

**ROCKET  
SCIENCE**



# Homelessness in Scotland

Research for The Salvation Army

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We would like to thank all those local authorities who engaged with Rocket Science throughout the course of this research either through telephone interviews or the online survey. We are grateful for the time invested in this research and the information shared with us which has been incredibly valuable. All information shared has been kept anonymous and is not attributable to any local authority.

Publicly available data has been sourced in addition to the interviews and is included throughout the final report.



# Executive Summary

Homelessness in Scotland has remained fairly static since 2013/14 with around 35,700 homeless applications per year. The most recent figures published by the Scottish Government show that there were 31,33 households who were assessed as homeless in 2019/20 which is a 4% increase on the previous year<sup>1</sup>. While the overall levels remain steady, funding for homelessness has increased by 27% across the period (2013/14 – 2018/19). By contrast, funding for housing support services including for people with experience of homelessness, has decreased by 41%. It is difficult to know exactly how the changes in value for each of these funding streams have affected local authority and third sector providers. What can be said for certain is that the **overall level of funding for homelessness and housing support services has decreased by 18%** since 2013/14.

This suggests that the Scottish Government's programme for tackling rough sleeping, including the necessary investment, have stabilised, but not reduced levels of homelessness and rough sleeping in any meaningful way since 2012. In response, the Scottish Government introduced its Ending Homelessness Together: High Level Action Plan. The ethos behind this plan has been welcomed, but questions remain as to whether the Scottish Government has provided the necessary investment to achieve this transformational change.

Based on its experiences as a leading service provider in Scotland, The Salvation Army has commissioned Rocket Science to investigate whether current investment is sufficient to achieve the Action Plan's ambitious objectives. The research and its findings are underpinned by the following research areas:

- How homelessness funding is currently being spent, and whether investment nominally allocated to homelessness is being spent in other areas (e.g. adult social care) or has fluctuated due to a shift to other types of provision.
- Whether funding trends will affect the Ending Homelessness Together: High Level Action Plan, particularly in the context of the estimation by local authorities that Rapid Rehousing Transition Plans (RRTPs) will cost close to three times the £50 million budget set by the Government.

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<sup>1</sup> Scottish Government (2019) Homelessness in Scotland <https://www.gov.scot/publications/homelessness-scotland-2019-2020/>



- What the impact of Covid-19 will likely be, including the effects of the pandemic on the levels of homelessness and the related policy decisions.
- What an adequate budget would be that accounts for this rise of people in emergency housing, while ensuring that the Ending Homelessness Together: High Level Action Plan remains on track.

Rocket Science developed a six stage methodology in response to these four research areas (more detail in the supporting documents). The key stages in the methodology included:

- A desk-based review including a literature review, a review of local authorities' plans for addressing homelessness, and a review of publicly available data.
- Fieldwork with local authorities and third sector providers including surveys and interviews.
- Developing a costing model and budgeting tool.

In total we engaged with 20 different local authorities either through telephone interviews or through the online survey. We also surveyed eight third sector providers.

## Key Findings

The findings for this research are summarised below under the four key themes of this research.

### How homelessness funding is currently being spent

Funding for homelessness (rough sleeping and temporary accommodation) has increased by 27% since 2013/14 but in contrast, funding for housing support services has decreased by 41%. It is difficult to know exactly how the changes in value for each of these funding streams have affected local authorities. Funding for homelessness is not ringfenced and it is generally acknowledged that this money is spent elsewhere by other services, such as adult social care. With a £34 million gap in budget allocation from central government and local authority spend, it is important to understand where and how this money is being spent by local authorities.



It is difficult to tell how the funding is being spent as the **money is not ringfenced and publicly available data does not detail expenditure in a way that is transparent** and easy to understand. In addition, the breakdown in expenditure on the different services and support offered by local authorities is difficult to understand and is not transparent.

Despite this, there is evidence to suggest that there are improvements in the availability and transparency of data. Housing options, floating support and supported accommodation have remained stagnant in budgetary terms relative to rapid rehousing, Housing First and temporary accommodation, which have most commonly increased over the last three years. Increases in spend on temporary accommodation has been primarily related to the static throughput in the housing system as a result of the Covid-19 pandemic: move-on from existing temporary accommodation units has proven difficult and has led to a pinch in supply relative to demand. This, in turn, necessitated local authorities taking on more temporary accommodation units to house people. Some of this, however, is due to a more proactive, preventative and partnership approach taken by local authorities, but some of it is also due to funding cuts, and staff not being replaced once they retire.

### **Whether funding trends will affect the Ending Homelessness Together: High Level Action plan:**

The demand for homelessness services is high, as reported by both local authorities and third sector providers surveyed. Many surveyed **expect to see this rise as a result of Covid-19** and following the fall-out once Scottish Government funding runs out, as rent and mortgage holidays are stopped and when the furlough scheme ends. There are concerns that Scottish Government funding is unable to meet the levels of demand, with a shortfall of ~£34 million in terms of what is allocated to local authorities by central government and what they are spending.

This may be as a result of the way in which the Scottish Government calculate the overall funding allocation. Using presentations and historical allocations might, in part, contribute to this shortfall. The way funding is currently calculated also does not reflect, and can even obscure, different factors at a local level, which can have a big impact on demand for homelessness services. For example, it is unclear how the current formula accounts for the distinctions between urban and rural authorities as well as the high rates of temporary accommodation use in places like Highland (25% of all assessments), East Lothian (21%), and Glasgow (21%). There are concerns that the funding shortfall (and a lack of social housing) will not be sufficient to effect the radical changes sought through the Ending Homelessness Together: High Level Action Plan, and that the initial momentum around increasing social and affordable housing supply will not be sustained beyond 2021.



There are some significant differences in the amount requested and received for RRTPs; however, **almost all local authorities received less than they requested within their RRTP**. For example:

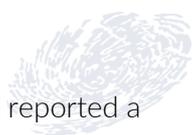
- At the most extreme end, one local authority was granted 2.5% of what they asked for.
- Another local authority asked in their initial RRTP for £1.3 million, with £700,000 requested in 2021, but only received 15% (£105,000) for that year.
- According to publicly available data, Glasgow City also asked for an initial RRTP total over five years of £18 million, with an average cost per year of ~£3.6 million (higher in the first year and decreasing after that). However, they received just £301,000 in the first year, and £1.3 million in their second year.

Some local authorities felt that the funding mechanism was not reflective of their ability to transition their existing housing stock and services to deliver a rapid rehousing pathway, noting that their RRTPs did not inform the allocation of funding. It was thought that local authorities received funding based on their average number of applications over the past five years rather than the Plan they submitted to Scottish Government. There is a particular issue around the acquisition of housing for local authorities under RRTPs as they do not include capital expenditure. Examples in the literature review demonstrate how some countries are successfully managing to address these challenges.

### **What the impact of Covid-19 will likely be:**

Covid-19 has already had a large negative impact on homelessness. Despite the additional funding from the Scottish Government and the opening up of hotels to people experiencing homelessness during the worst of the pandemic, the situation is not good and there are significant challenges over the next year. For example, local authorities are concerned about the impact of Covid-19 on levels of poverty, which is closely linked to homelessness. The drivers for this include job losses in struggling industries, furloughed workers taking home a reduced income and its concomitant effect on their ability to pay their rent, and the building up of rent arrears for both of these groups.

Of the local authorities surveyed, **60% reported an increase in demand due to Covid-19**, with 20% reporting particularly high increases. Over half of local authorities reported having received no additional funding to cover the cost of this increased demand. Not only has this impacted their response to the pandemic, but it will have longer-term impacts such as the ability of local authorities to progress their RRTPs. It may, for example, include the need to convert longer-term housing options into temporary accommodation to increase the availability of emergency housing options for as long as Covid-19 remains a threat to public health.



While local authorities did not report serious issues with additional revenue funding, all reported a serious impact on the stock of temporary accommodation. All local authorities had to increase their number of temporary accommodation units to respond to the stasis within the housing system.

However, on a more positive note, many local authorities reported an acceleration of joint-working practices. Remote working has resulted in greater levels of communication among colleagues across directorates, Registered Social Landlords (RSLs) and third sector providers.

### What an adequate budget should look like

The evidence throughout the literature and from the engagement with local authorities suggests that local authorities do not have the resources required to address homelessness through the implementation of their RRTPs for a number of different reasons which includes:

- There are long term structural challenges that local authorities face such as affordability of private lets and a reduction in social rents, over-reliance on the use of expensive and ineffective temporary accommodation, and an increase in the number of people presenting with multiple complex needs, which means local authorities will require significant investment to overcome these barriers and provide alternative accommodation services.
- There are also new challenges such as Covid-19 which has already had an impact on local authorities in terms of adequate housing provision, increasing numbers of people needing support and a lack of adequate funding to cover these new costs.
- The fact that allocated budgets are not ringfenced and there is not a clear sense of where this money is being spent also provides a challenge for local authorities.

Although the tool that has been created as part of this research provides a good foundation to build and develop a budget based on changes in demand, the type of services provided and the changing nature of need (i.e. support costs for services) **it cannot be used to answer the question on whether or not local authorities have an adequate budget**. The example budget boxes throughout provide a snapshot scenario to illustrate certain challenges and changes that may arise, but it is based on a number of caveats and assumptions and the best available data (which is by no means comprehensive). This is discussed in more detail in section 3.4b.



A costings tool has been developed as part of this commission as a separate, standalone tool. However, throughout this report, we have included case studies and scenarios to illustrate how the tool can be used and can forecast changes as a result of policy, demand, and sensitivities, to determine the impact it may have on the budget.

It should be noted that, while the costing tool itself seeks to establish costings based on available data sources, including using existing costings for various temporary accommodation types and levels of support, as well as being reflective of homelessness applications at a local authority level, it is not necessarily reflective of conditions 'on the ground'. This costing tool does not map every homelessness service available across Scotland, such as local authority in-house services, local authority commissioned services, and services provided by the third sector, which means that establishing exact costing relative to delivery sites has not been possible. It should be noted that this budget tool works on the assumption that the full budget amount allocated to local authorities is ringfenced for homelessness provision, which we know is not the case in reality. This means that this tool is an underestimate of the shortfall in budget that local authorities require to adequately address homelessness in their area. Results from the tool should be interpreted with this in mind.

Therefore, the local authority case studies and their related scenarios should be treated hypothetically, with the impacts felt on budgets considered relatively (i.e. focus should be on the increases or decreases from the 'status quo' budget the costing tool was able to establish based on a variety of scenarios). These examples are primarily to demonstrate the capabilities of the tool and will increase its practical value when in the hands of those funding and delivering services 'on the ground'. For the purposes of clarity, the budget estimates used to illustrate how the tool works (see the final report) use the upper range of budget estimates from the tool for ease of understanding and demonstration of deficits. However, within the tool, if a sensitivity percentage is included, the budget estimates are calculated as a range to account for a margin of error.

## Key considerations for costing tool and interpretation



The box below sets out the key context and considerations that must be taking into account when using the costing tool and interpreting the budget boxes included within this report.

### Context and considerations for the interpretation of the Budget examples within this report:

- The expenditure figures on which the costings tool is based cover investment in homelessness and housing related supported services.
- These two broad funding streams can be used for a variety of services, including accommodation-based services (e.g. supported housing, Housing First, etc) and other non-accommodation-based services such as outreach and certain forms of prevention.
- These non-accommodation-based services are particularly important to larger urban authorities that have high levels of rough sleeping.
- However, because it's not possible to map all homelessness services across every local authority area, the costings tool only covers the costs associated with accommodation-based services across six different categories from Housing First to other/unspecified. As a result, all figures estimated by the costings tool (as demonstrated in the Budget example boxes in this report) relate to the budgets required to meet the costs of the relevant breakdown of accommodation-based services (roughly based on the percentage of people in each service type i.e. 2% Housing First, 28% hostel, and so on).
- For accuracy, the relevant breakdowns of accommodation-based services used in the Budget example boxes in the final report are taken from the relevant authorities Local Homelessness Strategies.
- Crucially, this does include the investment required to meet the costs of any non-accommodation-based service such as outreach/prevention, many of which will be met through local authorities' homelessness and housing-related support budgets.
- As such, in examples where authorities appear to be in surplus (e.g. Budget estimates 1 and 3), this should not be interpreted as these authorities having more money than they need to meet demand overall.
- By contrast, the figures indicate what will be left over to meet the costs of any necessary non-accommodation-based services (e.g. outreach/prevention) once the costs of their accommodation-based services (e.g. Housing First/supported housing/etc) have been met.



## Conclusions and recommendations

### How homelessness funding is currently being spent

Of the local authorities interviewed, it was clear that Housing Managers had very little control over, or influence on, budgets for housing and homelessness services. Many reported that the budget was based on historic expenditure and was **not adjusted to meet either increases or decreases in demand** or to meet the changing needs of those who present as homeless in their local authority.

Many local authorities would support the ringfencing of funding for homelessness and housing service, which would make the tracking of expenditure on housing and homelessness services somewhat easier. **This could potentially result in a more accurate estimate of need and a more realistic allocation of funding, especially for RRTPs.** Our analysis of public data sets, alongside our literature review and field research, suggest a number of data issues including:

- Data quality and a lack of disaggregation of funding relating to different homelessness and housing services.
- A lack of publicly available fine-grained analysis meaning that the level of need of individuals does not show up in budgeting.
- Inconsistencies in recording, and in-service structures, leading to comparing 'apples with pears'.
- Local authorities being unable to share accurate data related to expenditure on their services.
- A lack of data relating to the wider homelessness service infrastructure (local authority funding being just one part of a much larger jigsaw).

Local authorities operate similar services with similar functions but adjust these to local need. There appears to be considerable variation in the extent to which local authorities feel they have the **capacity and resources to tackle homelessness**, and differences on the ground as to where cost falls or the importance of different factors.



**Recommendation 1:** The Scottish Government should look to develop and introduce **clearer recording and reporting mechanisms** so that money can easily be tracked to ensure there is a clear understanding of where money is being spent. Key improvements to enhance the consistency of data collection across all local authorities include:

- Where money is being spent on homelessness services, the Scottish Government should improve reporting tools to establish a clear delineation of the services that investment is spent on. This could, for example, include reporting lines in revenue outturn figures to distinguish where money is spent on Housing First services versus where it is being spent on supported housing.
- Understanding the £34 million shortfall between central government funding and what local authorities actually spend on homelessness and housing support services. For example, what percentage of this shortfall is made up via income acquired through services (e.g. rental payments) versus what percentage is made up for via spending from reserves.

**Recommendation 2:** Expand data collection to **record data on the multiple and complex needs of individuals**. Although Tables 19a & b of the annual Scottish homelessness figures do record the number of support needs at the point of application, this is done at a household rather than a per person level. This will provide local authorities insight into the level of need presenting and the total cost per person, thereby allowing for them to make more accurate assessments of the need for services in their area, both now and in the future and to highlight where joined-up working by different services can be maximised.



## Whether funding trends will affect the Ending Homelessness Together: High Level Action Plan:

Local authorities feel that the Ending Homelessness Together: High Level Action Plan is ambitious in scope and fully accords with their principles as to how housing and homeless services should be delivered. **All local authorities support the shift** towards the person-centred approach, the introduction of Housing First, the focus on homelessness prevention, and the need to further join up resources among local authority teams to deliver a holistic service. However, the Covid-19 **pandemic has limited local authorities' ability to deliver** on the Action Plan, particularly on delivering their commitments outlined in the Rapid Rehousing Transition Plans (RRTPs). Local authorities are concerned about their existing pool of available **housing stock and feel it is insufficient** to implement rapid rehousing pathways.

**Recommendation 3:** The transition towards a homelessness system based on rapid rehousing is the Ending Homelessness Together: High Level Action Plan's primary objective. However, the budgets for local authorities' RRTPs have been calculated using an arbitrary measure.

Although a balance needs to be struck with the amount of data being collected, **more information is required around the specific features of given areas and how this affects the needs and provision** outlined in their RRTPs. For example, urban authorities often lack the necessary housing stock, while more rural authorities can struggle with the revenue costs required to support people across larger areas. At present, the way in which the budgets for RRTPs are calculated are not sufficiently responsive to these differences. This should be rectified during the budgetary cycle to reflect local needs as accurately as possible.

**Recommendation 4:** Due to the lack of suitable housing options across Scotland for people with experience of homelessness, and especially for people with multiple and complex needs, the **Scottish Government should introduce a specific capital fund to support the implementation of RRTPs.** (One recent example is the UK government's Next Steps Accommodation Programme which includes an allocation of £433m (capital and revenue) for local authorities to provide 'longer-term move-on accommodation' for those with experience of homelessness.) This will be essential in helping to provide things like Housing First at scale. It will also be crucial in helping local authorities, tenants, and support providers to escape the "bottleneck effect" (as described in section 3.1d of this report), which has seen ever greater numbers of people across Scotland spend long periods in unsuitable, expensive temporary accommodation.



### What the impact of Covid-19 will likely be:

During 2020, the Scottish Government made additional funding available to local authorities to support them with the Covid-19 pandemic. By October, there had been over £380 million of additional funding.<sup>2</sup> While local authorities did not report serious issues with additional revenue funding, all reported a serious impact on the stock of temporary accommodation. All local authorities had to increase their number of temporary accommodation units to respond to the stasis within the housing system. Move-on from temporary accommodation was extremely difficult during the pandemic period. This was as a result of maintenance teams being unable to access properties, permanent accommodation units not being available due to the ban on evictions or other affordable options becoming available for those looking to move, and house-building being paused.

Some local authorities noted concerns about the potential **spike in demand once the ban on evictions comes to an end** in March 2021. Rent arrears that have been accrued to that point will still exist and landlords will be able to take legal action to evict their tenants. This may lead some local authorities to look to retain their current levels of temporary accommodation as a possible contingency ahead of this. However, many local authorities reported an acceleration of joint-working practices. Remote working has resulted in greater levels of communication among colleagues across directorates, RSLs and third sector providers.

**Recommendation 5:** The Scottish Government should **make figures publicly available** to show how many people have been housed due to Covid-19 across the country. This will help to gain a clearer picture of the level of demand that will be faced in the coming months/years.

**Recommendation 6:** As a result of the uncertainty and persistence of the Coronavirus, the Scottish Government should consider **further extending legislation and guidance to ensure the safety of people at risk of homelessness** in an attempt to sustain tenancies for the immediate future. An example of this is the extension of the evictions ban until the 31<sup>st</sup> March 2021 and have encouraged rent and mortgage holidays and set up funds to help tenants cover arrears. When these exemptions and policies expire there will be an increase in demand for local authorities and the **Scottish Government should consult with local authorities to understand how well positioned they are to cope with this demand** and measures that need to be implemented to ensure they have the resources to support those who are most vulnerable.

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<sup>2</sup> Scottish Government, November 2020, [Local government funding 2020-2021: process overview](#)



**Recommendation 7:** The Scottish Government should **extend the exemptions to the Unsuitable Accommodation Order (UAO)** to allow for the ongoing impact of the Coronavirus until the end of the national lockdowns, at a minimum. This will prevent local authorities from inevitably breaching the order at a time when demand for temporary accommodation has never been higher.

### What an adequate budget should look like

From the research, it is clear that an 'adequate budget' for homelessness is neither consistent across local authorities, nor easy to measure. Wider issues also need to be considered. **Addressing homelessness is about more than just the availability of funding.** There are other factors, primarily around the availability, use and growth in the existing housing stock which cannot be ignored. This includes the availability of suitable housing stock for temporary and permanent use and the numbers of affordable housing that need to be delivered to produce a sustainable housing market.

While local authorities have been responsive to the policy shift to a housing-led approach and the introduction of rapid rehousing pathways including Housing First, it is clear that "*more of the same won't work*". The Covid-19 pandemic has impacted local authorities' ability to deliver rapid rehousing. While the Ending Homelessness Together: High Level Action Plan is welcome, Scottish Government must re-emphasise the Plan in practical terms by allocating additional money to next year's RRTTP funding.

Furthermore, there should be some consideration of a return to ringfenced funding, to ensure that homelessness is tackled in a coherent way using partnership organisations. Funding should fit with the wider context, i.e. tackling the drivers such as poverty, deprivation, mental health and unemployment. Covid-19 will need to be adequately factored into future budgeting and targets, with a need for local and national government to think about funding in the longer term.



**Recommendation 8:** The Scottish Government must consider **ringfencing the budget allocation it provides for homelessness and housing support services**. There are numerous ways this could be achieved without compromising the principle of local democracy, which allows local authorities to respond flexibly to local needs. For example, the improvements to data collection suggested in **Recommendation 1** of this research would provide an opportunity to assess whether investment is being spent in a way that is compatible with the goals set out by Ending Homelessness Together: High Level Action Plan. This improved reporting provides an incentive to ensure that investment is spent in the assigned area without the need for a statutory ringfence, although this could still be implemented if necessary.

**Recommendation 9:** Local authorities should be required to submit detailed accounts of their homeless budgets, including the details of need and the different costs for different services, as well as highlighting where money is being spent and how much. They should then reconcile this with their RRTPs against what they actually received so that an accurate shortfall can be calculated. This should be a priority exercise so that **local authorities and the Scottish Government work together to determine a budget which is ringfenced for homelessness support services, and determine the additional funding required to cope with increasing demand** generally as well as the more complex nature of demand (i.e. multiple complex needs) and the amount of additional investment

This exercise will need to be done with each local authority and as a matter of urgency. There needs to be a **long-term commitment between local authorities and the Scottish Government to overcome the systemic challenges**. Without understanding the local landscape and challenges and underestimating the investment required will hinder the successful implementation of RRTPs which have already been set back by a lack of funding to address the systems failure and legislative changes (UAO) and now the Coronavirus pandemic.

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