Executive summary

In 2003, the Scottish Parliament passed legislation stating that everyone who is homeless will have a right to a home by 2012. In practice, this means ending the system of assessing people as ‘priority’ or ‘non-priority’ homeless and giving entitlement to permanent accommodation for all those who are unintentionally homeless. Local authorities will have a duty to house all those who are found to be homeless from January 2013 and to provide the same level of service to all homeless people.

Since 2003, progress towards the 2012 commitment has been significant. Some local authorities are already meeting the targets, although others may struggle to meet the commitment over the coming year. Evidence from citizens advice bureaux shows a mixed picture of progress, with some homelessness services struggling to meet the commitment alongside the effects of the recession and funding difficulties. Despite progress made, there are a number of contributing factors that will have an impact on this policy both this year and in following years:

- **The recent recession** and current economic conditions have increased the number of evictions and repossessions thereby increasing pressure on housing and homelessness services. The 2012 commitment must be met in a time of economic turmoil for many people.

- **Overall reductions in the Scottish Budget** will entail a significant reduction in the Housing and Regeneration budget. This may impact on the supply and availability of affordable homes across Scotland.

- **The UK Government's Welfare Reform Bill** will have a significant impact on people and services in Scotland. Changes in entitlement affecting Housing Benefit, Incapacity Benefit, Disability Living Allowance, and various other benefits, will result in an estimated £2 billion being taken out of the Scottish economy by 2014-15. The changes to Housing Benefit in particular are likely to have an adverse effect on the Scottish Government’s 2012 homelessness commitment.

These factors, and the ways in which they are dealt with by local authorities and the Scottish Government, will have a significant impact on the ability of services to deliver on the 2012 commitment. In order for the commitment to be met and to be translated into long term benefits for homeless people in Scotland, we recommend the following:

- **Support advice services that prevent homelessness**: Independent advice plays a key role in homelessness prevention strategies by maximising client income, helping clients to deal with unmanageable debt, and arranging repayment agreements for those in rent arrears.

- **Plan to mitigate the impact of welfare reform**: Changes in benefit provision, particularly concerning Housing Benefit, will have a significant effect on people and services in Scotland and poses perhaps the biggest threat to the ability of local authorities to meet the 2012 commitment.

Evidence from citizens advice bureaux

1. Citizens advice bureaux in Scotland advised on 7,677 issues related to homelessness in 2010/11 – an increase of 3% on 2010/11. Around 1,900 of these issues related to local authority homelessness services, which represented a 19% increase on the previous year.

2. Problems relating to homelessness services covered a wide range of issues, with processes/procedures (28% of issues), homelessness provision (25%), and homelessness assessments (24%) the most common advice queries.

3. Based upon a sample of 300 clients who sought advice on local authority homelessness services in 2010/11, clients with these issues tended to be young (51% are under the age of 35), 75% are single or divorced, a third have dependent children, and around two-thirds are not working.
4. The 19% increase in issues relating to local authority homelessness services may be a product of the increased need for their services. However, it is also likely to indicate that there has been an increase in clients experiencing problems in their application for homelessness and in their interaction with homelessness services. Feedback from citizens advice bureaux suggests that there are three main problems that homeless clients are experiencing:

- Local authorities can refuse to accept an application, or discourage a client from making an application, despite having a duty to do so.
- Some local authorities are still assessing homeless people as non-priority ahead of the 2012 commitment
- Young people make up a disproportionate number of those making homeless applications and can struggle to access the advice and housing that they are entitled to.

5. Local authorities have a duty to accept homelessness applications and investigate the circumstances behind the application. Bureaux have reported a rising incidence of clients either being discouraged from making an application or the local authority has refused to accept an application. Advisers are concerned that local authorities may not be following their duty in some instances as they are under pressure to help rising numbers of homeless people alongside meeting the commitment.

A North of Scotland CAB reports of a client who has been discouraged from making a homeless application. The client leads a very chaotic lifestyle due to his alcohol and cannabis addiction and as a result none of the client's friends and family are prepared for the client to stay with them. However, housing officers are pushing the client to continue 'sofa surfing' even though none of the client's friends are prepared for him to stay. The local authority is not offering the client an opportunity to make a homeless application.

A West of Scotland CAB reports of a client who approached the bureau for housing advice after being discharged from hospital. The adviser phoned the local authority housing office who advised that the client should present as homeless at the office with a letter from the hospital. The client did so but returned to the bureau very upset as they had refused to take her application and told her that she should return to Dundee. The client states that she cannot return to Dundee as she was fleeing domestic violence. The bureau phoned the housing office to remind them that they have a duty to investigate all the circumstances before they make a decision and that they simply cannot just refuse to take an application at the reception desk.

An East of Scotland CAB reports of a client who was advised by the local authority to return to Yorkshire after trying to make a homeless application. The client had been living with a family friend but left due to a dispute. The client attends college in the area and is also waiting on a hospital appointment. The bureau managed to arrange bed and breakfast accommodation for the client and the local authority thereafter accepted his homeless application.

A West of Scotland CAB reports of a client who stated that the housing department did ‘everything possible to put her off’ making a homeless application. The client has recently separated from her partner and has moved into her mother’s house with her young child. The client gets on well with her parents, but cannot stay there permanently.

6. In the run up to 2012, most local authorities were still making a distinction between priority and non-priority clients. National figures for 2010/11 show that 88% of homeless applications were assessed as priority in Scotland, which is significant progress from 73% in 2003/04. However, figures for individual local authorities show that some areas are only assessing 60 – 70% of clients as priority homeless. The following cases show the types of cases in which clients were assessed as non priority homeless in the last 12 months.

A South of Scotland CAB reports of a client who has been told that she is not a priority need group for homelessness. The client was living with her father, but had to move out after her father and partner had a second child. She now lives with her mother in a one bedroom flat and is sleeping on the couch in the living room. The client has asthma which is becoming worse due to her housing situation.
A West of Scotland CAB reports of a client who has become homeless after leaving the home he shared with his former partner and two children. The client’s former partner is now living with another man and is pregnant. The client was allocated emergency accommodation pending his case being considered. He has now been told that he is not considered priority homeless as he has no dependent children or illness/disability. The client approached the bureau for advice on the day before his temporary accommodation was due to expire.

A North of Scotland CAB reports of a 22 year old client who was assessed as not being in priority need for homelessness accommodation despite experiencing significant health problems. The client has significant addiction problems, including heroin and alcohol, and is starting a methadone programme. The client also suffers from depression, anxiety, paranoia, and has a history of self-harm. The client believes that her level of vulnerability was not taken account of in the decision.

An East of Scotland CAB reports of a young client who has been told to vacate her temporary accommodation as she does not have a priority need. The client left her previous home due to domestic violence from her partner.

7. The previous two cases feature young people who make up a disproportionate number of Scotland’s homeless. Almost a third of homeless applications made in Scotland are made by a single person under the age of 25. In 2009, around one in 38 young people in Scotland made a homelessness application. CAS is concerned that there are a number of young people who are ‘hidden homeless’ in that they are sleeping at a friend’s house or living in overcrowded accommodation. It is likely that many of these young people are not accessing the services that are in place to help them and are not recorded in official homelessness figures. Young people must therefore be at the forefront of thinking on changes to homelessness and housing services.

Barriers to the 2012 commitment

8. There are a number of factors that will act as a barrier to the commitment being met in the next 12 months, including:
   - The continuing effects of the recession
   - Reductions in the Scottish Budget
   - The effects of welfare reform

Continuing effects of the recession

9. The long tail of the recession and the continuing economic problems facing the country mean that the homelessness commitment must be met in a period in which housing and homelessness services are experiencing high demand. As unemployment levels rise and incomes reduce, the number of homelessness applications made in Scotland is likely to increase in the near future.

Reductions in local authority and housing budgets

10. Local authorities will be required to provide services on a reduced budget. The SPICe Financial Scrutiny Unit estimate that the Local Government portfolio will decrease by 1.8% in cash terms next year (4.2% in real terms) and by 4.1% by 2014/15 (11.3% in real terms). Local authorities have also had a freeze in council tax imposed and have a number of additional expenditure commitments which will be placed on them. Alongside an expected increase in demand for public services, local authorities face tough decisions on where spending should be concentrated and where it should be reduced. Housing and homelessness services are likely to face meeting the commitment alongside reductions in their budgets.

11. Overall, the national Housing and Regeneration budget is proposed to have a reduction of £96.1 million or 24.7% in the Scottish Budget. Over the Spending Review period, the housing and
regeneration budget line will reduce from £389.6 million in 2011/12 to £272.7 million in 2014/15 – a reduction of 30%.

12. Within the Housing and Regeneration budget, funding available for new housing supply will fall from £268.5 million in 2011-12 to £155.3 million in 2012-13 (a 42% reduction) and further decrease the following year. Planned expenditure on Supporting Vulnerable Groups will decrease from £57.2 million in 2011/12 to £32.2 million in 2012/13 (a 44% reduction).

13. The Scottish Government has a manifesto commitment to “build over 6,000 new socially rented houses each year”. There have been doubts expressed across the housing sector, including Shelter, Scottish Federation of Housing Associations, and the Chartered Institute of Housing, whether this target can be achieved within the reduced budget. The Scottish Government has since reaffirmed its commitment to the affordable homes target despite the reduction in spending on housing and regeneration. CAS believes it is imperative that affordable homes continue to be built for the many that require them and that potentially vulnerable tenants are not left in unsuitable housing.

**Fundamental changes in UK welfare policy and legislation will have significant implications for Scotland**

14. A number of fundamental changes to Housing Benefit and Local Housing Allowance at UK level will impact on claimants and public services in Scotland over the next few years. These changes include:

- Housing Benefit payments to claimants in Scotland will reduce by around £38 million annually. Reductions in Housing Benefit payments will have a significant impact on local authorities and housing associations in terms of rent arrears, provision of housing, homelessness services, and temporary accommodation. Local authorities stand to deal with the effects of this loss in housing support alongside drops in income if the Housing Benefit caseload reduces.

- From October 2011, Local Housing Allowance payments will be restricted to the 30th percentile of local rents rather than the midpoint for new claimants. For existing claimants, this change will come into force on the anniversary of their claim. The expected results of this change is that the average claimant will lose around £10 a week in housing support; the number of affordable properties that are available to these claimants will be restricted; and that housing support for 55,000 households across Scotland will be reduced.

- From 2012, single people up to 35 years old will only receive enough Local Housing Allowance to cover sharing a property, not to rent their own home (from the current 25 years old). This will reduce the amount of support they are entitled to by up to £2,800 per year. This is likely to affect 7,500 people across Scotland and may force many to find shared accommodation or face arrears and possible homelessness.

- 110,000 households claiming Housing Benefit where tenants are considered to be underoccupying their homes will receive an average cut of £13 a week. Tenants will be penalised for under-occupying but many will have little option but to do this as there is a significant lack of one bedroom properties in Scotland. The Scottish Federation of Housing Associations commissioned a report into the impact of the welfare reform bill. The report states that 44% of working age housing association/Co-op tenants need a one bedroom property, but only 24% occupy one across all tenants. Claimants face a choice of trying to find a smaller property from a limited pool or attempting to make up the shortfall in their rent from a low income. The result is likely to be increased pressure on housing and homelessness services.

15. The changes to Housing Benefit are likely to have an adverse effect on the Scottish Government’s 2012 homelessness commitment. COSLA estimates that if 5% of those affected by the drop in income from underoccupancy in the social rented sector become homeless there will be an annual increase in current homeless levels of 4,700. In the private rented sector, they...
make a conservative estimate that a further 3,000 additional homeless cases will present in 2011/12 and 2012/13 alone\textsuperscript{10}. Added to the 2010/11 homelessness figure, this conservative estimate would represent a 19\% increase in homelessness levels. For councils, the key issue will be how homelessness prevention strategies can assist households affected by changes to secure alternative accommodation or to stay in their home before homelessness actually occurs.

16. A range of other changes to benefits, including Incapacity Benefit, Disability Living Allowance and the Social Fund, will have direct and indirect effects on housing and homeless services. As income from benefits decreases, it is likely that increasing numbers of tenants will struggle to pay rent and council tax. The Fraser of Allander Institute has estimated that benefit cuts will result in £2 billion being taken out of the Scottish economy by 2014-15. They expect this to “contribute to the weak growth of household spending” and also state that “our fear is that the greater welfare spending cuts may dampen growth in 2012”\textsuperscript{11}. Much of the impact of cuts will fall on local authorities.

How can Scotland meet the homelessness commitment?

17. From January 2013, local authorities will have a duty to house all those who are found to be homeless. There is no ‘opt-out’ for local authorities. Significant progress has been made over the last nine years to meet the 2012 commitment and it is imperative that local authorities continue this progress over the next 12 months to ensure they are ready to meet the duty.

18. Unfortunately, the economic and political conditions in which local authorities must prepare for the duty are not benign. Housing and homelessness services will have to cope with the continuing effects of the economic downturn alongside probable reductions in their own budgets. On top of this, the effects of significant welfare changes will begin to hit home, affecting local authority tenants and council income. Local authorities are likely to experience an increase in demand for housing services alongside less funding to deal with this demand. In order to meet the commitment, we recommend the following:

\textbf{Maintain and enhance funding for preventative services}

19. Independent advice plays a key role in homelessness prevention strategies by maximising client income, helping clients to deal with unmanageable debt, and arranging repayment agreements for those in rent arrears. The funds that are used to prevent eviction and homelessness are far lower than the funds required from the public purse to help those who have lost their home. Citizens advice bureaux therefore play a key preventative role by keeping people in their homes. Investment in independent advice saves public money and leads to positive outcomes for clients.

20. CAS is concerned that local authorities will concentrate their reduced resources on statutory services at the expense of non-statutory services. Many non-statutory services, including advice, are relied upon by service users. We are particularly concerned about local authority funding to citizens advice bureaux as cuts in funding will inevitably lead to delays in advice or to people not receiving the advice that they desperately require. \textbf{Citizens advice bureaux in England have received average cuts in funding of 10\% from local authorities, which has led to a drop of 7\% in the number of people they have been able to advise this year.}\textsuperscript{12} Cuts in funding to advice services in Scotland will reduce the number of people that can be helped as demand rises – which will put further pressure on public services.

21. The most cost effective way of dealing with homelessness is to prevent it from happening altogether. Funding should be focused on services that provide solutions where the threat of homelessness exists, and local authorities should work closely with such services to ensure that evictions and homelessness are kept to a minimum.

\textbf{Mitigate the effects of UK welfare reform changes}

22. Local authorities and housing associations will need to realign their housing and homelessness policies to meet the challenges that changes to Housing Benefit and Local Housing Allowance will introduce. Homelessness prevention policies must meet the difficulties that tenants will
experience if their housing benefit payments are reduced while social landlords must plan for the increased demand for one bedroom properties.

23. Changes to Housing Benefit rules will lead to more tenants falling into arrears, while landlords facing more uncertain funding streams will find it difficult to borrow funds from lenders to build homes. Local authorities and registered social landlords must therefore plan to mitigate the impacts of UK welfare policy changes on their tenants while dealing with a decrease in income.

24. Scottish housing services policy will need to reflect the narrowing of housing options available to private sector tenants caused by changes to how the private rented sector Local Housing Allowance is calculated. This could reduce the income of some 55,000 claimants in Scotland, increasing demand for public sector housing, debt advice and homelessness services.

25. The Scottish Government will need to increase the number of one bedroom properties available in Scotland to avoid housing arrears amongst social tenants. The new under occupancy rules for housing will restrict housing benefit for working age social tenants who occupy a larger property than their family size, leading to many people downsizing and needing one bedroomed properties. For example – a couple whose children have left home and are no longer dependants will be expected to downsize to a one bedroomed property. Many people will need to find the shortfall in their rent to stay in the same property – possibly from other reduced benefits - which will increase housing arrears.

Conclusion

26. Local authorities should be praised for the progress that they have made towards meeting the 2012 Commitment. It is unfortunate that they will encounter a number of potential barriers over the next year in meeting the commitment. Pressure on budgets alongside increases in demand caused by welfare changes will impact on local authority housing and homelessness services. In order to meet the commitment, and cope with the added pressures that this year will bring, we recommend that the Scottish Government and local authorities prioritise services that prevent homelessness and that policies and practices are re-aligned to help mitigate the impact of welfare reforms on those at risk of becoming homeless.

References


4 ibid


8 ibid

9 Scottish Federation of Housing Associations. *The impact of proposed Welfare Reform on HA/Co-op tenants*. June 2011

10 COSLA. Memorandum submitted by the Convention of Scottish Local Authorities to House of Commons Welfare Reform Bill Public Committee April 2011 Available online: www.publications.parliament.uk/pa/cm201011/cmpublic/welfa/re/memo/wr53.htm [Accessed 7 October]
