

The homelessness monitor: Wales 2015

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Executive Summary

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The homelessness monitor

The homelessness monitor is a longitudinal study that provides an independent analysis of the impact on homelessness of recent economic and policy developments across the UK. The key areas of interest are the homelessness consequences of the post-2007 economic recession, and the subsequent recovery, as well as welfare reform and cuts. Separate reports are produced for each UK nation.

This year's Wales report monitors the impact on homelessness of the slow pace of economic recovery and the effects of welfare and housing reform and analyses key trends from the baseline account of homelessness established in 2012 up until 2015. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments likely to have the most significant impacts on homelessness in Wales.

Executive Summary

Key points

The Homelessness Monitor series is a five-year study that provides an independent analysis of the homelessness impacts of recent economic and policy developments in Wales and elsewhere in the UK.¹ This update report provides an account of how homelessness stands in Wales in 2015, or as close to 2015 as data availability allows.

Key points to emerge from the 2015 update report for Wales are as follows:

- The Housing (Wales) Act 2014 ushers in significant changes to the homelessness legislation in Wales, which sees a far stronger emphasis placed on prevention and relief duties owed to *all* eligible homeless households/households threatened with homelessness, regardless of priority need. While it is too early to assess the practical impact of these new duties, in principle they appeared to command a high degree of support in both the statutory and voluntary sectors in Wales, albeit some stakeholders regret compromises made in the passage of the Act through the Welsh Assembly.
- Recent attempts to enumerate rough sleeping in Wales indicate a rate lower than England, although the methodologies employed allow for only very broad estimation. The more severe or complex deprivations sometimes associated with rough sleeping and single homelessness, including destitution and offending behaviours, appear to be concentrated in the following areas: Cardiff, Swansea, Newport and the former mining 'Valleys' authorities (Merthyr Tydfil, Bridgend, Blaenau Gwent).
- A downward trend in homelessness 'acceptances' has been evident in Wales since 2011/12. By 2014/15, the total had fallen back to a level 8% below that of the previous nadir in 2009/10. Similarly, the last year has seen an 11% drop in total homelessness assessment decisions by Welsh local authorities, with the 2014/15 figure thus reduced almost to the 2009/10 low. Our key informant interviewees generally saw the recent decline in recorded statutory homelessness numbers as attributable to local authorities 'gearing up' for the new prevention-focused statutory regime. Thus, falling 'headline homelessness' numbers reflect administrative changes rather than a 'real' contraction in underlying homelessness demand.
- Despite their recent decline, recorded statutory homelessness acceptances in Wales remain 70% higher than in England, pro rata to population.
- The profile of statutorily homeless households in Wales changed markedly between 2009/10 and 2014/15, with an expansion in the number of acceptances accounted for by ex-offenders (up 14%), those fleeing domestic violence (up 19%), and those vulnerable because of mental illness or learning disabilities (up 24%). Over the same period, family households contracted by 13%, and there was a very sharp drop in the numbers declared vulnerable on grounds of youth (down 50%). The (controversial) removal of the 'automatic' priority need for ex-prisoners by the 2014 Act is expected to bring about a drastic reduction in the numbers in that category in the coming years.

¹ Parallel Homelessness Monitors are being published for Scotland, England and Northern Ireland. All of the UK Homelessness Monitor reports are available from www.crisis.org.uk/policy-and-research.php

- There have also been significant shifts in the immediate causes of statutory homelessness with ‘family/friend evictions’ in 2014/15 down by 35% as compared with 2009/10, whereas homelessness due to loss of a rental tenancy was up by 20%. This latter trend is in keeping with developments in England where there has been a massive recent increase in statutory homelessness attributable to the loss of a private tenancy. Mortgage arrears as a cause of statutory homelessness remains at a very modest level in Wales (2% of all acceptances).
- While 2013/14 saw a rise in the availability of social sector lettings in Wales, there has been a marked decline in the proportion of those lettings allocated to homeless households – reduced to 18% of all lettings to new tenants, as compared with the recent norm of around a quarter. Whilst this pattern may partly reflect recent declines in the level of statutory homelessness acceptances in Wales, the numbers rehoused in social housing have also fallen as a proportion of total homelessness acceptances (to 61% from 70% a year earlier), suggesting a ‘real’ pattern of lowered priority. Though the reasons for this trend remain uncertain, it has been suggested that the introduction of financial capability assessments by some social landlords may be making it more difficult for homeless households to access housing association properties.
- The Renting Homes (Wales) Bill currently before the Welsh Assembly seeks to simplify landlord and tenant contractual relations in Wales, but as they stand, these proposals would significantly weaken the already flimsy security of tenure enjoyed by private rented sector tenants in Wales, with removal of the six month moratorium on ‘no fault’ evictions.
- The Housing Act (Wales) 2014 has introduced a number of measures that give Wales a more distinctive set of housing policies. In particular the Act enabled the refinancing of the council housing sector and provided powers for the licensing and regulation of private landlords and their agents.
- The Welsh Government would appear to be on track to meeting its own target of providing 10,000 additional ‘affordable’ dwellings over its four year term; but that falls short of the higher, independently assessed, level of the numbers required (15,000).
- There has been a decline in new household formation in Wales, particularly since 2010 in the 20-34 age group. This probably reflects both recessionary impacts and welfare benefit changes.
- The UK Coalition Government welfare reforms are estimated this year to have extracted £19 billion pounds from the pockets of low income households across Great Britain. While on average losses equate to an average of £470 a year for every working age adult across Great Britain, in fifty areas the losses average £600 or more for each adult, and five of the twenty five most disadvantaged areas are in Wales (Merthyr Tydfil £720, Blaenau Gwent £700, Neath Port Talbot £700, Rhondda Cynon Taff £670, Caerphilly £640).
- Lower Local Housing Allowance rates have slowed the growth in the numbers of Housing Benefit claimants able to access the (expanding) private rented sector in Wales, and increased average ‘shortfalls’ between Local Housing Allowance awards and landlord rents. There has been a more marked impact on young single people only eligible for the much lower Shared Accommodation Rate allowances, and the number of under-25s in the sector fell by 21% between December 2011 and November 2014.

- The ‘Bedroom Tax’ has a disproportionate impact in Wales, with one fifth of Welsh social sector tenants having had their Housing Benefit reduced as a result of this measure, as compared to 15% in England. Social landlords in Wales have a very limited supply of smaller dwellings to facilitate any significant level of transfers by impacted tenants. The ‘Bedroom Tax’ has clearly resulted in increased household debts and hardship, and a significant increase in the numbers of households now relying on food banks to get by. Its impacts have been greatly eased by the extensive use of Discretionary Housing Payment budgets to assist affected households, as well as by the utilisation of additional Welsh Government funding.
- The rolling out of direct payments to tenants under Universal Credit is a major anxiety with regard to its potential to drive up rent arrears and ultimately homelessness. A further round of significant welfare reforms and cuts were announced in the 2015 Summer Budget, which will have particular implications for young single people and larger families, and more generally for the ability of low income households to access the private rented sector.
- Looking to the future, we might expect that the overall flow of households recorded as homeless or threatened with homelessness will increase in Wales in the short-term, as a result of the enhanced incentives for single people in housing crisis to seek local authority help. Over time, however, if the new prevention and relief activities are as effective as their advocates hope, the numbers accepted as owed the full duty to be secured accommodation may reduce, although this will also depend on the impact of wider forces, most notably welfare reform.

Definition and methods

A wide definition of homelessness is adopted in this Homelessness Monitor series to enable a comprehensive analysis taking account of: people sleeping rough; single homeless people living in hostels, shelters and temporary supported accommodation; statutorily homeless households; and those aspects of potential ‘hidden homelessness’ amenable to statistical analysis using large-scale surveys, namely ‘concealed’,² ‘sharing’³ and ‘overcrowded’⁴ households. Three main methods are employed in the study: reviews of relevant literature, legal and policy documents; interviews with a sample of key informants from the statutory and voluntary sectors across Wales (12 such interviews were conducted in 2014/15); and detailed analysis of published and unpublished statistics, drawn from both administrative and survey-based sources.

The economic and policy context for homelessness in Wales

There are significant economic challenges in Wales that shape the context for homelessness. While the UK economy has now returned to pre-credit crunch levels, the Welsh economic downturn was more severe, and recovery lags behind England and Scotland.

The Welsh labour market is characterised by slightly higher levels of economic

2 ‘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.

3 ‘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 ONS definition of sharing households which is applied in the Census and in household surveys. In practice, the distinction between ‘sharing’ households and ‘concealed’ households is a very fluid one.

4 ‘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.

inactivity and unemployment than the rest of the UK. In the quarter to February 2015 the (International Labour Organisation) unemployment rate in Wales was 6.2%, compared to 5.5% for the UK as a whole, while overall economic inactivity was 25.5%, compared to 22.1% for the UK as a whole.⁵ Wales is also characterised by low levels of pay and household incomes, compared to the rest of the UK. Indeed, median full time earnings in Wales in 2014 were 8% lower than for the UK as a whole, and lower than in Scotland and all of the regions of England except (by a very small margin) for the North East and Yorkshire & Humberside.⁶

Wales is more dependent than the UK as a whole on public sector employment, with one obvious consequence that the Welsh economy is disproportionately disadvantaged by public expenditure cuts. The Welsh Government has found its overall budget squeezed by the UK-wide austerity measures, with the recently re-elected UK government committed to further significant curtailment of national public spending.

Moreover, it is widely accepted outside as well as within Wales, that the overall ‘Barnett formula’ based devolution funding arrangements do not result in a favourable outcome for the Welsh Government, especially as compared with Scotland and Northern Ireland. Within that context, there has tended to be a lower effective priority given to housing investment by Welsh Governments in the post-devolution period than elsewhere in the UK, though the gap with England has narrowed in recent years as state-funded housing investment there has been cut sharply. The Welsh Government appears to be on track to meeting its own target of providing 10,000 additional

‘affordable’ dwellings over its current four year term, but that falls considerably short of the higher, independently assessed, level of the numbers required (15,000).

The Welsh Government has also been very active in using the National Assembly’s newly expanded devolved authority to amend the operation of housing and other legislation within Wales. It has already used these powers to provide a new basis for regulating housing associations, and to amend the operation of the Right to Buy.⁷ Last year also saw the introduction of the Housing (Wales) Act 2014, which established a new regime of licensing and regulation for private landlords and letting agents, and laid the basis for a fundamental reform of the financial arrangements for council housing. The latter brought to an end the requirement to transfer annual ‘surpluses’ to HM Treasury (following on from the similar change made in England in 2012). While it will be some time before councils will be in a position to effectively exercise their greater freedoms to plan and finance future expenditure and investment programmes, these changes were warmly welcomed in the local government sector in Wales where there was said to be “*an appetite to build again*”.

Particularly relevant from the perspective of the Monitor, the 2014 Act ushered in significant changes to the homelessness legislation in Wales, which sees a far stronger emphasis placed on local authorities undertaking prevention and relief interventions with *all* eligible households which are threatened with homelessness or actually homeless.⁸ The new statutory framework gives councils strengthened duties to “*take reasonable steps*” to “*help to prevent homelessness*” and “*to help to secure*

⁵ Office for National Statistics (2015) *Labour Market Statistics Datasets, April 2015*. London: ONS.

⁶ Office for National Statistics (2014) *Annual Survey of Hours and Earnings, 2014 Results*. London: ONS.

⁷ Welsh Government (2011) *The Housing (Wales) Measure 2011*. Cardiff: Welsh Government. <http://wales.gov.uk/topics/housingandcommunity/housing/publications/measure2011/?lang=en>

⁸ Mackie, P. (2015) ‘Homelessness prevention and the Welsh legal duty: lessons for international policies’, *Housing Studies*, 30(1): 40-59.

accommodation” for those already homeless, which explicitly precede access to what hitherto would have been called the main statutory safety net. While these prevention and relief duties are subject to the availability of resources in the local area, they apply irrespective of priority need, intentionality or local connection⁹. They therefore significantly extend the entitlement of many single homeless applicants previously entitled only to advice and assistance. The full ‘duty to secure accommodation’ effectively replicates the existing statutory system, wherein all of the usual statutory tests, including priority need, apply in assessing entitlement to settled housing (which may now include suitable private tenancies as well as social housing). Importantly, however, applicants who “*unreasonably fail to cooperate*” with relief assistance may not progress to the full duty to be secured accommodation.

Essentially, the Housing (Wales) Act 2014 introduces a homelessness safety net that is both wider (meaningful assistance to all) but also somewhat shallower (no guaranteed access to social housing) than that which has existed since 1977. It is also intended to usher in a more flexible, more problem-solving approach on the part of local authorities, tailored to needs of individuals, rather than the more ‘mechanistic’ rationing mind-set said to be associated with the traditional statutory system.

With the new legislation just coming into force at the time of writing, it is too early to assess its practical impact, but the principles

underpinning it appeared to command a high degree of support in both the statutory and voluntary sectors in Wales (albeit that some stakeholders regret compromises made in the passage of the Act through the Welsh Assembly). The Welsh Government is the first of the UK administrations to really take on the challenge of revisiting the statutory homelessness framework in light of the ‘prevention turn’ in policy and practice.¹⁰ As such, experiences there may well yield valuable lessons for the three other jurisdictions.

The Renting Homes (Wales) Bill, concerned with simplifying and clarifying contractual relationships between landlords and tenants, also has important implications for homelessness. Based on the Law Commission’s 2006 Renting Homes report,¹¹ one of its more controversial elements is the proposed abolition of the six month ‘moratorium’ on no fault evictions for private sector tenants.¹² As Shelter Cymru have argued, this would mean that Welsh private tenants would have amongst the most insecure tenancies in the developed world.¹³ While the Welsh Government and others have argued that maximising landlord flexibility might make them more inclined to accommodate ‘high risk’ households, such a move seems likely to make the private rented sector ‘offer’ even less attractive to poorer households and families with children – groups whom we know place a particularly high value on security of tenure.¹⁴

The downward pressure exerted by the Renting Homes Bill on the homelessness

⁹ Albeit that only those whom a local authority has reason to believe may be in priority need are entitled to interim accommodation while their homelessness is ‘relieved’.

¹⁰ Mackie, P. (2015) ‘Homelessness prevention and the Welsh legal duty: lessons for international policies’, *Housing Studies*, 30(1): 40-59. See also the English survey results

¹¹ The Law Commission Wales (2013) *Renting Homes in Wales*. http://lawcommission.justice.gov.uk/docs/lc337_renting_homes_in_wales_english-language-version.pdf

¹² As elsewhere in the UK, private landlords in Wales cannot at present seek possession within the first six months of an assured shorthold tenancy simply on the basis that the contractual period for the tenancy has expired. Instead, within this initial six months, should they wish to evict a tenant, they must establish ‘grounds’ for doing so, typically rent arrears or another form of tenancy breach.

¹³ Day, L. (2015) ‘Eviction rise risk’ with Welsh government’s rent plan’, BBC Wales Eye on Wales, 7th February: www.bbc.co.uk/news/uk-wales-31171212

¹⁴ Fitzpatrick, S. & Pawson, H. (2013) ‘Ending security of tenure for social renters: transitioning to ‘ambulance service’ social housing?’, *Housing Studies*, 29(5): 597-615.

'offer' is evident in the 2014 Act, with the minimum tenancy length required to discharge the full statutory duty reduced to six months on the basis that this provides more security than will be enjoyed by other private tenants, should this Bill be passed. As the Renting Homes Bill was still making its way through the Welsh Assembly at the time of writing, it remains to be seen whether the Welsh Government will in the end pursue a path so far at odds with the position elsewhere in the UK, particularly Scotland where it seems likely that tenure security will be increased for private tenants.¹⁵

Another potentially worrying development to emerge in this year's Welsh Monitor is an apparent weakening in homeless people's access to social housing. Despite a rise in the availability of social sector lettings in Wales in 2013/14 (possibly a delayed emergence of the post-downturn rise in social sector lettings more clearly seen post-1990), there has been a marked decline in the proportion of those lettings made to homeless households to around 18% (the recent norm has been around a quarter of all lettings).¹⁶ Whilst this pattern may to some extent reflect recent declines in the level of statutory homelessness acceptances (see below), the number rehoused in social housing has also fallen as a proportion of total acceptances (to 61% from 70% a year earlier), suggesting a 'real' pattern of lowered priority. The reasons for this trend are uncertain, but there are indications that it may be a welfare reform-related development, with more stringent financial capability assessments undertaken by some social landlords ruling out access for homeless households particularly impacted by benefit cuts.

Parts of Wales have been disproportionately affected by the UK Government's welfare reforms. It has been estimated that in overall terms the programme of welfare reforms will *this year* extract some £19 billion pounds a year from the pockets of low income households (and from the economy).¹⁷ While on average losses equate to an average of £470 a year for every working age adult across Great Britain, in fifty areas the losses average £600 or more for each adult, and five of the twenty five most disadvantaged areas are in Wales (Merthyr Tydfil £720, Blaenau Gwent £700, Neath Port Talbot £700, Rhondda Cynon Taff £670, Caerphilly £640).

Limits on the eligible rents for households in the social rented sector - officially designated as the 'Spare Room Subsidy' limits, but more widely referred to as the 'Bedroom Tax' - have hit Wales particularly hard, and social landlords have a very limited supply of smaller dwellings to facilitate any significant level of 'trading down' transfers by impacted tenants. The numbers of transfers and mutual exchanges in the social sector in Wales did increase by just over 1,000 in 2013/14, but even if the whole of that increase could be attributed to the 'Bedroom Tax' then this would be equivalent to just 3% of those impacted by the measure. Indicative of the greater mismatch in Wales between social housing stock and households' deemed requirements than elsewhere in Great Britain, is the higher proportion of social sector tenants that have had their Housing Benefit reduced because of the 'Bedroom Tax' - a fifth in Wales, compared to just 15% for England as a whole.¹⁸

The 'Bedroom Tax' has clearly resulted in increased household debts and hardship

¹⁵ Scottish Government (2014) 'More security for tenants', *Scottish Government Press Release*, 6th October: <http://news.scotland.gov.uk/News/More-security-for-tenants-10dc.aspx>

¹⁶ Wilcox, S., Perry, J. & Williams, P. (2015) *UK Housing Review 2015*. Coventry: CIH.

¹⁷ Beatty, C. & Fothergill, S. (2013) *Hitting the poorest places hardest: The local and regional impact of welfare reform*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University.

¹⁸ Auditor General for Wales (2015) *Managing the Impact of Welfare Reform Changes On Social Housing Tenants in Wales*. Cardiff: Welsh Audit Office.

in Wales, and a significant increase in the numbers of households reliant on food banks to get by. A survey by the Welsh Audit Office found that a half of the responding social sector tenants saw their debt rise either as a result of the 'Bedroom Tax' or the benefit cap. It also found that the use of food banks in Wales has increased, and almost a half of all the referrals of social sector tenants to the 35 food banks in Wales were based around issues of incomes or benefits.¹⁹ Similarly a Great Britain survey by the Trussell Trust found that three fifths of all food banks cited the 'Bedroom Tax' as a significant factor driving demand for their services.²⁰ While rent arrears as a result of the 'Bedroom Tax' can only grow gradually given that the 'Bedroom Tax' is based on a percentage of the rent, in time it can clearly be expected to have an impact on levels of social sector evictions. Indeed it is likely to have been a factor underlying the rising number of social landlord possession actions in Wales in 2013.²¹

The impacts of the 'Bedroom Tax' would have been all the greater were it not for the extensive use of Discretionary Housing Payment budgets, as well as additional funding provided by the Welsh Government, to assist those affected. Data for the first half of 2014/15 show that Welsh councils had already committed almost two thirds of their Discretionary Housing Payment budget allocations for the year, and nearly 70% of the provisions made on the basis of 'Bedroom Tax' cases.²²

Welfare cuts of course affected private tenants at least as much as social tenants during the term of the 2010-2015 UK

Coalition Government. Lower LHA rates have slowed down the growth in the numbers of Housing Benefit claimants able to access the expanding private rented sector in Wales, and increased average levels of 'shortfalls' between Local Housing Allowance awards and landlord rents. There has been a more marked impact on young single people only eligible for the much lower Shared Accommodation Rate allowances, and the numbers of those under 25 in the sector in Wales fell by 21% between December 2011 and November 2014.

Trends in homelessness in Wales **Rough sleeping and single homelessness**

Rough sleeping is monitored in Wales only on an occasional basis. National rough sleeper counts were co-ordinated by the Welsh Government in 2007 and 2008, and again in 2014. The earlier counts enumerated 138 and 124 rough sleepers, respectively. In both years the largest single concentration was in Cardiff where 26 rough sleepers were enumerated on each occasion. Albeit using a methodology slightly different from the earlier exercises, the one-night count in November 2014 enumerated 83 rough sleepers across Wales.²³ Once more, Cardiff stood out as the greatest concentration, with 26 people again enumerated. The next largest numbers were recorded in Bridgend (11), Merthyr Tydfil (8) and Newport (8).

The approximately comparable scale of rough sleeping across England was 2,744, as also recorded in November 2014.²⁴ Since the overall population of Wales is equivalent to some 6% of that in England, whereas the number of enumerated rough sleepers was

¹⁹ Ibid.

²⁰ The Trussell Trust (2015) 'Foodbank use tops one million for first time says Trussell Trust', *The Trussell Trust Press Release*, 22nd April: <http://www.trusselltrust.org/resources/documents/Press/Trussell-Trust-foodbank-use-tops-one-million.pdf>

²¹ Ministry of Justice mortgage and landlord possession statistics.

²² DWP (2015) *Use of Discretionary Housing Payments GB: Analysis of Mid-Year Returns from Local Authorities April-September 2014*. London: DWP.

²³ Welsh Government (unpublished, 2015) *National Rough Sleeping Count, Wales, November 2014*. Cardiff: Welsh Government.

²⁴ p42 in DCLG (2015) *Rough Sleeping Statistics England, Autumn 2014*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/407030/Rough_Sleeping_Statistics_England_-_Autumn_2014.pdf

only 3% of the England total, we can say that the recorded rate of rough sleeping in Wales in 2014 was around half that in England.

However, partly in recognition of the well-recognised limitations of street counts, the Welsh Government's November 2014 rough sleeper enumeration also used a complementary approach which involved, over a two week time-slot, participating organisations logging all rough sleeper enquiries to estimate the number of those affected at some point during (or throughout) the period. The Welsh Government considers that, by comparison with a street count, this 'census' approach provides a better, albeit still imperfect, understanding of the incidence of the rough sleeping.²⁵ According to the two week 'census' method, rough sleepers across Wales totalled 244 in November 2014 – around three times the number enumerated by the one-night count. Moreover, two local authority areas – Wrexham (40) and Caerphilly (37) – recorded numbers equal to or higher than Cardiff.

'Complex needs' such as poor mental and physical health, and involvement in drug and alcohol misuse or offending behaviours, tend to be associated with rough sleepers and other particularly vulnerable groups within the single homeless population.²⁶ The recent *Hard Edges* report utilised a range of secondary administrative datasets to develop a profile of Severe and Multiple Disadvantage in England, looking at the overlapping problems of homelessness, substance misuse and offending.²⁷ Although several of the main administrative datasets used in this study did not cover Wales, one of them did – the Offender Assessment System. It is possible to derive from this a measure of the number of people involved in offending

and also having experienced homelessness or relatively severe housing problems, in a typical recent year. Analysis of this dataset indicates that the cities in Wales have the highest incidence of homeless offenders, but interestingly Swansea has a higher percentage rate than Cardiff. The next group of cases with higher rates are former mining 'Valleys' authorities (Merthyr Tydfil, Bridgend, Blaenau Gwent). In terms of absolute numbers, Cardiff and Swansea stand out. The overall total of homeless offenders in Wales, many of whom also have substance misuse issues, is 5,698 in a typical recent year.

In another ongoing study, indicators of severe poverty and risk of destitution are being examined across the UK.²⁸ Various proxy measures feed into a combined index of risk of destitution, including census indicators associated with severe poverty, benefit sanctions and flows off benefits, and recent migrants and asylum seekers. In this instance, the highest rates in Wales are in the Valleys authorities, and then in Cardiff and Newport. The national total is of the order of 25,000 at risk of destitution, with over 4,000 in Cardiff and 2,000 in Swansea and in Rhondda-Cynon-Taff. This indicator captures the severe end of poverty, including some of the effects of current policies on welfare system changes and administration (including sanctions) and immigration (including asylum). Many of the people affected will also be experiencing or at risk of homelessness.

Statutory homelessness

A downward trend in homelessness 'acceptances' has been evident in Wales since 2011/12. By 2014/15, the total had fallen back to a level 8% under that of the previous low in 2009/10. In the last year,

²⁵ Welsh Government (unpublished, 2015) *National Rough Sleeping Count, Wales, November 2014*. Cardiff: Welsh Government.

²⁶ Bramley, G., Fitzpatrick, S. with Edwards, J., Ford, D., Johnsen, S., Sosenko, F. & Watkins, D. (2015) *Hard Edges. Mapping Severe and Multiple Disadvantage: England*. London: LankellyChase Foundation.

²⁷ Ibid.

²⁸ Fitzpatrick, S., Bramley, G., Blenkinsopp, J., Johnsen, S., Littlewood, M., Netto, G., Sosenko, F. & Watts, B. (2015) *Destitution in the UK: An Interim Report*. York: JRF.

there has also been a drop of 11% in the total number of homelessness decisions by local authorities, bringing it down almost to the 2009/10 nadir.

The recent pattern of statutory homelessness acceptances and decisions in Wales exhibits strong similarities with those recorded for England. Both sets of figures show initially rising post-2010 trends, subsequently reversed (although levels of statutory homelessness are now increasing again in England). As regards England, it has been established conclusively that the reversal of the post-2010 upward trend resulted from changing administrative practice on the part of local authorities – both in terms of more assertive ‘prevention’ interventions and (latterly) associated with the disincentive effects associated with adoption of Localism Act powers to discharge statutory rehousing duty via an offer of accommodation in the private rented sector.²⁹ In Wales, our key informant interviewees similarly saw the falling level of statutory homelessness over the past few years as attributable to local authorities ‘gearing up’ for the new prevention-focused statutory regime. Thus, falling published numbers reflect administrative changes rather than a ‘real’ contraction in underlying homelessness demand.

In any event, while the recent Welsh trend in recorded acceptances has been downward, the rate of homelessness on this measure (3.9 per thousand households) remains more than 70% higher than that in England (2.3 per thousand).

The profile of statutorily homeless households in Wales changed markedly between 2009/10 and 2014/15, with an expansion in the

number of acceptances accounted for by ex-offenders (up 14%), those fleeing domestic violence (up 19%), and those vulnerable because of mental illness or learning disabilities (up 24%). Over the same period, statutorily homeless family households contracted by 13%, and there was a sharp drop in the numbers declared vulnerable on grounds of youth (down 50%). This striking reduction in levels of statutory homelessness amongst young people in Wales over the past few years is intriguing. While it was attributed in part to improved social services responses as a result of the Southwark judgement,³⁰ some of our key informants also suggested that the ‘Bedroom Tax’ may be a factor in discouraging young people’s ejection from the family home. The (controversial) removal of the ‘automatic’ priority need for ex-prisoners via the Housing (Wales) Act 2014 is expected to bring about a drastic reduction in the numbers in that category in the coming years.

There have also been significant shifts in the immediate causes of statutory homelessness with, for example, family/friend evictions in 2014/15 down by 35% as compared with 2009/10 (reflecting in part the declining levels of statutory homelessness amongst young people noted above), whereas homelessness due to loss of a rental tenancy was up by 20%. The latter seems consistent with analysis of the English statutory homelessness data³¹ which has shown a rapid increase in the scale of homelessness resulting from the termination of private sector tenancies.³² While in Wales this trend may in large part be accounted for by the significant expansion of the private rented sector – it has more than doubled in size over the past decade – it also coincides with the impacts of Local Housing Allowance cuts

²⁹ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: England 2015*; London: Crisis. www.crisis.org.uk/research.php?fullitem=430

³⁰ R (on the application of G) v London Borough of Southwark [2009] UKHL 26.

³¹ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: England 2015*; London: Crisis. www.crisis.org.uk/research.php?fullitem=430

³² It should be noted that the statistical monitoring frameworks used in England and Wales differ in this respect; under the Welsh classification of immediate reasons for homelessness there is no differentiation between the loss of social and private tenancies.

which may be reducing the resilience of low income households to maintain private rented sector tenancies.

The very small fraction of statutory homelessness cases in Wales resulting from mortgage repossessions fell back even further in the five years to 2014/15 – from 3% of all cases to only 2% (reflecting experience elsewhere in the UK). This timeslot has, of course, coincided with a prolonged period of unusually low interest rates. When rates rise in future this is likely to trigger increased mortgage repossessions, but whether this will feed into significantly higher levels of statutory homelessness amongst this group remains to be seen.

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’. A number of large-scale/household surveys enable us to measure some particular categories of potential hidden homelessness: *concealed households*,³³ households who are *sharing accommodation*,³⁴ and *overcrowded households*.³⁵ Not everyone living in these situations will be homeless, but these phenomena are indicative of the kinds of housing pressures that may be associated with hidden homelessness.

The number of concealed households appears fairly static in Wales, with a certain

decline in 2010 followed by an increase in 2012-14. In 2014 there were an estimated 134,000 households containing at least one concealed single household, involving 165,000 individuals. In Wales this is particularly associated with non-dependent children living with parents. This is in addition to approximately 10,000 concealed lone parent/couple families containing 33,000 individuals.

There has been a decline in new household formation in Wales, particularly since 2010 in the 20-34 age group. In this respect Wales is catching up with trends in England which started earlier, because of affordability and access problems, with the more recent decline in Wales probably reflecting recession and welfare benefit changes as well.

After a long-term decline, there has been a slight increase in the number of sharing households in the last four years in Wales. The decline, and then subsequent rise, of this indicator has tracked trends in UK but at a slightly lower level. In 2014 there were about 14,500 households sharing in Wales (1.1%), with relatively high levels in social renting.

Overcrowding affected around 36,000 households (3.6%) in Wales in 2012. It appears to be much more common in social renting, and in the major cities and some former mining areas. Cardiff stands out as having by far the highest rates of overcrowding, and other authorities with above-average scores are the other two large cities of Newport and Swansea, one former mining/Valleys authority (Merthyr Tydfil) and one rural authority (Ceredigion).

33 ‘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.

34 ‘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 ONS definition of sharing households which is applied in the Census and in household surveys. In practice, the distinction between ‘sharing’ households and ‘concealed’ households is a very fluid one.

35 ‘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.

Conclusion and future monitoring

Looking to the future, we might expect that the overall flow of households recorded as homeless or threatened with homelessness in Wales will increase in the short-term as a result of the enhanced incentives for single people in housing crisis to seek local authority help, given the prospect of now receiving at least some form of meaningful assistance. Over time, however, if the new prevention and relief activities are as effective as their advocates hope, the numbers accepted as owed the full duty to be secured accommodation may reduce, although this will also depend on the impact of wider forces, most notably welfare reform. In any event, monitoring the impact of this significantly reformed statutory framework in Wales will be a major theme in forthcoming editions of this Monitor series.

Future homelessness trends will also be influenced by the economic climate and, especially, the housing market context in Wales. In this regard, the wider housing policy developments set in train by the Welsh Government which seek to shape the supply and regulation of social, affordable and private rented housing in Wales will be at least as important to the prospects for successfully tackling homelessness as the homelessness-specific provisions in the Housing (Wales) Act 2014.

At the same time, the ongoing impacts of welfare reform, particularly the rolling out of direct payments under Universal Credit, may have deleterious effects which overwhelm any progressive measures open to the Welsh Government. A further round of detailed welfare reforms and cuts were announced in the 2015 Summer Budget,³⁶ and will take effect in the coming years, adding to the impacts on low income households from the continuation of the welfare cuts and reforms discussed above.

These proposals were made too late to include in our main analysis for this report, and will be the subject of more detailed consideration in future editions of the Welsh Monitor. However these are major reforms, that have particular implications for young single people³⁷ and larger families, and more generally for the ability of low income households to access the private rented sector.

It will therefore be at least as important to monitor the homelessness impacts of welfare changes under the new (majority) Conservative Government in Westminster as it has been to reflect on these impacts over the past five years of the UK Coalition Government and its associated austerity and other reform programmes.

³⁶ HM Treasury (2015) *Summer Budget 2015, July 2015, HC 264*. London: HM Treasury.

³⁷ Leishman, C. & Young, G. (2015) *Lifeline not Lifestyle: An Economic Analysis of the Impacts of Cutting Housing Benefit for Young People*. www.eyh.org.uk/index.php?id=181

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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Homelessness ends here