasingly being prevented, this is a 'positive' story. However, the administrative changes associated with the new approach to homelessness work have undermined the value of the homelessness statistics as an indicator of

trends over time in acute housing need or 'expressed demand for affordable housing'. This is because the housing options approach now widely adopted has resulted in a narrowing in the scope of official statistical recording. As confirmed by our local authority interviews, applicants subject to prevention assistance tend to be considered as having been aided outwith statutory provisions. They are therefore treated as 'informal' advice cases rather than being logged as 'threatened with homelessness' or 'not homeless' within the statutory homelessness framework. This is probably the main factor underlying the sharp reduction in total cases recorded in 2011/12. One local authority confirmed that administrative changes in recording practices fully accounted for the drop in their recorded number of applications over the past year, others, however indicated that there had been a substantive shift in their practice towards an 'advice-led' model:

"Statutory homelessness assessment was the old approach. Now, for presentations within two months of homelessness – or even when it is further off – we use an advice-led model."

(Manager, local authority homelessness service)

In this context, the development of effective monitoring of LA prevention activity and its outcomes will become ever more important as interventions are increasingly undertaken outside of the formal statutory framework. There was a consensus amongst key informant interviewees that, whatever their instincts on the matter, no one truly knew 'what was going on' across Scotland under the mantle of housing options, or how sustainable were its outcomes. In 2012, the Scottish Government has been trialling the introduction of a new framework to monitor directly the scale and nature

²⁴⁶ Pawson, H. & Wilcox, S. (2012) 'Homelessness, housing needs and lettings' in Pawson, H. & Wilcox, S. (eds.) *UK Housing Review 2011/12*; Coventry: CIH.

Figure 5.1: City of Edinburgh Council homelessness caseload (annual flow), 2007/08-2011/12

Source: City of Edinburgh Council (unpublished statistics)

of prevention activity. Closely replicating the approach developed by DCLG in England,²⁴⁷ the framework differentiates between interventions enabling people to remain in their existing home and those involving assistance to obtain alternative accommodation.²⁴⁸ In the light of the Central-Local Government Concordat, there is a wariness about putting new data collection burdens on local authorities, and a desire to be ‘very light touch’. Nonetheless, not all of our interviewees were convinced that the Scottish Government’s current data capture proposals go far enough in monitoring the effectiveness and sustainability of these non-statutory preventative interventions. Others felt that Scottish Housing Regulator’s enforcement of relevant outcomes in the Scottish Social Housing Charter²⁴⁹ – and the Regulator’s capacity to undertake both qualitative and quantitative investigations

of any patterns that look ‘odd’ – was key to monitoring developments going forward.

Evidence collected in the course of our local authority interviews suggests that, while officially recorded statutory homelessness clearly fell back significantly in 2011/12, in at least some areas the underlying trend in ‘demand’ (i.e. threatened homelessness and other forms of acute housing need) remained on an upward path. As exemplified in the case of Edinburgh, in some instances such a pattern has been ongoing for several years – see Figure 5.1. Consistent with this analysis, the Scottish Government has stated that:

“The fall in applications [in 2011/12] is mainly due to the impact of housing options/homelessness prevention strategies adopted by councils over the past few years rather than to changes in

²⁴⁷ Pawson, H. & Wilcox, S. (2012) ‘Homelessness, housing needs and lettings’ in Pawson, H. & Wilcox, S. (eds.) *UK Housing Review 2011/12*. Coventry: CiH.

²⁴⁸ Scottish Government (2012) *Homelessness Prevention Monitoring Data Capture*; Paper to Homelessness Statistics User Group 18 April; <http://www.scotland.gov.uk/Topics/Statistics/15257/22540/meeting18042012>

²⁴⁹ The Scottish Social Housing Charter <http://housingcharter.scotland.gov.uk/media/34241/the%20scottish%20social%20housing%20charter.pdf>

*the underlying drivers of homelessness.*²⁵⁰

Statutory homelessness trajectories

Despite the arguably ‘distorting’ effect of changing practices and recording conventions (see above), there may be something to be learned from the official statistics in terms of the trajectory of statutory homelessness over the past few years. As illustrated in Table 5.5 the profile of statutory homelessness has remained relatively stable, despite the substantial reduction in the overall size of the cohort. Particularly notable is that the relative importance of homelessness due to mortgage default or rent arrears has remained stable

– i.e. has reduced in absolute terms in line with total homelessness. This is despite an expectation that – via rising unemployment – the weak economic conditions of recent years would have led to increased homelessness generated in this way.²⁵¹ The potential reasons for the stability in this pattern were discussed in Chapter 3.

Moreover, in contrast with recent trends in England,²⁵² the official homelessness statistics for Scotland show no obvious tendency for rising numbers of people losing their homes due to private tenancy terminations. This might reflect the fact that

Table 5.6: Homelessness applications by main immediate cause of homelessness, 2009/10–2011/12

	2009/10		2010/11		2011/12	
	No	%	No	%	No	%
Emergency (fire, flood etc)	543	1	429	1	247	1
Loss of service / tied accommodation	439	1	399	1	279	1
Harassment	1,309	2	1,210	2	898	2
Eviction - mortgage default or rent arrears	3,040	5	2,768	5	2,106	5
Overcrowding	1,119	2	1,085	2	785	2
Forced division and sale of matrimonial home	397	1	393	1	294	1
Household dispute: non-violent	10,474	19	10,221	18	7,892	17
Other reason for leaving accom/household	6,673	12	6,831	12	5,375	12
Asked to leave	14,568	26	14,480	26	11,801	26
Fleeing non-domestic violence	1,590	3	1,437	3	1,353	3
Other tenancy termination	4,211	7	4,568	8	3,621	8
Household dispute: violent/abusive	5,626	10	5,387	10	4,874	11
Other reason for loss of accommodation	2,954	5	3,009	5	2,570	6
Institutional discharge - prison/hospital/care etc.	2,645	5	2,526	5	2,424	5
Applicant terminated secure accommodation	840	1	920	2	803	2
All	56,428	100	55,663	100	45,322	100

Source: Scottish Government

²⁵⁰ Para. 2.1, <http://www.scotland.gov.uk/Resource/0039/00395996.pdf>

²⁵¹ See also para 3.20–3.23 in the Scottish Parliament 2012 Inquiry: Operation of the homeless persons legislation in Scotland 2011–12 <http://www.scotland.gov.uk/Resource/0039/00395996.pdf>

²⁵² Fitzpatrick, S., et al. (2012) *The homelessness monitor England 2012*. London: Crisis.

Table 5.7: Homelessness applications by former housing situation, 2009/10 – 2011/12

Former housing situation	2009/10		2010/11		2011/12	
	No	%	No	%	No	%
Own property - owning/buying	3,748	7	3,397	6	2,302	5
Own property-LA tenancy	5,003	9	4,691	8	3,843	8
Parental/family home/relatives	16,006	28	15,527	28	12,356	27
Own property-HA tenancy	2,419	4	2,151	4	1,900	4
Friends/partners	10,686	19	10,743	19	8,595	19
Own property-private tenancy	8,899	16	9,117	16	7,279	16
Other	9,667	17	10,037	18	9,047	20
Total	56,428	100	55,663	100	45,322	100

Source: Scottish Government

Scotland's housing market has been generally less pressurised than that of London and the South of England where such trends have been particularly evident. Another factor possibly relevant here is that because active local authority homelessness prevention has come into play only comparatively recently in Scotland, there is as yet only a small cohort of potentially 'vulnerable' private renters whose tenancy came about only with municipal assistance.

Analysis of the changing application caseload in terms of the applicant's former housing circumstances (see Table 5.7) again emphasizes the fairly even impact of prevention across the range of former housing situations, although the relatively small numbers of former home owners approaching local authorities for assistance may have benefited slightly disproportionately.

Taking a slightly longer-term view, it is also

interesting to note, as shown in Table 5.8, that the household type profile of those applying as homeless has remained extremely stable over the past decade. With the phasing in of the 2012 regime it might be expected that there will have been a rising proportion of single people among those accepted as priority homeless and owed the main duty. However, the published data do not suggest this has happened to any great extent. In 2002/03 single people accounted for 57% of households accepted as unintentionally homeless and in priority need as compared with 59% in 2011/12.

One final point worth dwelling on in this context is the apparent decline in repeat homelessness applications in Scotland over the course of the last decade. The percentage of homelessness assessments identified as repeat cases²⁵³ has fallen from 9.8% in 2002/03 to 5.8% in 2011/12.²⁵⁴ Internal analysis by the Scottish Government indicates that households with the highest number of multiple repeat applications tend to be single people (mainly men) with

²⁵³ The percentage of applications pertaining to households reassessed as homeless within a year of closure of a previous application.

²⁵⁴ Pawson, H. & Wilcox, S. (2012) 'Homelessness, housing needs and lettings' in Pawson, H. & Wilcox, S. (eds.) *UK Housing Review 2011/12*. Coventry: CiH.

Table 5.8: Homelessness presentations by household type, 2002/03-2011/12

	Single person	Single parent family	Couple without children	Couple with children	Other without children	Other with children	Total
2002/03	65%	22%	4%	5%	2%	1%	100%
2003/04	65%	22%	5%	5%	2%	2%	100%
2004/05	63%	24%	5%	5%	2%	1%	100%
2005/06	63%	24%	5%	5%	2%	2%	100%
2006/07	63%	24%	5%	5%	2%	2%	100%
2007/08	60%	24%	5%	6%	2%	2%	100%
2008/09	61%	24%	5%	5%	2%	2%	100%
2009/10	62%	24%	5%	5%	2%	2%	100%
2010/11	63%	24%	5%	5%	2%	2%	100%
2011/12	64%	24%	4%	5%	2%	2%	100%

Source: Scottish Government

Table 5.9: Homeless households in temporary accommodation – snapshot total at financial year end

	LA/HA stock	Hostel	Bed & breakfast	Other	Total
2001	1,968	1,512	502	78	4,060
2002	2,152	1,363	569	69	4,153
2003	2,984	1,380	898	141	5,403
2004	3,537	1,586	1,190	132	6,445
2005	4,136	1,490	1,516	159	7,301
2006	4,747	1,328	1,494	416	7,985
2007	5,164	1,242	1,528	643	8,577
2008	6,134	1,079	1,609	713	9,535
2009	6,355	994	1,748	956	10,053
2010	6,775	1,217	1,765	972	10,729
2011	7,215	1,371	1,544	1,124	11,254
2012	7,093	1,333	1,281	1,036	10,743
% change 2011-2012	-2	-3	-17	-8	-5
% change 2001-2012	260	-12	155	1,228	165

Source: Scottish Government

complex needs, such as drug and alcohol problems. It may be that the extension in statutory entitlements for single people, and possibly the more recent prevention agenda, has led to particularly beneficial outcomes for this group.

Use of temporary accommodation

In combination with the rising numbers of priority homeless households seen in the years to 2009/10 (Table 5.3), and the post September 2002 duty to provide TA to non-priority homeless households, the shrinking supply of social housing over this period²⁵⁵ led to a very substantial increase in the number of homeless households placed by local authorities in TA – see Table 5.9. This was despite the sharp increase in the proportion of new social landlord lettings absorbed by homelessness, which increased from 27% to 43% in the six years to 2010/11.²⁵⁶ This acute pressure on TA has been fairly widespread across Scotland, and has led to single people in particular spending longer periods in temporary accommodation (albeit that many in this group would formerly had no right to any form of accommodation). However, as shown in Table 5.9, placements appear to have peaked in 2011, in line with the decline in presentations and acceptances.

5.5 Hidden homelessness

People may be in a similar housing situation to those who apply to local authorities as homeless, that is lacking their own secure, separate accommodation, without formally applying or registering with a local authority or applying to other homelessness agencies. Such people are often referred to as ‘hidden homeless’ (see Chapter 2). A number of large-scale household surveys enable us to measure some particular aspects of (potential) hidden homelessness: *concealed households*; households who are *sharing* accommodation; and *overcrowded*

households. It should be emphasised that these categories are focussed upon because they are measurable using robust national datasets, and provide important evidence about the intensity of housing pressure, but they are best understood as indicative of likely levels of hidden homelessness rather than a direct representation of this phenomenon, as is explained in more detail below.

Concealed households

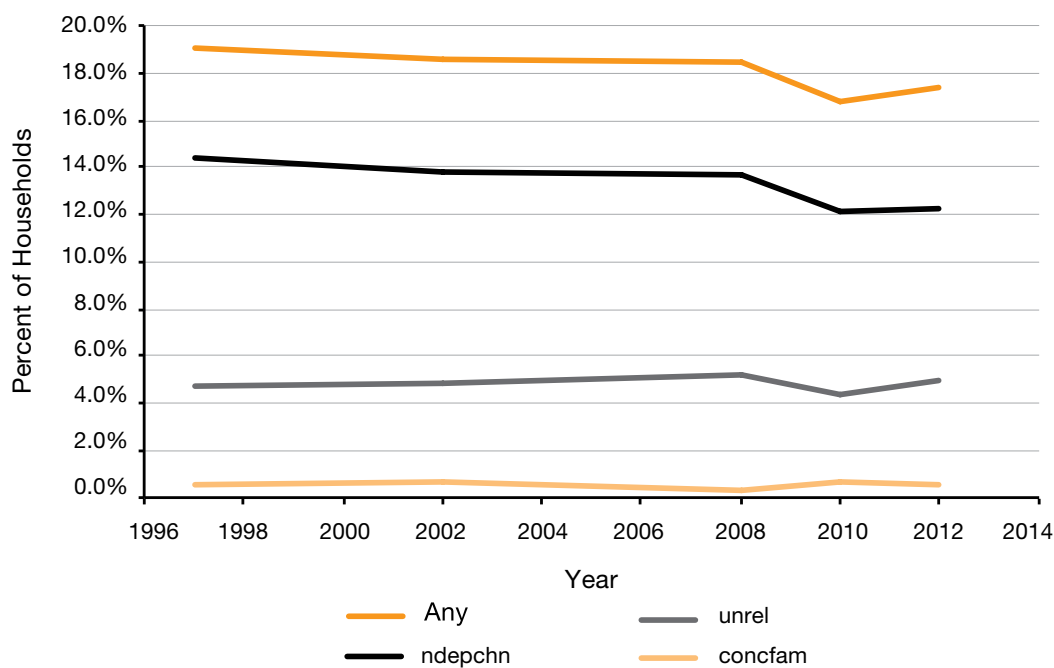
Concealed households are family units or single adults living within other households, who may be regarded as potential separate households that may wish to form given appropriate opportunity. Examples could include: a married or cohabiting couple living with the parents of one of the couple; a lone parent with child(ren) living with her parent(s); a young adult living with his/her parents or some other relative; a young adult living in a flat or house-share with other unrelated adults; an adult living informally, and temporarily, in someone else’s home.

The Labour Force Survey (LFS) ask questions about the composition of the household which enable the presence of ‘additional family units’ to be identified. This survey only approximates to the ideal definition of ‘concealed households’, as it does not necessarily distinguish those who would currently prefer to remain living with others from those who would really prefer to live separately. Moreover, it may not fully capture all concealed households reliably. For example people staying temporarily and informally with others may not respond to individual surveys like LFS.

These caveats duly noted, in Scotland in 2012 there were about 130,000 households (5.5%) which contained additional family units (Tables 5.10 and 5.11). Of these, 12,000 (0.5%) were cases of couples or lone

²⁵⁵ Pawson, H. & Wilcox, S. (2012) ‘Homelessness, housing needs and lettings’ in Pawson, H. & Wilcox, S. (eds.) *UK Housing Review 2011/12*. Coventry: CiH

²⁵⁶ Ibid - Table 103

Figure 5.2: Concealed Households by Category, Scotland, 1997-2012

Source: as for Table 5.9. Note: 'ndepchn' means 'nondependent children'; 'unrel' means 'unrelated singles'; 'concfam' means 'concealed families'.

Table 5.10: Households with potential concealed households present by category, country and selected years 1997-2012

Country	Year	Non-dep children	Unrelated singles	Concealed families	Any potential concealed
Scotland	1997	14.4%	4.7%	0.6%	19.0%
	2002	13.7%	4.8%	0.7%	18.5%
	2008	13.6%	5.2%	0.3%	18.4%
	2010	12.1%	4.4%	0.7%	16.8%
	2012	12.2%	5.0%	0.5%	17.3%
UK	1997	13.9%	5.5%	0.8%	19.3%
	2002	13.1%	5.4%	0.9%	18.6%
	2008	13.5%	6.0%	0.9%	19.8%
	2010	12.2%	5.5%	0.8%	17.9%
	2012	12.1%	5.8%	0.9%	18.1%

Source: Labour Force Survey (Quarter 2 data for 1997-2010; Quarter 1 data for 2012).

parent families living with other households ('concealed families'), while 118,000 (5.0%) were cases of one person units excluding non-dependent children of main householder ('unrelated singles'). It should be noted that this part of the analysis is broad brush, and includes groups such as students – we consider later some evidence on how people regard their present living arrangements.

In addition, the LFS indicated that a further 291,000 households in Scotland contained 'non-dependent children' aged 19 plus²⁵⁷ who were not lone-parents or couples. This group should also be considered in a wider definition of potential concealed households.

The trends in these indicators over time are shown in Figure 5.2 as well as Table 5.10. The incidence of potential concealed households has been relatively stable in Scotland, with a slight decline from 1997 to 2008, a slightly sharper decline to 2010 (except for the concealed families category), then some rise again in 2012. The trends in Scotland are quite similar to those in England.

Table 5.11 indicates that over half a million individuals in Scotland are in one or other of these categories of potential concealed household. Even excluding singles and non-dependent children aged under 25,²⁵⁸ this figure would still reach almost one-quarter of a million.

The data in Table 5.9 do not indicate a large difference between Scotland and the UK. Scotland is slightly lower than UK in the 'unrelated singles' and 'concealed families' categories (these differences are statistically significant, but not large). For non-dependent children and for all potential concealed households including this group, Scotland is not significantly different from the whole of the UK.

We can obtain one regional breakdown within Scotland from the standard published LFS data. As shown in Table 5.12, potential concealed households in the non-dependent children category are noticeably more prevalent in Strathclyde than in the rest of Scotland. This number did not fall much in the preceding period in Strathclyde, whereas it fell by 2.6% points in the rest of Scotland. Strathclyde generally has a higher level of deprivation than the rest of Scotland. Data on England from the English Housing Survey (EHS) showed that additional families and unrelated singles were clearly more prevalent in more deprived neighbourhoods south of the border, although this did not apply with the non-dependent children category. It is not quite clear whether, were equivalent data available in Scotland, a similar pattern would be revealed (as shown later, overcrowding is more concentrated in deprived neighbourhoods).

Table 5.11: Households with potential concealed households and number of individuals in concealed households by type, Scotland 2012 (number)

Number of	Year	Non-dep children	Unrelated singles	Concealed families	Any potential Concealed
Households	2012	291,134	118,210	12,075	412,910
Individuals	2012	354,797	118,010	36,793	509,600

Source: Labour Force Survey, Quarter 1 2012.

²⁵⁷ 19+ is the age group used here because the definition of dependent children includes 18 year olds in full-time education.

²⁵⁸ Age 25 has traditionally been the cut-off for lower levels of social security and housing allowance entitlements, and the Prime Minister has indicated that the Government may end HB entitlement for the great majority of those under this age threshold (see Chapter 4).

As in the wider UK, these potential concealed households are much more prevalent in private renting, as shown in Table 5.12.

This is in part because some students and young people living in flatshares and will be recorded as additional family units. The presence of unrelated singles living with others is much lower in social renting, but the prevalence of concealed families is actually higher in social renting. Non-dependent children are found to a similar degree across all tenures, but with a higher incidence of

those aged over 25 in the social rented sector.

We do not have any attitudinal data from surveys covering Scotland concerning the intentions or preferences of these groups of potential concealed households. In England, over the 2008 and 2009 survey years the English Housing Survey (EHS) has asked a question, where 'extra singles' are present in a household, as to why this person is living there. Overall, answers implying a preference

Table 5.12: Households with potential concealed households present by Strathclyde and the Rest of Scotland in 2012 and earlier years (percent of households)

Region	Year	Non-dep children	Unrelated singles	Concealed families	Any potential Concealed
Strathclyde	1997-2008	15.1%	4.7%	0.6%	19.5%
	2012	14.7%	5.0%	0.5%	19.6%
Rest of Scotland	1997-2008	13.0%	5.0%	0.4%	17.9%
	2012	10.4%	5.0%	0.5%	15.7%

Source: Labour Force Survey.

Table 5.13: Potential concealed households, by tenure by category and age, UK and Scotland 2012 (percent of all individuals living in each tenure)

Country & Tenure	All singles	All singles	Unrelated singles	Concealed families	All concealed
	All	25+			
Scotland					
Own	8.7%	3.7%	1.3%	0.6%	9.2%
Soc Rent	9.6%	4.8%	1.6%	1.2%	10.8%
Priv Rent	10.7%	3.4%	8.0%	0.7%	11.4%
Total	9.1%	3.9%	2.3%	0.7%	9.8%
UK					
Own	9.4%	4.5%	1.6%	0.8%	10.3%
Soc Rent	9.7%	4.1%	1.8%	1.4%	11.1%
Priv Rent	11.9%	4.4%	8.5%	1.5%	13.3%
Total	9.9%	4.4%	2.8%	1.0%	10.9%

Source: Labour Force Survey.

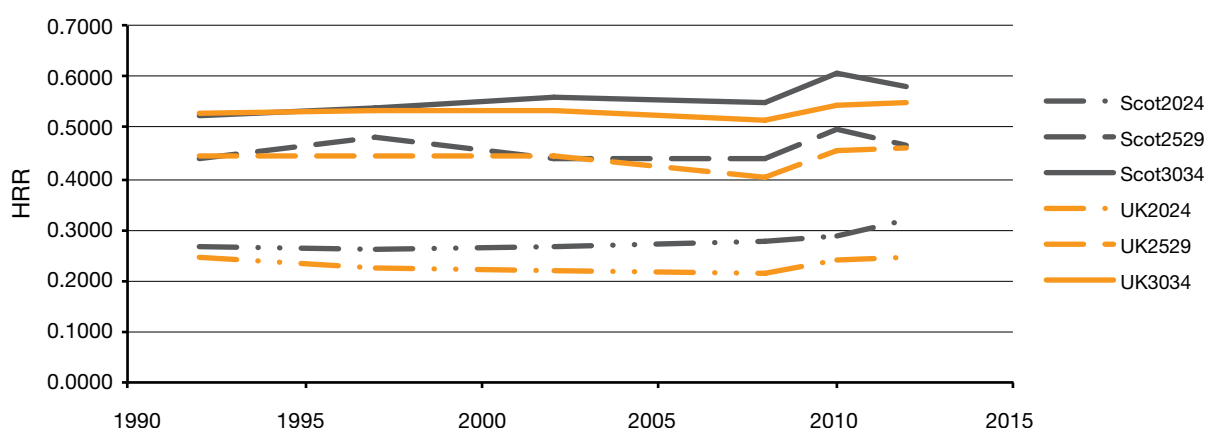
on balance to stay account for between 60% and 65%, while answers implying a preference or intention to move, albeit constrained, or some uncertainty, account for 35-40% of cases. Similar proportions appear to apply to both non-dependent children (40%) and to other single household members (36%), and to those over and under 25 within each category. If these proportions applied to Scotland that would imply 160,000 households containing at least one concealed single household, involving 200,000 individuals in total. This would be in addition to approximately 12,000 concealed lone parent/couple families.

Another indirect indicator of concealed households is (reduced) household formation. The propensity of individuals within given age groups to form ('head') separate households is a conventional way of measuring household formation. It is particularly interesting to look at the age groups between 20 and 34, as in Figure 5.3, as this is traditionally the main period when people leave the parental home and form new

households. The increase in higher education participation has tended to affect the age groups below 25 – although Scotland has a higher participation rate in higher education, more young people study from home. Over the last two decades in Scotland, household headship for 20-24 year olds tended show a higher rate than for UK, and to rise rather than fall, particularly towards the end of the period. For the 25-29 age group headship fell in Scotland, as in UK, between 1997 and 2008. As in UK it 'bounced back' up on 2010, before falling back somewhat in 2012. For the 30-34 age group, headship rose above UK up to 2002, then fell back a little as in UK, then bounced up more sharply in 2008-10 before falling again in 2012.

We interpret the main trends on concealed households in Scotland in the same way as for the wider UK. Worsening housing affordability and more restricted access to social rented housing depressed household formation, particularly for the 25-34 age group, and in the period 2002-2008 especially. However, this effect was not as

Figure 5.3: Household Representative Rates by Age (20-34) in Scotland and UK, 1992-2012



Source: Labour Force Survey.

pronounced in Scotland as in the south of England. How do we explain the ‘bounce’ upwards in 2010, despite the financial crisis and the recession? Our main hypothesis is that the very large rise in PRS lettings across the whole of the UK, including Scotland, helped to enable more households to form (see Chapter 3). In addition, in 2010 there was some easing of the recession. However, in 2012 we have a ‘double dip’ recession, cutbacks in LHA, and possibly a move to sell by some of the ‘involuntary landlords’ (owners who could not sell after 2007 and let temporarily) (again see Chapter 3).

Households sharing accommodation

A ‘household’ is one person or a group of people who live at the same address and share either regular meals or a living room. It follows that ‘sharing households’ are those households

who live together in the same dwelling but who do not share either a living room or regular meals together.²⁵⁹ Sharing reflects some of same characteristics as concealed households, namely an arrangement people make when there is not enough separate accommodation which they can afford or access. For example, some ‘flatsharers’ will be recorded as concealed households, and some will be recorded as sharing households, depending on the room sizes and descriptions. Traditionally, sharing was a major phenomenon, with many households sharing in different ways, as ‘lodgers’ living in bedsitters or multi-occupied rooming houses. As shown below, this is less true today.

Table 5.14 provides a profile of sharing in Scotland and UK in 2012. According to the LFS, 2.0% of households in Scotland shared

Table 5.14: Sharing households in Scotland and UK by tenure, number sharing, region and household type, 2012 (percent of households).

Tenure	Scotland	UK	Household Type	Scotland	UK
Own	1.2%	0.8%	Single	3.8%	4.2%
Soc Rent	2.9%	1.4%	Lone Parent	2.3%	1.1%
Priv Rent	4.5%	5.0%	Couple/ 2 Adult	2.0%	1.7%
Total	2.0%	1.6%	Couple + 1 kid	0.3%	0.9%
Number sharing			Couple + 2 kids	1.3%	1.1%
2 hhd	0.1%	0.5%	Couple 3+ kids	0.0%	0.6%
3 hhd	0.1%	0.3%	Multi Adult	2.2%	1.2%
4-9 hhd	1.6%	0.8%	Single Pens	1.6%	1.2%
10+ hhd	0.3%	0.2%	Couple Pens	1.4%	0.5%
Region			Total	2.0%	1.6%
Strathclyde	0.5				
Rest of Scotland	3.2				

Source: Labour Force Survey 2012; Quarter 1.

²⁵⁹ This is the standard Government and ONS definition of sharing households which is applied in the Census and in household surveys. This means that many people who are ‘flatsharers’ in the common usage of the term, or who are ‘sharing’ in the sense of being subject to the SAR, as well as many students, are not ‘sharing households’ in this sense, mainly because they have a common living room (including larger kitchens) and/or they share some meals. In the current analysis, such groups are considered ‘concealed households’. In practice, the distinction between ‘concealed’ and ‘sharing’ households is a very fluid one.

in that year (about 50,000 households), compared with 1.6% across the whole UK. Sharing is more common for single person households (3.8%) but is still found amongst couples (2.0%) and lone parent households (2.3%). Sharing is particularly concentrated in private renting (4.5%) but is present too in the social rented sector (2.9%) and even occurs in the owner occupier sector (1.2%). It is much more prevalent in London, as one would expect and as with other indicators of housing pressure. However, it is interesting to note that Scotland has a higher prevalence than the UK as a whole and higher than the other English regions. Nearly half of sharers share with one or two other households in the UK, but there are quite a few sharing households who share with a larger number of other households, and this seems to be particularly the case in Scotland. Within Scotland, sharing in 2012 appears markedly lower in Strathclyde than in other parts of the country, a reversal of previous patterns (in the 1990s and early 2000s) when Strathclyde had more sharing, particularly sharing involving more than four households (i.e. larger multiple occupation houses or blocks).

Sharing has seen a long-term decline, which may reflect improving housing availability but also probably changes in private renting and its regulation. Traditional multi-occupied houses where people rented rooms have declined, as a result of HMO regulation, HB/LHA restrictions, general stock upgrading, and the new buy-to-let investment. The trajectory of sharing over time showed a pronounced decline in the 1990s and a slight further decline in the early-to-mid 2000s, followed by an apparent increase in the last two years. This increase appears to

evidence the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession. It appears that the decline in Scotland from the 1990s was steeper and from a higher level, but rates bottomed out in 2010 and increased in 2012.²⁶⁰

One reason to expect some further increase is the extension of the SAR to 25-34 year olds (see Chapter 4). DWP have estimated that, as the result of this change to the age threshold, a further 62,500 people in the UK will become eligible for the SAR rather than the one bedroom property rate, roughly doubling the demand for shared accommodation if claimants do not access other housing options.²⁶¹ But for the reasons given above, coupled with the existing demand pressures on a limited supply of shared accommodation,²⁶² we would anticipate many of the additional people affected by the SAR to become 'concealed households' rather than sharing households.

Overcrowding

There is a general consensus that overcrowding is an important type of housing need to be addressed, and some would argue that it constitutes homelessness, in its more extreme forms.²⁶³ There is also considerable concern that this problem has got worse in the last decade. The most widely used official standard is the 'bedroom standard'. Essentially, this allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members. This measure is

²⁶⁰ The LFS data for sharing appear to indicate a very high incidence in Scotland in the 1990s; higher even than London in 1997, with most of the difference associated with households sharing with 4 or more other households; it is not clear why this was so, for example whether this was related to tenement living or differences in the treatment of multiple occupation.

²⁶¹ Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis

²⁶² Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis

²⁶³ This is the position of FEANTSA (the European Federation of National Organisations Working with the Homeless), for example. <http://www.feantsa.org/code/en/pg.asp?page=484>

implemented in household surveys, including EHS and SHS, and while some would argue that it is overly conservative, when even this very basic threshold is not being met it is likely to be treated as a priority over achieving higher standards.

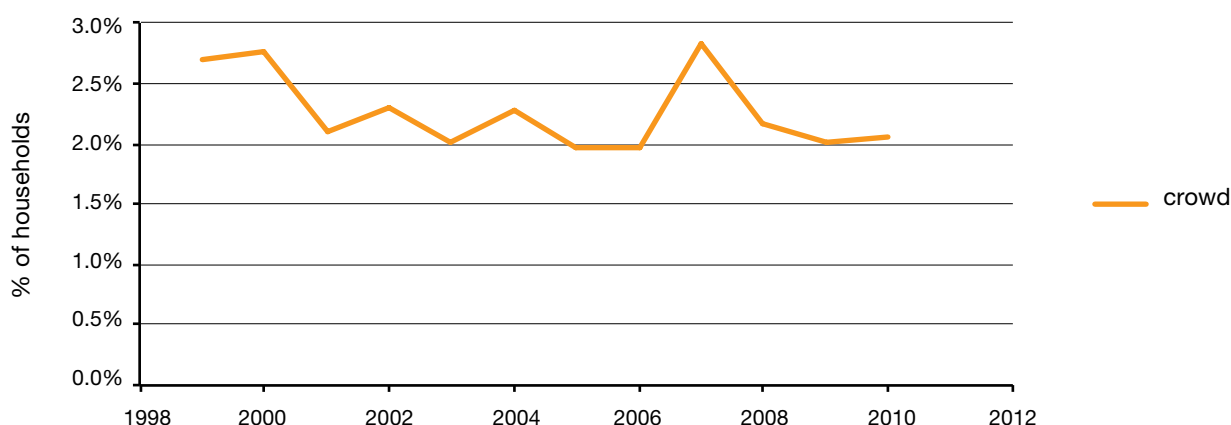
Overcrowding has actually increased to quite a pronounced extent since 2003 in England, from 2.4% to 2.9% of all households, reversing previous declining trends. In Scotland, there has been less of a clear trend, according to our analysis of the SHS (Figure 5.4).²⁶⁴ Crowding fell slightly from 1999 to 2001, was static until 2006, spiked up in 2007, then fell back to the same level of around 2.0%.

Overcrowding is less common in owner occupation (1.2%) and more common in

social renting (3.65%) and private renting (3.75%). Scotland appears not to have seen such a rise in overcrowding in the rented sector as England. This may reflect a lower level of pressure in the market and fewer minority ethnic and immigrant households.

Within Scotland, overcrowding is more associated with deprived areas and to some extent with urban areas. The rate ranges from 4.17% in the most deprived datazones to 0.71% in the least deprived zones. Local authorities with the highest incidence are Glasgow (3.8%), Inverclyde (3.2%), Moray (3.0%), Dundee and North Lanarkshire (2.8%). Large adult and family households have the highest incidence (6-9% for large families and large adult households).

Figure 5.4: Overcrowding in Scotland, 1999-2010



Source: Scottish Household Survey (authors' analysis)

²⁶⁴ In this analysis of SHS we could only approximate to the bedroom standard because the data used did not include the ages and sex of children; therefore the measure is probably a slight underestimate.

Table 5.15 Under-occupation by Tenure, Age and Receipt of Housing Benefit, Scotland 2008-2010.

Age Group	Report Housing tenure	1 spare bedroom	2+ spare bedrooms	1 spare bedroom	2+ spare bedrooms
Retirement	Own Outright	91.1%	51.2%	366,410	205,814
Age	Own Mortgage	81.1%	32.7%	32,741	13,211
	Rent LA	57.2%	14.3%	58,746	14,725
	Rent HA	42.6%	9.6%	24,060	5,425
	Rent Priv	73.1%	25.7%	13,334	4,690
	Other	74.7%	31.7%	10,561	4,484
	Total	79.8%	39.2%	505,851	248,350
Working	Own Outright	86.3%	51.2%	280,290	166,337
Age	Own Mortgage	75.7%	32.2%	626,838	266,609
	Rent LA	47.1%	8.9%	116,125	21,952
	Rent HA	39.2%	7.1%	57,980	10,457
	Rent Priv	44.7%	10.6%	101,430	23,951
	Other	65.4%	29.7%	15,985	7,255
	Total	66.6%	27.6%	1,198,647	496,561
Working	Own Outright	66.9%	47.2%	462	326
Age	Own Mortgage	56.4%	17.9%	2,953	938
on HB	Rent LA	45.7%	9.1%	58,948	11,791
	Rent HA	40.4%	7.4%	27,684	5,042
	Rent Priv	33.9%	4.8%	10,618	1,506
	Other	52.2%	9.3%	3,743	670
	Total	43.2%	8.4%	104,409	20,274
Total	Own Outright	89.0%	51.2%	646,700	372,151
	Own Mortgage	75.9%	32.2%	659,579	279,820
	Rent LA	50.1%	10.5%	174,871	36,677
	Rent HA	40.1%	7.8%	82,039	15,882
	Rent Priv	46.8%	11.7%	114,764	28,641
	Other	68.8%	30.4%	26,546	11,740
	Total	70.1%	30.6%	1,704,498	744,911

Source: Scottish Household Survey.

Under-occupancy

Under-occupancy is considered here because it is, in a sense, the mirror image of overcrowding. Moreover, given the introduction of the HB 'bedroom tax' for claimants of working age living in social housing from April 2013 (see Chapter 4), under-occupation in the social sector is an issue of growing policy relevance, not least with respect to future homelessness trends.

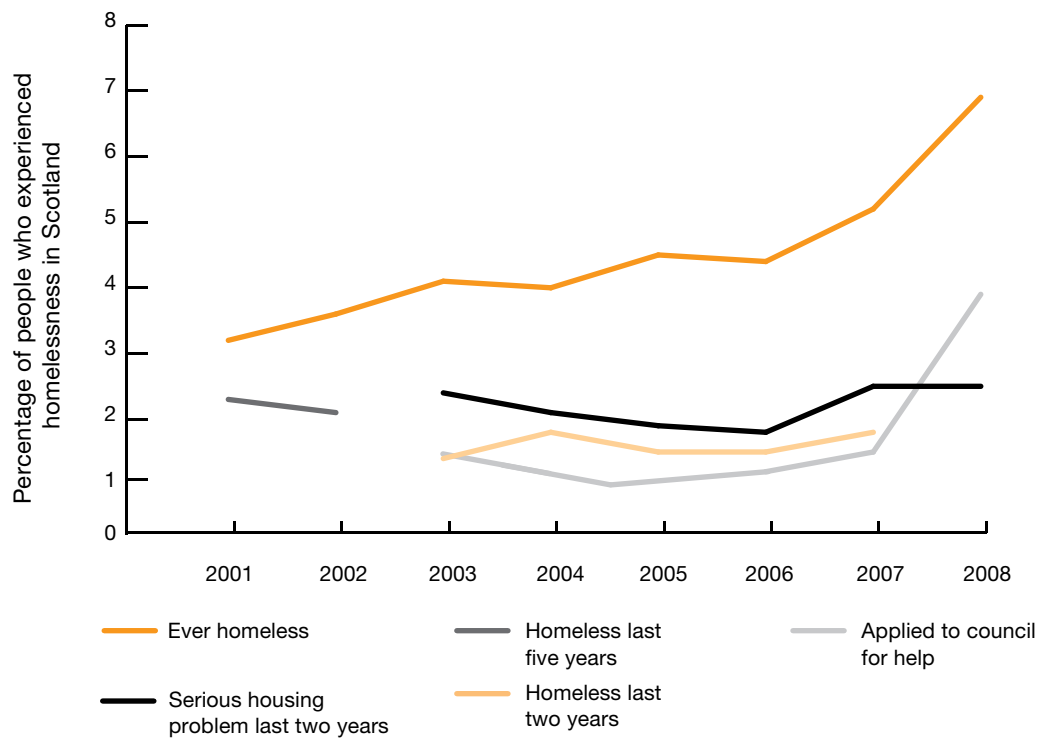
Table 5.15 shows estimated under-occupation rates and numbers of households by tenure, distinguishing working age households and those receiving HB in the period 2008-2010. Rates of under-occupation are much higher among retirement age households and owner occupiers than among tenants and those of working age. Nevertheless, 39% of working age housing association tenants and 47% of local authority tenants have one or more spare bedrooms, and 7% and 9% have two or more spare bedrooms. These proportions are similar for working age tenants receiving HB. The total number of Scottish working age social tenants receiving HB with one or more spare bedrooms is around 87,000 (of these, around 17,000 have two or more spare bedrooms). This would suggest that a large number of Scottish social sector tenants will see a reduction in their HB entitlement, as it is simply not feasible for all of these tenants to move to smaller accommodation, with social landlords lacking the requisite number of 'appropriately-sized' units (see Chapter 4). It should also be noted that these figures are very close to the Scottish Government Analytical Services estimate that 95,000 households in social housing could be affected by the under-occupancy penalty, losing on average between £27-£65 per month.²⁶⁵

5.6 Overall prevalence and distribution of homelessness in Scotland

Scotland is currently unique within the UK for having survey-based evidence of people's past experience of 'homelessness', through questions included in the SHS in the period 2001-08 and again in 2010. This survey has asked a random adult in each household whether they have ever been homeless, and whether they have been homeless in the last two years ('homelessness' is self-defined in these instances). It also asks whether they have experienced any of a short list of 'objective' housing problems that might be defined as homelessness – sleeping rough, staying with friends/relatives because of not having anywhere else to live, staying in emergency accommodation or other insecure accommodation – and whether they had applied for help from the council because of the threat or actuality of homelessness.

The data from these questions are useful because, although they overlap with the statutory homelessness dealt with by local authorities, they extend to a wider group of people with similar problems who may not have contacted their local authority (and are therefore 'hidden homeless'). It is possible to track change over a recent period of time, and to look at the prevalence of these experiences across different demographic groups and geographic areas. While it should be remembered that this kind of retrospective survey data may miss out some of the more extreme cases (those who remain homeless or not settled in the private household population, as well as those who have died), and may not give a precise picture of the socio-demographic circumstances of these people in the period before they experienced their homelessness problem, it is still an approach which yields useful insights.

Figure 5.5 Changes in experiences of homelessness in Scotland



The proportion of adults reporting having ever been homeless has risen throughout the period 2001 to 2008, from 3.2% to 6.9%. However the proportion reporting being homeless in the last two years fluctuated between 1.4% and 1.8% in the period 2003-07, without such a clear upward trend. The proportion applying to the council for help rose strongly in 2008, quite possibly because of the awareness-raising effect of the extended homelessness duties of Scottish local authorities being implemented over this period (this might possibly account for some of the rise in 'ever homeless' at the same time). The rising trend in 'ever homeless' may also be reconciled with the 'two year' data if the underlying pattern was one of increasing incidence in the years before 2004.

Experience of recent or lifetime homelessness was more common among SHS respondents in Glasgow, Highlands and Islands and Central regions, and less

in Edinburgh, Grampian and Ayrshire. Recent homelessness was concentrated in the under-35 age groups, whereas 'ever homeless' was mainly found in the 25-44 age group. There was a strong association of both responses with being unemployed or economically inactive due to health/disability. Those with homeless experiences were also three-and-a-half times more likely to be in financial difficulties than other SHS respondents. Logistic regression analysis indicated that *both* housing market pressures and high levels of unemployment/poverty tend to drive up the incidence of lifetime homelessness, but the labour market variables tend to have a slightly stronger influence in the Scottish context (we suspect that in England, where housing market pressures are more acute, the reverse would hold).

5.7 Key points

In this chapter we have utilised a range of data sources to assess emerging statistical trends on homelessness in Scotland. What we found was a sharply different ‘story’ to that in England, where almost all indicators of homelessness commenced an upward trajectory from around 2010. In Scotland, in contrast, there has been an apparent decline in a number of ‘visible’ forms of homelessness, including both statutory homelessness and rough sleeping, and with respect to ‘hidden’ forms of homelessness (concealed, sharing and overcrowded households), there is a rather more mixed picture than south of the border. However, there are also indications that the underlying drivers of acute housing need and homelessness in Scotland are still trending upwards. Specific points to note are as follows:

- The 2012 commitment to provide settled housing for all unintentionally homeless households in Scotland, combined with a continuing decline in the availability of social housing lets, continues to place great pressure on the supply of both temporary and permanent accommodation in many local authority areas.
- However, after a ‘surge’ in applications and acceptances the early part of the decade, as a result of the expansion in entitlements of non-priority households, statutory homelessness has been declining slowly in Scotland since 2005/2006.
- There has been a particularly sharp drop in homelessness applications over the past year (19%). This is associated with the recent adoption by most Scottish councils of housing options/homelessness prevention strategies, rather than reflecting any easing in the underlying drivers of homelessness and acute housing need.
- Both rough sleeping and repeat homelessness appear to have declined in Scotland over the past decade, which seems likely to be associated with the expansion in statutory rehousing entitlements for single people, including those with more complex needs. However, anecdotal evidence indicates a recent rise in rough sleeping in Glasgow specifically.
- The number of concealed households has been fairly static in Scotland, with a slight decline in 2010 partially reversed in 2012. In 2012 there are an estimated 160,000 households containing at least one concealed single household, involving around 200,000 individuals in total. This is in addition to approximately 12,000 concealed lone parent/couple families. Around 7% of all Scottish households are estimated to contain a concealed household.
- There has been a some slowing down in new household formation, particularly in the 25-34 group, mainly because of affordability and access problem, although this is less marked in Scotland than in England. Recent fluctuations probably reflect changes in the private rented sector supply and, most recently, ‘double dip’ recession and welfare benefit changes.
- After a long-term decline, there has been an increase in the number of sharing households in the last two years. The decline, and then subsequent rise, of this indicator have both been more marked in Scotland than elsewhere in the UK. In 2012 around 50,000 (2% of) households in Scotland shared, mainly in the private rented sector.
- Overcrowding has continued to affect around 50,000 households (2%) in Scotland over the last decade, with no general trend to improvement, but nor has there been the deterioration evident

in England. Overcrowding is much more common in the rental sectors than in owner occupation.

- Rates of under-occupation are much higher among retirement age households and owner occupiers than among tenants and those of working age. Nonetheless 87,000 working age social tenants in Scotland in receipt of HB have one or more 'spare' bedrooms (of these 17,000 have two or more spare bedrooms). This indicates that a large number of Scottish social sector tenants will see a reduction in their HB entitlement, as it is simply not feasible for all of these tenants to move to smaller accommodation.
- The proportion of Scottish adults reporting that they had ever been homeless rose throughout the period 2001 to 2008, from 3.2% to 6.9%. Both housing market pressures and concentrations of unemployment/deprivation are independently associated with higher levels of homelessness in Scotland, but the labour market/poverty variables tend to have a slightly stronger effect.

6. Conclusions and future monitoring

This is a concerning time for homelessness both in Scotland and in the UK as a whole: the significant weakening of the welfare safety net, in a context of wider recessionary pressures and worsening housing market conditions, seems very likely to have a negative impact on many of those vulnerable to homelessness.

Drawing on detailed statistical analysis and qualitative interviews with selected key informants across the country, this report has sought to provide an independent analysis of the homelessness impacts of these recent economic and policy developments in Scotland. It has considered the effects of the post-2007 economic and housing market recessions and the welfare reforms being implemented by the current UK Coalition Government, as well as the implications of relevant Scottish Government policies. Impacts on all four of the following homeless groups were considered: people sleeping rough; single homeless people living in hostels, shelters and temporary supported accommodation; statutorily homeless households; and 'hidden homeless' households (living in overcrowded conditions, and also 'concealed' and 'sharing' households). This is the first year report in a four-year longitudinal study, and it provides a 'baseline' account of how homelessness stands to date in 2012, as well as highlighting already emerging trends and forecasting some of the likely changes over the next three years.

Central to the recent Scottish 'story' on homelessness law and policy is its significant divergence from that of the rest of the UK in the post-devolution period, such that by the end of 2012, all unintentionally homeless people in Scotland will be entitled to settled housing. This strongly rights-based 'Scottish model' for addressing homelessness has attracted international plaudits, but has also brought significant challenges to

Scottish local authorities, manifest in a substantial growth in the use of temporary accommodation and rising 'statutory demand' for permanent social tenancies. In response, the Scottish Government has, since 2010, encouraged a much stronger emphasis on homelessness prevention, employing an English-style 'housing options' or 'advice-led' model.

Largely as a result of these policy measures, emerging statistical patterns on homelessness in Scotland appear sharply different to those in England and Wales, where almost all indicators of homelessness commenced an upward trajectory from around 2010. In Scotland, in contrast, after a surge in *statutory homelessness* applications and acceptances in the early part of the decade, as the expansion in entitlements of non-priority households commenced, statutory homelessness has been declining slowly since 2005/2006. There has been a particularly sharp (19%) drop in homelessness applications over the past year, as this new emphasis on homelessness prevention took effect. There has also been a levelling off in TA placements, after sustained upward pressure over the past decade. As happened in England when there was a similar dramatic reduction in statutory homelessness consequent on the introduction of housing options, views differ on the extent to which these positive trends are wholly attributable to 'genuine' homelessness prevention, or may to some extent reflect changed recording practices and/or increased local authority gatekeeping. In this context, effective mechanisms for monitoring local authority prevention activity and outcomes are becoming increasingly important, and the Scottish Government trialled the introduction of a new framework in this regard in 2012.

As was also the case in England, the profile of statutory homeless households in Scotland has remained relatively stable over the past

few years, despite this reduction in the overall size of the cohort. More specifically, the relative importance of homelessness due to mortgage default or rent arrears has remained stable – i.e. it has reduced in absolute terms in line with total statutory homelessness. This is in keeping with the perception of key stakeholders that most repossessed home owners in particular have the social and/or financial resources to find an alternative means of managing their housing difficulties, with the statutory homelessness system used only as the absolute last resort for those who have run out of all other options. It is also important to bear in mind that, in sharp contrast to England, the majority of those accepted as statutorily homeless in Scotland are single people (mainly single men), and this was the case even before the expansion of priority need commenced post 2003.

Trends in *rough sleeping* and *repeat statutory homelessness* can also be traced to at least some extent using official statistics in Scotland, and both appear to have declined in Scotland over the past decade. This positive trend seems likely to be associated with the expansion in statutory rehousing entitlements for single people, including those with the most complex needs, who are much more likely than other homeless groups to sleep rough and to repeatedly apply as homeless. However, anecdotal evidence does indicate a recent rise in rough sleeping in Glasgow specifically.

With respect to ‘hidden’ forms of homelessness, there is a rather more mixed picture in Scotland than south of the border. The number of *concealed households* has been fairly static in Scotland, with a slight decline in 2010 partially reversed in 2012. Related to this, there has been a some slowing down in new household formation, particularly in the 25-34 group, mainly because of affordability and access problems, although this is less marked in Scotland than in England. After a long-term decline, there has been an increase in the

number of *sharing households* in the last two years in Scotland, probably reflecting the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession. The decline, and then subsequent rise, of this indicator have both been more marked in Scotland than elsewhere in the UK. *Overcrowding* has continued to affect around 50,000 (2% of) households in Scotland over the last decade, with no general trend to improvement, though nor has there been the pronounced deterioration evident in England.

These more positive, or at least more mixed, Scottish trends on homelessness as compared with England reflect both the impact of targeted homelessness policies, with some associated changes in recording practices, and also a somewhat less pressured housing market context than south of the border. That said, housing market stress is continuing to intensify in Scotland, with declining access to home ownership for first-time buyers putting ever more pressure on both of the rental sectors. Moreover, predominantly as a result of the long-term impact of the Right to Buy, levels of lettings available in the social rented sector have also been falling, with levels of new supply insufficient to offset the decline in relets. In that context the continued growth of the PRS – the sector now accounts for 12% of the Scottish housing market – assumes much greater importance in terms of its capacity to absorb rising numbers of low income households; but this capacity will be constrained by the UK Government’s welfare reforms (see below). In the medium term there will need to be a full recovery in levels of new house building if it is to keep pace with projected rates of household growth. Otherwise there will be an increase in overall housing market pressures in Scotland, albeit that the household dwelling balance remains far more favourable than that in England.

Thus underlying housing-market related drivers of homelessness appear on an

upward trajectory in Scotland, and there is some evidence to support this proposition from the SHS, which indicates that the proportion of Scottish adults reporting that they had ever been homeless rose throughout the period 2001 to 2008, from 3.2% to 6.9%. Analysis of this nationally representative dataset also indicates that, while housing market pressure and labour market weakness are both independently associated with higher levels of homelessness in Scotland, the latter have a slightly stronger effect. This suggests that growing unemployment and poverty may have a particularly marked impact on homelessness levels in Scotland.

Going forward, the main challenges to maintaining a progressive policy approach to homelessness in Scotland beyond 2012 have been identified as a) the worsening shortfall in social housing lets relative to supply (raising concerns in those local authority areas under the greatest pressure that homelessness may become viewed as the 'only' route into social housing), and b) the UK welfare reform agenda. Welfare reform in particular – in combination with the economic downturn – seems certain to drive homelessness up in Scotland and elsewhere in the UK over the next few years, as it will weaken the safety net that traditionally provides a 'buffer' between a loss of income, or a persistently low income, and homelessness. The introduction of the HB 'bedroom tax' for social tenants of working age, estimated to impact on around 90,000 Scottish social tenants, is generating greatest concern. The extension of the SAR to under 35s also seems likely to have damaging impacts in Scotland, with many vulnerable people in Scotland also affected by the growing conditionality associated with the JSA regime. Much will depend on the effectiveness of the 'mitigation' steps that the Scottish Government, local authorities and social landlords are able to undertake to blunt the impact of these and other welfare reform measures which will reduce the resources available to the very lowest income

households. In this context, the introduction of the SWF and the protection of CTB rates in 2013/14 are to be welcomed, but no one is claiming that such local measures can fully offset the impact of the major cuts in benefits being implemented by the Westminster Government. Looking ahead, if the UK Government removes under 25s from the remit of HB then a serious rise in youth homelessness seems unavoidable in Scotland and across the UK.

However, as elsewhere in the UK, and contrary to speculation in the press about 'middle class homelessness', there is nothing in the qualitative or quantitative data collected for this study to suggest that the nature of homelessness or the profile of those affected has substantially altered in the current economic climate. Quite the reverse: all of the indications are that the risk of homelessness is heavily concentrated, as always, on the poorest and most disadvantaged sections of the community, who lack access to the sort of financial or social 'equity' that enable most people to deal with work and relationship crises without becoming homeless.

The next three years is a crucial time period over which the intensifying homelessness impacts of the recession are likely to be severely exacerbated by the UK Government's radical welfare reforms. At the same time, housing market pressures, while still less acute than those experienced south of the border, are continuing to worsen in Scotland, with declining access to home ownership for first-time buyers, which in turn is increasing demand for both of the rental sectors. While our statistical analysis indicates some encouraging recent trends in Scotland on statutory and repeat homelessness, and on rough sleeping, these positive trajectories are strongly associated with targeted policy measures on addressing homelessness in Scotland, rather reflecting any easing in the underlying drivers of acute housing need. It remains to be seen whether

such local policy-associated gains can be maintained in the face of a major deterioration in structural conditions associated with the prolonged recession, radical welfare reform, and a tightening supply of affordable housing for those on low and modest incomes.

As well as tracking these headline trends till 2015, we will also attempt to ascertain the profile of those affected by both visible and hidden forms of homelessness, and whether there is any evidence of a change in this as the impacts of recession and welfare reform are played out over the next few years.

The evidence provided by this Homelessness Monitor over the next three years will provide a powerful platform for assessing the impact of economic and policy change on some of the most vulnerable people in Scotland.

Appendix 1: Policy and economic change in Scotland: Monitoring the impact on homelessness

Topic Guide for Key Informant Interviews: Round 1 (2012) Voluntary Sector

1. Introduction

- Explain nature and purpose of research
- Their job title/role; how long they have been in that position/organisation
- Nature of organisation – nature of service(s) provided; geographical coverage; homeless groups they work directly with (rough sleepers, single homeless, young homeless, homeless families, statutory homeless, hidden homeless etc.)

2. Impacts of recession/economic context

- Has there been an impact of the current recession/economic context on your client group/demand for your services. Probe changes in:
 - Nature, size, profile of client group
 - Needs of clients
 - Triggers for homelessness/crisis situation, etc.
- What are key contextual factors driving this change – rising unemployment; increased conditionality in JSA/ESA; decline in social lets; affordability/deposit barriers to home ownership, etc.
- What is it about these changes that directly impacts on your client group?
- Overall, have these economic developments/contexts had a positive or negative impact on your client group?
- Have you monitored these impacts in any way? Any evidence you can share with us?
- How do you see these effects developing going forward?

3. Impacts of Coalition policies

- Are there any particular Coalition policies/proposals that are likely to impact significantly on your clients/service users and demand for your services?
- Probe: -welfare reform – LHA restrictions (30th percentile rule; SRR extension to 35; LHA caps); cuts in HB for under-occupiers in SRS; uprating of HB non-dependent deductions; overall household benefit caps; Universal Credit, etc.
- What impact will they have – positive or negative?
- What is it about these policy changes that will directly impact on your client group/what

is the process by which it will affect them? (probe: increase risks of homelessness, make homelessness prevention more difficult, make resolving homelessness more difficult, etc.)

- Which policies/impacts are you most concerned about and why?
- When do you think you will start to see these effects/timescale for impacts?
- Will you be monitoring these impacts in any way? When will you have data/evidence to share?

4. Impacts of Scottish Government policies

- Are there any particular Scottish Government policies/proposals that are likely to impact significantly on your clients/service users and demand for your services?
- Probe – 2012 commitment; housing options/homelessness prevention; (voluntary) discharge of duty into PRS; housing support duty; Supporting People – cuts/removal of ring fence
- Other public sector reforms?

5. Follow up

- Any other service provider we should speak to?
- Any data/evidence they can give us?
- OK to return to speak to them again this time next year?

Appendix 2: Policy and economic change in Scotland: Monitoring the impact on homelessness

Topic Guide for Key Informant Interviews: Round 1 (2012) Local authorities

1. Introduction - explain nature and purpose of research

Note respondent job title/role; duration in that position/organisation

2. Impacts of recent economic/housing market conditions

(a). Has there been an impact of the **ongoing weakness of the job market and the continuing housing market downturn** on housing need/homelessness in your LA? – e.g. in terms of:

- **Rising unemployment** leading to more rent/mortgage arrears feeding through to rising evictions/mortgage reposessions?
- **Decline in social lets** squeezing affordable housing supply?
- **Affordability/deposit barriers** to home ownership, etc?
- A8 (or other) **migration** trends?

(b). Any specific effects on: (i) statutory homeless; (ii) rough sleepers; (iii) single homeless; (iv) hidden homelessness (sofa surfing, overcrowding etc.)

Probe on any changes in size, nature of client group (e.g. any evidence of ‘middle class homelessness’), factors triggering homelessness (e.g. mortgage/rent arrears, end of short assured tenancies, family pressures, drug/alcohol problems)

(c). What **statistical measures** do you have for changing rates of housing need/homelessness demand in your local authority over the past 2-3 years? – e.g. new housing applications, housing advice caseload statistics. Can you share these with us?

(d). How do you see the impact of **economic and housing market conditions** affecting homelessness over the next year?

3. Impacts of Coalition Government welfare/housing benefit reform policies

(a). Are there any particular Coalition **housing/housing benefit reform policies/proposals** impacting significantly on housing need/homelessness or likely to do so in next 1-2 years?

Probe:

- welfare reform – LHA restrictions (30th percentile rule; SRR extension to 35; LHA caps); cuts in HB for under-occupiers in SRS; uprating of HB non-dependent deductions; overall household benefit caps; Universal Credit, etc
- What impact will these changes have – positive or negative?

Can anything be said about the likely impacts on **distinct homelessness groups** – i.e. statutory homeless, rough sleepers, single homeless, hidden homeless?

(b). Which policies/impacts are you most concerned about and why?

(c). Do you think social landlords will be budgeting to accept **higher arrears levels** due to HB cuts or will they just evict more people as arrears rise?

(d). Do you think that a **continuing expansion of the private rented sector** will help offset rising homelessness by providing more supply at affordable rents?

(e). What is your authority's experience of **whether landlords are accepting lower rents** to conform to reduced HB ceilings?

4. Impacts of Scottish Government policies

a. Are there any specific **Scottish Government policies/proposals** you believe are likely to impact significantly on housing need/homelessness? – *Probe:* - 2012 commitment; housing options/homelessness prevention; (voluntary) discharge of duty into PRS; social housing supply/RTB; housing support duty; Supporting People – cuts/removal of ring fence

How will these factors impact here? - *probe: increase risks of homelessness, make homelessness prevention more difficult, make resolving homelessness more difficult*

b. Can anything be said about how these changes may affect distinct homelessness groups – i.e. statutory homeless, rough sleepers, single homeless

c. Which policies/impacts are you most concerned about and why?

d. When do you think you will start to see these effects/timescale for impacts? Do you think they will affect some groups more than others?

5. (If not already fully covered) If statutory homelessness numbers (or homelessness applications) have been rising in your authority, what are believed to be the main underlying drivers of this trend? What evidence is available to support this?

6. (If not already fully covered) If rough sleeper numbers have been rising in your authority, what are believed to be the main underlying drivers of this trend? What evidence is available to support this?

7. (If not already covered) Are there any local housing, planning or other policies which have impacted or may impact on homelessness demand?

8. Follow up

Any data/evidence/reports to be provided? OK to repeat interview in Spring 2013?

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About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives. We measure our success and can demonstrate tangible results and value for money.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

We have ambitious plans for the future and are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own. But we take a lead, collaborate with others and together make change happen.

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