

# The homelessness monitor: Scotland 2012

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## **The homelessness monitor 2011-2015**

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

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

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

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## Executive Summary

### Key points

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

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

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

## Introduction and methods

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

The homeless groups taken into account in this study include:

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

as ‘concealed’ households and ‘sharing’ households.

trends in homelessness amongst the four subgroups noted above.

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

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

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

- Relevant literature, legal and policy documents are being reviewed.
- Annual interviews are being undertaken with a sample of key informants from local authorities and single and youth homelessness services across Scotland (16 key informants participated in 2012).
- Detailed statistical analysis is being undertaken on a) relevant economic and social trends in Scotland, particularly post-2007; and b) the scale, nature and

## Causation of homelessness

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

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

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

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

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

<sup>2</sup> Fitzpatrick, S. et. al (2011) *The homelessness monitor. Year 1*. London: Crisis: [http://www.crisis.org.uk/data/files/publications/TheHomelessness-Monitor\\_141011.pdf](http://www.crisis.org.uk/data/files/publications/TheHomelessness-Monitor_141011.pdf)

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

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

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

<sup>6</sup> Unpublished analysis of SHS by Glen Bramley and Kirsten Besemer.

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

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

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

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

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

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

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

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

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

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

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

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

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

None of these policies are currently proposed for Scotland. There are no plans to end security of tenure for social tenants, or to move towards rent increases of the order emerging under the English 'Affordable Rent' regime. Housing lists must be open to all over 16s, and allocation of social housing is more tightly regulated by national legislation than is the case in England. However, the Scottish Government has recently consulted on giving some greater 'flexibilities' to social landlords in how they allocate and manage social housing,<sup>12</sup> with the necessary legal changes to be incorporated in a new Housing Bill expected in 2013.<sup>13</sup>

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

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

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

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

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

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

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

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

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

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

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

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

certain local authority areas have raised concerns about ‘gatekeeping’.<sup>20</sup>

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

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

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

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

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

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

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

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

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

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

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

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

<sup>26</sup> Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swindon: ESRC: [http://www.esrc.ac.uk/\\_images/Recession\\_Britain\\_tcm8-4598.pdf](http://www.esrc.ac.uk/_images/Recession_Britain_tcm8-4598.pdf); Audit Commission (2009) *When it comes to the Crunch ..... How Councils are Responding to the Recession*. London: Audit Commission.

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



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

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

However, such a benign impact of the housing market recession is less likely this time. As noted above, levels of lettings available in the social rented sector are now much lower, and continuing severe constraints on mortgage availability are also placing increasing pressures on the rental sectors. In that context, the continued expansion of the private rented sector – the sector has almost doubled in the last decade, and now accounts for 12% of the Scottish housing market – assumes much greater prominence in terms of its capacity to absorb low income households displaced from the other tenures (albeit that it may not represent the preferred housing

destination of frustrated first time buyers or social renters). Competition for the bottom end of the private rented sector is therefore expected to intensify, with access for low income households becoming increasingly constrained by the UK Government’s welfare reforms.

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

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

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

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

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

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

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

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

sanctions applied to vulnerable single homeless people and others with chaotic lifestyles.<sup>33</sup>

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

There was some support amongst our key informants for the principles of Universal Credit, due for introduction from October 2013, particularly the flexibility it offers for people to work for a small number of hours and still be better off. However, there are many issues involved in the design of Universal Credit, not least the formidable logistical challenge in integrating the tax and benefit IT systems. There is also widespread anxiety regarding the Government's expectation that claimants will apply for Universal Credit online, and about the potential budgeting difficulties associated with paying very low income and vulnerable households monthly in arrears. There are concerns about the lower values of the benefits to be provided for lone parents and larger families, partly resulting from the structural characteristics of Universal Credit, and partly reflecting other benefit cuts already introduced since 2010. Another main source of concern focuses on the intention

<sup>31</sup> Pawson (2011) *Welfare Reform and Social Housing*. York: HQN Network.

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

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

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

to incorporate the rent element of Universal Credit within the overall payment – rather than (in general) making it a detachable component which could be paid direct to social landlords – with potential implications for rent arrears, evictions and ultimately homelessness.

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

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

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

Also relevant here is the decision to exclude Council Tax Benefit from the new Universal Credit regime, which detracts from the aim of creating a single unified welfare benefit, with no overlapping tapers. Instead from 2013/14, local authorities in England, and the Scottish and Welsh governments, have been charged with devising their own schemes in the context of a 10% reduction in the financial support for their new council tax benefit schemes.<sup>37</sup> The Scottish Government and the Scottish local authorities have agreed that together they will make up that funding deficit in the first year, maintaining council tax benefits at current levels in 2013-14.<sup>38</sup> Nonetheless the overlap between Universal Credit and the various new Council Tax Benefit schemes is likely to have the greatest impact for very low earner households.

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

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

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

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

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

remit of Housing Benefit<sup>39</sup> will surely mean a very serious rise in youth homelessness across the UK.

### Emerging statistical trends on homelessness in Scotland

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

#### Trends in visible homelessness

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

There has been a particularly sharp (19%) drop in the number of homelessness applications over the past year, from 55,663 in 2010/11 to 45,322 in 2011/12. There has also been a levelling off in temporary accommodation placements, after sustained upwards pressure over the past decade, which saw the 'snapshot' number of households in temporary accommodation

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

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

The profile of the causes of statutory homelessness in Scotland has remained relatively stable over the past few years. More specifically, the relative importance of homelessness due to mortgage default or rent arrears has remained static, accounting for

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

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

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

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

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

### Trends in hidden homelessness

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

After a long-term decline, there has been an increase in the number of *sharing households*<sup>43</sup> in the last two years, probably reflecting the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession. The decline, and then

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

<sup>42</sup> ‘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.

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

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

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

### Overview of statistical trends

These encouraging recent trends on statutory and repeat homelessness in Scotland, and on rough sleeping, are strongly associated with targeted policy measures on homelessness. It remains to be seen whether such local policy-associated gains can be maintained in the face of a major deterioration in structural conditions associated with the prolonged recession, radical welfare reform, and a declining supply of affordable housing for those on low and modest incomes. The data on hidden homelessness in Scotland already demonstrates a mixed picture, with

the numbers of sharing and concealed households commencing very recent rises.

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

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

Looking forward, the next three years is a crucial time period over which the intensifying homelessness impacts of the recession are likely to be severely exacerbated by the UK Government's radical welfare reforms. At the same time, housing market pressures, while still less acute than those experienced south of the border, are continuing to worsen in Scotland, with severely constrained access to home ownership for first-time buyers, which in turn is increasing demand for both of the rental sectors.

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

<sup>45</sup> '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.

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

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

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

## 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