

Homelessness ends here



ACCESSING THE PRIVATE RENTED SECTOR:

the cost effectiveness of
deposit guarantee schemes in Scotland

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 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.

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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EXECUTIVE SUMMARY

Introduction

This paper has been written for those involved in the commissioning and delivery of services in the homeless sector in Scotland. The research aims to highlight the financial benefits that can be gained through the use of a Deposit Guarantee Scheme (DGS) to help homeless and vulnerably housed people in Scotland to access private rented accommodation. It sets out a cost benefit case for the establishment and use of DGSs in Scotland by comparing the costs involved with a range of alternative scenarios.

Access to the private rented sector

Stable and secure housing is the foundation of successful work with homeless and vulnerable people but demand cannot currently be met by the social sector alone. Private rented sector (PRS) accommodation is increasingly important as an accommodation option for homeless and vulnerably housed people. DGSs help people who might otherwise be unable to access PRS accommodation through the provision of a range of services to both tenant and landlord, including a deposit guarantee, property inspection and ongoing advice and support. This wider support dictates the success of a scheme in achieving sustainable tenancies for its clients.

Current overview and costs of DGSs in Scotland

A review of DGSs in Scotland in 2007/08 conducted by Crisis¹ found there were 28 DGS schemes in operation and that through these schemes over 1,500 people were helped into PRS accommodation over a 12 month period. This paper establishes an average unit cost of £1,177 to help someone into PRS accommodation through a DGS. This cost provided for some form of deposit coverage (generally a guarantee

bond) and dedicated staff to provide a range of support services to both landlord and tenant.

This paper found that there is considerable saving to be made in using DGSs to access the PRS in comparison to hostels for residents who are ready to move on, with one local authority area showing a saving of just under £9,000 per client. Not only is there a cost saving involved but this would allow hostel spaces to be freed up for those who need them. Similar savings were found when the cost of re-housing through a DGS was compared with the cost of housing someone in Bed and Breakfast accommodation (B&B). The use of temporary accommodation by local authorities was also shown to be generally more expensive than the use of a DGS.

Significant savings were also identified through the possible re-housing of offenders through DGSs. Finally, evidence on the costs associated with rough sleeping and single homelessness suggests that savings may be possible where a DGS provides an alternative housing option.

Conclusions

The findings illustrate that DGSs offer a cost effective housing solution when compared with other housing options for homeless and vulnerable people. Crisis recognises that a DGS does not offer a direct alternative to all of these models. However, a properly resourced scheme that offers a range of services can provide a positive housing solution for many vulnerable people.

This paper therefore suggests that DGSs that offer a range of services in accordance with best practice should be a key part of the approach to tackling homelessness of every local authority and the Scottish Government itself, and they should be encouraged and resourced to continue to develop and expand.

1. Crisis (2008) Deposit Guarantee Schemes in Scotland A Sustainable Housing Option 2008

RESEARCH AIMS

This research aims to highlight the financial benefits that can be gained through the use of a Deposit Guarantee Scheme (DGS) for homeless and vulnerably housed people in Scotland.

Homelessness has a range of costs to the individual and to society including poor mental and physical health, poor educational and work performance and family breakdown, all of which contribute to unsettled and often chaotic lives. This research aims to provide an economic case for more resources to be focused on DGSs as a way of providing a housing outcome and more generally helping the individual to resolve and escape homelessness.

This study builds on two earlier pieces of research. *Deposit Guarantee Schemes in Scotland - A Sustainable Housing Option* was produced by Crisis in 2008 to provide an overview of what schemes are, the services they provide and the role they play in creating sustainable communities and preventing people from becoming homeless.

The second study was commissioned by Crisis and the London Housing Foundation (LHF) in 2008. Entitled *Private Access, Public Gain: The use of private rented sector schemes to house single homeless people*, this report provided a business case for using private rented sector (PRS) access schemes to house homeless and vulnerable people who may not meet the criteria for statutory homelessness. Although this study looked at this issue in a London context, wider lessons could be drawn from many of its findings.

This research sets out a cost-benefit case for the establishment and use of DGSs in Scotland by comparing the cost of an individual being supported by a DGS into housing in the PRS with a range of alternative scenarios.

These comparisons include:

- The cost of housing people in hostel accommodation
- The cost of overstay in Bed and Breakfast accommodation to local authorities
- The cost of overstay in temporary accommodation to local authorities
- The cost of housing offenders to the Scottish Prison Service
- The cost to the NHS and local authorities of providing services to rough sleepers.

The research will also consider the additional services provided by Scottish schemes and their emphasis on choice, quality of life and tenancy sustainment.

BACKGROUND AND CONTEXT

With homelessness and wider housing need rising there is undoubtedly a need for more social housing in Scotland. It is also always important to take into account the circumstances and needs of an individual, not least any support needs they have, in ensuring an appropriate housing outcome for them. In many instances social housing or some form of supported housing might well be the most appropriate outcome for them. Crisis therefore fully supports the case for additional social and supported housing to be built in Scotland. However, for many people the PRS might be an excellent option, particularly with the services that a DGS can provide to match the tenant to an appropriate property and landlord.

The PRS and tackling homelessness

There are a number of pressures on the supply of affordable housing in Scotland. In this context and with limited public sums it is necessary to explore all housing options to maximise supply and to provide a decent home for all. The PRS in Scotland provides 8.5 per cent of all housing stock,² although this varies considerably by local authority. For example in Edinburgh 13.8 per cent of stock is privately rented. West Dunbartonshire has 2.6 per cent, Fife has 6.1 per cent and Scottish Borders have 10.6 per cent.

The PRS has long been recognised as a potential source of accommodation for homeless people, particularly single homeless people who are often unable to access social housing. Whilst there are many suitable properties in the PRS landlords usually require deposits and rent in advance, which many people on low incomes and benefits have difficulty raising. Many landlords are also reluctant to let to people in receipt of Local Housing Allowance without some form of assistance.

In 1999, in their guidance to local authorities, the Scottish Government asked that they consider: *“whether the development of rent deposit schemes would be appropriate in their area, and in the first instance to work with those organisations with experience of such schemes to develop proposals.”*³

In 2002 in Scotland, the Homelessness Task Force recommended that all local authorities should provide access to such schemes by 2004.

The research has been undertaken at a time of consultation on Scottish homelessness legislation. Changes have been proposed that would give

2. Scottish Government (2009) Statistics extracted from Landlord Registration information submitted to Local Authorities in Scotland

3. Scottish Executive (1999) Code of Guidance on Homelessness

local authorities greater flexibility in discharging their homelessness duties to enable greater use of the PRS, and will help them in meeting the 2012 homelessness target. These proposals are summarised in Annex B as they are of relevance to the use of the PRS and the role of DGSs.

How do DGSs work?

Schemes are often referred to by a range of different terms including 'rent deposit scheme,' 'deposit guarantee schemes' (particularly if the guarantee does not cover rent arrears), and 'bond schemes.' This terminology itself can be unhelpful as deposits and guarantees only constitute one of the many elements of a successful scheme, and the use of such terms can result in a reductive perspective of what they do, hence the growing usage of terminology such as 'social lettings' or 'PRS access schemes.'

For the purposes of this document we will use the term 'deposit guarantee scheme' (or 'DGS') throughout, as some element of deposit coverage is a common thread that runs through all of the schemes detailed within. However, this research also recognises and reflects the variety of ways in which schemes improve access to, and the sustainment of, successful tenancies within the PRS.

Most private landlords ask for between one and two months deposit in advance. Schemes will generally offer a written guarantee to landlords in place of the deposit. The written guarantee is normally valid for between 6-12 months. Most landlords retain their tenants once the guarantee period expires.⁴ In order to bring about sustainable outcomes and a genuine home for those in need, schemes offer a range of services

to both the landlord and the tenant. It is this wider support that dictates the success or otherwise of a scheme in achieving this goal.

Different schemes may have different objectives, target client groups, and eligibility criteria. The majority will assist people who are homeless, potentially homeless or in housing need, and who do not have the means to raise the deposit. This paper outlines the financial case for using DGSs to assist clients in a variety of different circumstances, particularly those who would not currently be considered to be in 'priority need'.

Current overview of DGSs in Scotland

The study undertaken by Crisis during 2007/08 found that:

- There were 28 schemes in 32 local authority areas
- 14 schemes were operating within a local authority
- 13 schemes were operating within voluntary organisations
- One scheme was being developed by a Registered Social Landlord
- Over 1,500 people in housing need were placed in homes through DGS during 2007.

No single model of DGS is used across Scotland. It continues to be the case that the local housing market, the administration of Local Housing Allowance and the needs of clients – both homeless people and PRS landlords – locally dictates the model used in a given area. It is desirable that schemes are responsive to their local housing market and homelessness situation.

4. Crisis (2008) Deposit Guarantee Schemes in Scotland A Sustainable Housing Option

Additional services offered by DGSs

It is important to note that DGSs provide a number of additional services, to both tenants and landlords, which are included in the costs discussed within this paper. These services go beyond the issuing of a bond/guarantee in place of the deposit, but are often overlooked.

Research conducted by Julie Rugg in 2003 found that “the provision of help with deposits was usually accompanied by a package of ‘add on’ services that were considered essential to the successful progress of a tenancy”.⁵ Additional services provided by DGSs might include:

For homeless/vulnerable households

- Assessment of support needs
- Advice and guidance on searching for a property
- Setting up Housing Benefit/Local Housing Allowance payments
- Budgeting/debt advice
- Maximising income and applying for financial support (i.e. Discretionary Housing Payments or Community Care Grants)
- Accessing furniture, household items, and moving-in packs
- Setting up utility bills
- Advice on rights and responsibilities
- Savings schemes
- Volunteer befriending
- Floating support
- Mediation with landlord
- Access to training and employment programmes.

For landlords

- Ensuring Housing Benefit/Local Housing Allowance is set up
- Supporting tenants
- Filling voids
- Taking up references

- Providing inventories
- Rent-in-advance
- Explaining landlords rights and responsibilities
- Action to prevent arrears
- Advice on repairs and improvements
- Named point of contact for any problems arising.

Sustainability

The success and sustainability of tenancies is of paramount importance. Such stability is vital for a client who has previously been homeless and, for the public purse as well as the people concerned, it is important to avoid repeat homelessness wherever possible. In 2008 Crisis collated data from DGSs around Scotland that demonstrated their effectiveness in providing a sustainable housing model. Although data on sustainability rates is not collected systematically by all schemes, of the six schemes that did keep records those sustaining tenancies beyond either six or 12 months were found to range from 68 per cent to 86 per cent. Also a pilot scheme with Highland Council which ran from 2003 to 2004 created 18 tenancies and reported that 16 of these tenancies were being sustained, which demonstrates a sustainability rate of 89 per cent for over three years.⁶

Sustainability arises where certain conditions are met. This includes matching the right individual to the right property, the provision of good quality accommodation and having a ready supply of professional landlords. The range of services (as outlined in Annex A) help to ensure that these conditions are met and that tenancy breakdown is prevented, which previous research has shown to cost around £15,000 per tenancy.⁷ DGSs enable people to access a private let at relatively little cost in comparison to a failed tenancy, and the provision of the additional services help to increase the likelihood of a person being in a home for years to come. These simple prevention measures therefore reduce tenancy failure at a huge saving to the public purse.

5. Scottish Government (2003) Rugg J - Deposit Guarantee Schemes in Scotland Centre for Housing Policy – The University of York, Scottish Executive Social Research 2003

6. Crisis (2008) Deposit Guarantee Schemes in Scotland A Sustainable Housing Option

7. Scottish Council For Single Homeless Briefing (2007): Tenancy failure how much does it cost

Crisis and using the PRS to house single homeless people

Crisis is the national charity for single homeless people. We campaign and deliver innovative services year-round to help people find a route out of their homelessness and rebuild their lives. Crisis' involvement with private rented sector access schemes dates back to 1997, when it launched its best practice model deposit scheme 'SmartMove'. Crisis SmartMove is delivered by a network of 28 partner organisations around the UK and has enabled over 11,000 people to access housing.

In 2006, following the wind-up of the National Rent Deposit Forum (NRDF), Crisis recognised the opportunity to take on key staff and resources to establish a new national advisory service for local government and the homeless sector to support the development of deposit schemes and PRS solutions to homelessness. A good practice guide and supporting resources have been developed, and a programme of events and training has been established for those operating schemes. Crisis has worked with a range of stakeholders, including the Scottish Government, to advise on the establishment of schemes and how to improve their quality and development.

For further information and to access resources visit www.privaterentedsector.org.uk, or e-mail Crisis at smart.move@crisis.org.uk.

CALCULATING THE 'COST' OF DEPOSIT GUARANTEE SCHEMES

Assessing the cost of schemes is problematic since schemes differ in the way they are organised (depending on whether they are run by a voluntary sector organisation or a local authority) and in the services they provide. Nevertheless, a per unit method adopted in a study commissioned by Crisis in 2008 gives a useful insight into how schemes can be costed and compared.⁸ This method identifies the organisation's annual budget, primarily consisting of the cost of deposit guarantees and the revenue funding that enables schemes to provide an effective and sustainable service to homeless people and PRS landlords. This budget is then divided by how many clients they have accommodated during a set period, in this case 2007/08.

For the purposes of this report, the unit cost has been calculated using financial data which Crisis collected from deposit guarantee schemes as part of its 2007/08 study in Scotland, and also from information that local authorities provided to the Scottish Government on annual budgets and numbers housed by deposit schemes during 2007/08. Data was available for seventeen DGSs of which six were local authority run and eleven were operated by voluntary sector organisations. This represents 60 per cent of all schemes currently operating. The schemes participating in the research represent a good mix in terms of location, client group, maturity of scheme and also local housing market (for example the proportion of holiday lets in a given area, or high student populations).

Once the unit cost for each scheme was established it was possible to identify a mean average **unit cost of £1,177 per person helped into PRS accommodation by DGSs in Scotland.**

The median average was £1,016 per person helped.

There were some extremities in terms of high and low unit costs. The highest was produced by a local authority scheme which reported a cost of £3,000 per unit. However, the vast majority of schemes (15 out of 17) were below £1,600 per unit, with just two significantly higher. Similarly, there were schemes reporting particularly low unit costs, the lowest being £483. If we exclude the two schemes with the lowest costs per unit and the two with the highest, the mean average of the remaining 13 schemes was **£1,041.**

We feel that any of these three measures would provide a valuable benchmark in the form of an indicative cost of assisting a person into accommodation with a DGS. For the purposes of this paper we have opted to use the first figure,

⁸. Crisis (2008) Private Rented Sector Access Schemes in London: Outcomes, Costs and Success Factors
Crisis and London Housing Foundation

the overall mean **£1,177**, as this represents the most conservative cost estimate.

Project visits carried out by Crisis in 2007 found that all schemes offered some level of support to tenants. The exact nature of the support offered varies between schemes. For the purposes of cost comparisons it is thought that the support costs included in our unit cost are largely related to support setting up the tenancy (i.e. assistance with filling in forms, budgeting, advice on rights and responsibilities) and low level ongoing support (i.e. a visit in the first six months, informal mediation with landlords). Where a more intensive level of support is required tenants will usually be linked in with social work departments and other support agencies. Therefore when doing comparisons it will be assumed that the unit cost for DGSs does not include structured ongoing support.

The unit cost does include the support that DGSs typically provide to landlords. This also varies depending upon the scheme in question but will typically include advice on rights and responsibilities, assistance with Local Housing Allowance, information on landlord's forums and training events, and informal mediation in the events of problems occurring. Schemes recognise that their relationship with landlords is crucial to their success and the provision of this support is therefore vital.

The average unit cost for a DGS in Scotland of £1,177 correlates with the £1,600 per unit cost found in London.⁹ We will now look at how this cost compares to a range of typical housing scenarios that an individual may be placed in and how use of a DGS could be considered a suitable and more cost effective alternative.

9. Crisis & LHF (2008) Private Access, Public Gain: The use of private rented sector schemes to house single homeless people

COMPARING THE COST OF A DGS AGAINST OTHER HOMELESSNESS PATHWAYS

TEMPORARY ACCOMMODATION

The number of those in temporary accommodation in Scotland has doubled from over 4,000 households in 2002 to over 9,000 households in 2008.¹⁰ This increase is largely due to provisions in the Homelessness Act (2001), which required local authorities to provide all homeless people with temporary accommodation, within two years the number of homeless applications had increased by 18 per cent.¹¹ Further legislation relating to temporary accommodation came about due to the Homelessness Task Force's recommendation in 2002 that local authorities reduce the use of Bed and Breakfast (B&Bs) and eradicate its use for families with children.¹² Thus in 2004 the Homeless Persons Unsuitable Accommodation (Scotland) Order was enacted which prohibited the use of B&Bs for families with children. The long term aim of the legislation is to ensure that all unintentionally homeless people are provided with a permanent home by 2012.

Communities and Local Government in England recently considered the potential savings of a DGS compared to alternative housing options. It concluded that such schemes can be highly cost effective, and found average net savings to be £2,900 (per unit) compared to the cost of

temporary housing for priority need applicants in two borough council areas. In addition, compared

to Private Sector Leasing (PSL) schemes, DGS was found to be more cost efficient due to the high management fees involved in PSL schemes.¹³

The use of temporary accommodation in Scotland

There is a widely recognised problem whereby people are spending longer in temporary accommodation than necessary "due to a lack of move on accommodation".¹⁴ This is mainly caused by a mismatch in sizes of current stock with what is required by those on homeless lists. Thus, where accommodation is available, it may be either too small or too large for the applicant. In some areas there is particular pressure on smaller properties, with length of time spent in temporary accommodation by those waiting for a two-bedroom property in one council being three years. In others there is a lack of larger and adapted properties for bigger households and those with disabilities. In rural areas the low turnover of local authority properties is a particular issue.¹⁵ The PRS can offer a good mix of apartment sizes, particularly one and two bedroom flats.¹⁶

Lengthy stays in temporary accommodation is costly both to the state and the individual; the

10. The Scottish Government (2008) Operation of Homeless Persons Legislation in Scotland 2007 – 08

11. Shelter Scotland (2005) Alternatives to Bed & Breakfast

12. Scottish Executive (2002) Helping homeless People An Action Plan for Prevention and Effective Response Homelessness Task Force : Final Report , Recommendation 88

13. Department for Communities and local Government Homelessness Prevention (2006) - A good practice guide pg.59. This is provided there is a good supply of private rented housing, appropriate referrals and tenancies have to be reasonably sustainable. There were unlikely to be savings in temporary accommodation for non priority applicants, however there are cost benefits connected to reducing homelessness in a number of other a loss of employment, rough sleeping, offending, and substance misuse etc

14. The Scottish Government (2006) Helping Homeless People - Delivering an action plan for Prevention and Effective Response: Homeless Monitoring Group Third Report, Section 1, point 34

15. The Scottish Government (2008) Towards 2012: Homelessness Support Project March 2008 The Scottish Government pp.23 - 35

16. Scottish Homes (1996) The Scottish House Conditions Survey 1996

average cost of one years stay in temporary accommodation is around £10,000.¹⁷ It is also very unsettling for the individual with many reporting stress, health problems, isolation and general uncertainty.¹⁸ Information on the average length of stay in temporary accommodation is not easily available although around half of all respondents had been there for one year in a recent study conducted in England. The Homelessness Support Project's Report in 2008 noted that to meet the 2012 target Councils were predicting that the length of stay in temporary accommodation would have to increase, one council stated by a factor of six, if other factors remained unchanged.¹⁹

Of 56,609 homeless applicants in 2007/08, 38,519 were applicants without children, a group traditionally often accommodated in the PRS because of their non priority status.²⁰ Furthermore Fitzpatrick states that: "speedy and sustainable resettlement plays a role in preventing chronic patterns of homelessness".²¹

Different types of temporary accommodation

Different types of temporary accommodation exist and include local authority tenancies, hostels, and B&B establishments.²² There are no standardised guidelines pertaining to temporary

accommodation²³ in Scotland at present, although legislation under the Homeless Persons (Unsuitable Accommodation) (Scotland) Order 2004 does prohibit the use of B&Bs for families with children. So in general families with children tend to be placed in local authority temporary accommodation with only a minority still being housed in B&Bs.²⁴ It is therefore predominately single people that are placed in both hostels and B&Bs.

Comparing the costs

The use of hostels, B & Bs and local authority accommodation will now be considered in turn and the cost of each of these options for a twelve month period will be compared to the use of a DGS to access a PRS tenancy. The data contained in the tables below for the comparisons of DGS with both hostel and temporary accommodation was collected by the Scottish Council For Single Homeless in 2007 for their briefing *Tenancy Failure How much does it cost*²⁵ using information supplied by three local authority areas. In terms of characteristics one is urban, one is rural and the other is semi urban. Two cover a small geographical area, whilst the other is medium sized.

The data for the comparison of DGSs to B&Bs apply to the local authority area of Stirling and were collated by Shelter in 2005.²⁶

17. Based on an average weekly charge of £207 per week. Scottish Council For Single Homeless Briefing (2007) Tenancy failure how much does it cost?

18. Shelter (2004) Credland S. et al., Sick and tired: the impact of temporary accommodation on the health of homeless families, Shelter

19. The Scottish Government (2008) Towards 2012: Homelessness Support Project March 2008 pp.23 - 35

20. The Scottish Government (2008) – Operation of Homeless Persons' Legislation in Scotland: 2007-08

21. Fitzpatrick S (2004) Homelessness Policy in Scotland. Page 197 in Housing and Public Policy in Post Devolution Scotland Duncan Sim (Ed) Chartered Institute of Housing (CIH) Scotland

22. CIH Scotland (2007) Discussion paper - Temporary accommodation for homeless people: the need for standard guidelines

23. CIH Scotland (2007) Discussion paper - Temporary accommodation for homeless people: the need for standard guidelines

24. CIH Scotland (2007) Discussion paper - Temporary accommodation for homeless people: the need for standard guidelines

25. Scottish Council For Single Homeless Briefing (2007) Tenancy failure how much does it cost

26. Shelter (2005) Alternatives to B&B's

The costing for the DGS option in all cases include rental costs for twelve months based on the Local Housing Allowance (LHA) rates for April 2008²⁷ for the local authority concerned plus the unit cost of £1,177, which provides some form of deposit coverage in addition to the dedicated staff necessary to provide an effective service to landlords and homeless and vulnerably housed people.

Hostels

The use of hostel accommodation has remained relatively static since 2002 and in December 2008 there were 1,099 households living in hostel accommodation. However, while hostels and supported housing are the best options for some, people are often there too long, many of them receiving support which they don't need. Moving them out into the PRS is therefore very effective. A study by Homeless Link found that 45 per cent of hostel residents are ready to move-on but have nowhere to go,²⁸ many of these have low or no support needs so the PRS could be ideally suited for them.

Figure one compares the cost of hostel accommodation for one year in three local authority areas in Scotland with the use of DGSs.

Bed and Breakfast

The use of B&Bs doubled from 2002 to 2008 despite orders from the Scottish Government to reduce it.²⁹ In 2005, the average stay was 26 days for B&Bs although three out of five

councils reported longer periods during a recent inspection.³⁰ As mentioned above, the policy of the Scottish Government has been to reduce the use of B&Bs for homeless households. However, there were still 62 breaches of the Unsuitable Accommodation Order reported by the Scottish Government for the quarter ending 31 March 2008.³¹

Figure two shows the average cost of B&B accommodation in Stirling in 2005 for a year compared to a DGS, based on LHA rates in Stirling from April 2008.³²

Local authority temporary accommodation

Local authority accommodation, such as that accessed through a Private Sector Leasing scheme, can be allocated to all client groups. However, it is particularly utilised for families with children. In such instances it may be possible to provide accommodation through a DGS while they are awaiting a more permanent housing offer.

In one local authority the cost of temporary accommodation is in fact less expensive. It would be interesting to explore this difference, however this was beyond the remit of this research. It is notable that in the case of the other two local authorities the costs of temporary accommodation are significantly higher than the costs involved with providing a DGS (in one case almost double, in the other almost triple).

27. Scottish Government (2008) Local Housing Allowance figures for April 2008

28. Homeless Link (2004) No Room to Move

29. Scottish Government (2008) Operation of Homeless Persons Legislation in Scotland ; 2007 – 08

30. Communities Scotland (2005) Key themes from inspections - homelessness

31. Scottish Government (2008) Operation of Homeless Persons Legislation in Scotland 2007-08 Breaches of Unsuitable Accommodation Order

32. Shelter (2005) Alternatives to B &B's Based on average weekly charge of £270 per week in Stirling

Figure 1: The cost of hostel accommodation compared with DGSs

	Semi urban LA	Rural LA	Urban LA
Hostel	£12,121 (including rent)	£14,245	£11,168
DGS	Unit Cost = £1,177 LHA = £3,998 Total = £5,175	Unit Cost = £1,177 LHA = £4,131 Total = £5,308	Unit Cost = £1,177 LHA = £5,494 Total = £ 6,671
Average saving	£6,946	£8,937	£4,497

Figure 2: The cost of B&Bs compared to DGSs

B&B	£ 14,040
DGS	Unit cost = £1,177 Rental = £4,200 Total = £5,377
Average Saving	£8,663

Figure 3: The cost of temporary accommodation compared with DGSs

	Semi urban LA	Rural LA	Urban LA
Temporary Accommodation	£10,075	£3,861	£18,151
DGS (For breakdown of costs see figure 1)	£5,175	£5,308	£6,671
Average Saving	£4,900	- £1,447	£11,480

HOUSING OFFENDERS

There were 8,057 people in prison in Scotland on the 20th February 2009,³³ which represents an increase of 20 per cent since 2000/2001.³⁴ This increase has led to the overcrowding³⁵ of prisons in Scotland. The release and resettlement of prisoners in good time is therefore important. The development of new resettlement schemes such as the Home Detention Curfew (HDC), discussed in more detail below, are intended to address this issue.

The need to find new accommodation for ex-offenders on discharge from prison has been the focus of recent government attention across the UK and the links between offending and housing are now more established:

“Despite the importance of housing as a factor to prevent re-offending, up to a third of prisoners lose their housing due to imprisonment.”

and

“... around one in three prisoners are not in permanent accommodation prior to imprisonment.”³⁶

Crisis recognises that the lack of a suitable housing is not a simple cause and effect in all cases. However, just under half of all prisoners are homeless on release. Evidence shows that stable accommodation can reduce re-offending by 20 per cent which is particularly important when statistics show that 59 per cent of prisoners are reconvicted within two years of release.³⁷

Thus, where DGSs are able to provide access to stable accommodation this could produce significant benefits, including the prevention of re-offending.

A study commissioned by the Scottish Government in 2004 found that³⁸

- there appeared to be apparent lack of consistency in the way local authorities interact with former prisoners.
- there was a lack of temporary and permanent accommodation, a general unwillingness to provide interview times or named staff, inconsistent operation of local connection and bad neighbour policies.
- some local authorities appeared to offer very limited periods of temporary accommodation to homeless former prisoners, with eviction likely in as little as 28 days.
- A range of evidence suggested that some former prisoners are re-offending rather than be forced to re-present as homeless or sleep rough.

While local authorities will no doubt have taken measures to address these issues following the publication of this report, they do suggest that there may be a role for DGSs in meeting an unmet housing need for those leaving prison.

Home Detention Curfew

As of July 2006, prisoners in Scotland became eligible for early release from custody on Home Detention Curfew (HDC). HDC allows certain short-term prisoners who have been assessed as presenting a low risk of re-offending to be released on licence between two weeks and four months early. They are subjected to electronically monitored restrictions on their movements for up to 12 hours per day for the remainder of their sentence. The primary aim of HDC is to ease reintegration of prisoners back into the community whilst they are tagged. A suitable address is essential to those to be granted HDC³⁹ and the lack of one means that this would not be an option, which would lead to considerable extra

33. Scottish Prison Service website : Library, Key Facts: Population February 2009

34. Scottish Government (2008) HM Chief Inspector of Prisons for Scotland: Annual Report 2007- 2008

35. Scottish Prison Service (2008) Her Majesty's Inspectorate of Prisons Inspection Report 2008

36. Henry Adamczuk (2007) Meeting the housing needs of prisoners and ex-offenders in the UK: opportunities and limitations

37. Scottish Government (2004) The Provision of Housing Advice to Prisoners in Scotland: An Evaluation of the Projects Funded by the Rough Sleepers Initiative, Reid-Howie Associates (2004)

38. Scottish Government (2004) The Provision of Housing Advice to Prisoners in Scotland: An Evaluation of the Projects Funded by the Rough Sleepers Initiative, Reid-Howie Associates (2004)

39. Scottish Government (2006) Arrangements for Prisoners eligible for release on Home Detention Curfew (HDC) from 3 July 2006

cost. A study in England found that those refused HDC spent around “another eleven weeks in prison on average”.⁴⁰ Again there may be a role here for DGS providing access to a private let in these circumstances.

The table below shows the cost of an additional 11 weeks in prison against the cost of accessing PRS accommodation through a DGS and paying 11 weeks rent. The costs are extrapolated from the annual cost per person to the Scottish Prison Service (estimated at £32,358⁴¹ per year) with the PRS rent extrapolated from the LHA rates for Edinburgh in December 2008. This demonstrates that the use of DGSs to enable appropriate prisoners to be released under HDC would represent a cost effective option.

Figure 4: The cost of accommodating offenders compared to DGS for an additional 11 week period

Prison costs	£6,845
DGS	Unit Cost= £ 1,177 Rental = £ 1,158 Total = £ 2,335
Saving	£4,510

40. Crisis & LHF (2008) Private Access, Public Gain: The use of private sector access schemes to house single homeless people. Page 19

41. Scottish Prison Service Annual Report 2007/08

ROUGH SLEEPING AND WIDER SINGLE HOMELESSNESS

Whilst it is understood that many single homeless people would not approach their council for assistance, of those who did the number of non priority single homeless in Scotland was 7,476 in 2007/08.⁴² This represents 16 per cent of all homeless applicants.

Given the extremely limited housing options available to single homeless people, a number continue the cycle of hidden homelessness, sofa surfing, sleeping rough and accessing basic services as they need to but without accessing a secure address of their own.

Whilst there may be a need for supported accommodation for some applicants, a proportion may be able to be accommodated within the PRS, particularly if they are 'new' to homelessness.

The number of those sleeping rough is notoriously difficult to estimate. The most reliable source available is the homelessness electronic data capture system. This information is gathered by local authorities and monitored by the Scottish Government. This provides data on the circumstances of those applying as homeless in the period immediately prior to their application for assistance. It contains a question on whether a member of the household had slept rough before applying for assistance. This showed that in 2007/08, 3,384 households had slept rough.⁴³

Research has shown that the public expenditure that results from sleeping rough is considerable. These costs need to be compared with savings that may be made by the speedy provision of alternative accommodation. This includes the prevention of further issues associated with rough sleeping including job loss, increased drug and alcohol use, and poor mental and physical health. Data had not been collated on the costs of rough sleeping in Scotland, but a recent study that estimates the costs associated with rough sleeping in England,⁴⁴ offers an insight as to what the costs incurred might be (see Figure five).

Private Sector; Public Gain notes that by helping people at risk of homeless to "move quickly into alternative accommodation in the PRS via an access scheme, housing authorities can help to prevent the escalation of needs (such as job loss, increasing drug or alcohol use, deterioration in mental health) which often precede a move into rough sleeping".⁴⁵ It is not to say that this would be the case for all people at risk but it is important for housing practitioners to note the potential benefits of such a preventative approach.

42. Scottish Government (2008) Operation of Homeless Persons' Legislation in Scotland 2007 -08

43. Scottish Government (2007) Operation of Homeless Persons' Legislation in Scotland 2006- 07

44. ODPM (2005) Benefits Realisation of the Supporting People Programme: working paper 2 Single Homeless people. There is no similar study in Scotland.

45. Crisis & LHF (2008) Private Access, Public Gain: The use of private rented sector schemes to house single homeless people pp.20

Figure 5: Costs of rough sleeping⁴⁶

Street Outreach	Average of £800 per rough sleeper ⁴⁷
Hostel Place	£7,800 per annum ^{*48}
4 times more likely to be admitted to hospital	£867 per admission
5 times more likely to use A&E	£86 per visit
11 times more likely to be have a mental disorder	£6000 per acute medical episode
Increased risk of problematic drug use and need for treatment services	Health cost of £1,114 Social cost of £204
Increased use of alcohol and need for treatment services	Assumed cost of £660 per treatment
15 times more likely to be a victim of crime	£1,796 cost per assault

**This is based on support costs of on average £150 a week in London. Data collected by the Scottish Council for Single Homeless reported that support costs in hostels in two separate Local Authority areas in Scotland were £233 and £214⁴⁹ a week respectively, which is significantly higher.*

46. ODPM (2005) Benefits Realisation of the Supporting People Programme: working paper 2 Single Homeless people. There is no similar study in Scotland.

47. Based on unpublished data provided by London Street Outreach Service, Crisis & LHF (2008) Private Access, Public Gain: The use of private rented sector schemes to house single homeless people

48. Based on average support costs £150 per week, Crisis & LHF (2008) Private Access, Public Gain: The use of private rented sector schemes to house single homeless people

49. Scottish Council For Single Homeless Briefing (2007) Tenancy failure how much does it cost

CONCLUSIONS

The costs of DGSs were collated and compared with a number of alternative housing scenarios including,

- Cost of overstay in hostel accommodation to local authorities
- Cost of overstay in Bed and Breakfast accommodation to local authorities
- Cost of overstay in temporary accommodation to local authorities
- Cost of housing offenders to the Scottish Prison Service
- Cost of the provisions of services to rough sleepers

The findings showed that DGSs offer a significantly more cost effective housing solution than many of the other options available to homeless and vulnerable people, particularly in the case of those who may not meet the criteria for statutory homelessness. Crisis recognises that DGSs do not offer a direct alternative to all of these models, but notes that the PRS can provide a stable, sustainable home to many in housing need. They can also free up resources in other services to ensure that those services are targeted at those they are most suited to. DGSs should therefore be supported as a cost effective solution.

The additional services offered by DGSs were included in the unit cost and it was noted that the provision of these services is essential in ensuring that the tenancies accessed via DGSs are sustainable. It was also shown that sustainability rates, where the information is collected, were significant. As illustrated, a pilot scheme in the Highlands reported 89 per cent of tenancies created were sustained for over three years.

This paper therefore suggests that the use of DGSs that offer a range of services should be a key part of the approach to tackling homelessness of every local authority and the Scottish Government itself and they should be encouraged and resourced to continue to develop and expand.

ANNEX A

KEY FEATURES OF A GOOD DGS

Crisis through its work with and support of schemes across Scotland and the UK as a whole has developed a number of good practice materials which identify the key features of a good scheme and support their development. The full Good Practice Guide can be downloaded at www.crisis.org.uk/page.builder/goodpracticeguide.html. Below is a list of the main services provided by schemes, which assist towards long-term sustainability:

Housing Advice

An essential part of any DGS service is to help people find accommodation that suits their needs. It is also important to provide up to date housing advice if concerns arise within the tenancy. This will assist in preventing the tenancy from breaking down and the person then being at risk of homelessness. All schemes in Scotland were found to offer housing advice to tenants and landlords, and this was mainly around legislation, rights and responsibilities, choice and availability.

Property Inspections

Schemes carry out property inspections to check the property meets the required standard for the tenant and for the purposes of the inventory and managing the deposit guarantee.

Housing Support

This includes assistance with identifying a property, setting up Local Housing Allowance payments to cover the rent, assistance with moving-in, an initial visit, telephone support and informal mediation between tenants and their landlords where problems arise. Those requiring a more intensive ongoing support will usually have support provided by a specialist agency.

Mediation

Informal mediation is provided by the majority of DGSs who will attempt to resolve any differences or problems that may occur between landlord and tenant. It was found by Crisis in their 2007 study that the majority of the challenges raised were dealt with after one meeting.

Financial Inclusion

The majority of schemes concentrate on assisting and supporting clients to manage their money, including looking at budgeting skills and the affordability of the property. The main reason is to ensure that the tenant will be able to afford to live in the PRS. The other main areas of work around financial inclusion are benefit maximisation, saving schemes to help tenants save towards a future deposit, assistance with setting up bank accounts, bill payment and improving financial literacy.

Employment, Training, and Education Opportunities

There were a small number of schemes that were able to offer these services in house while other schemes either referred or sign posted to external agencies to help tenants access services. Increasingly DGSs work in partnership with local colleges and other agencies to ensure opportunities are more accessible to people living in PRS tenancies. They can also offer practical and emotional support to help people move into a learning or working lifestyle.

ANNEX B

CONSULTATION ON REGULATIONS MADE UNDER SECTION 32A OF THE HOUSING (SCOTLAND) ACT 1987 – EXTENSION OF DISCHARGE OF DUTY

In September 2008 the Scottish Government tabled a consultation paper on new Regulations made under section 32A of the Housing (Scotland) Act 1987 and guidance required. “Section 32A of the Housing (Scotland) Act 1987 enables Scottish Ministers to define circumstances in which accommodation which is not permanent may be provided for unintentionally homeless households in priority need”.⁵⁰

The background to this legislation followed a discussion document produced by the Scottish Government in October 2007 entitled “*Firm Foundation: The future of housing in Scotland*”; Within this document the government said that they would consult on amending section 32A “to allow local authorities more flexibility in discharging their homelessness duties, with a view to enabling wider use of the private rented sector where this will meet the needs of homeless households”.⁵¹

In the consultation the government discuss their reasons for seeking to facilitate greater use of the private rented sector and mention the following factors,

- broad support via the consultation on Firm Foundations
- giving homeless households a greater choice of properties and locations
- very low availability of assured tenancies
- achieving 2012 target means being able to access greater number of properties for all homeless households

- Existing schemes such as rent deposit schemes, lead tenancies and Cyrenians flatmates demonstrate that the private rented sector can be a viable option for homeless households, sustainability of DGS in Highlands is cited to demonstrate sustainability
- Local authorities seeking greater flexibility to discharge duty
- Recent work with landlords via Registration and Accreditation to improve management and property standards

The way in which the government envisage that the discharge of duty would work at an operational level includes the following key points:

- A short assured tenancy with a minimum 12 month tenancy is available to the landlord
- The tenancy is affordable for the household
- A housing support services assessment: if support needs are identified then a support package must be put in place
- Applicant must consent in writing that a) they have received housing advice from the local authority and been signposted to further independent housing advice b) understand that it represents a discharge of duty c) consent to discharge of duty

The outcome of the consultation and good practice guidelines should be published in 2009.

50. Scottish Government (2008), Consultation on Regulations made under Section 32A of The Housing (Scotland) Act 1987

51. Scottish Government (2008), Consultation on Regulations made under Section 32A of The Housing (Scotland) Act 1987

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Registered Charity Number: 1082947
Company Number: 4024938

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