

**ROCKET
SCIENCE**



Homelessness in Scotland

Research for The Salvation Army



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Publicly available data has been sourced in addition to the interviews and is included throughout this 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 year¹. 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.

¹ 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 tools 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 boxes in this 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 of this 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.



Navigation to Budget estimate case studies

1. [Budget Estimates: Changes in numbers of people in certain types of temporary accommodation](#)
2. [Budget Estimate: Increases in the number of people accessing housing-led services](#)
3. [Budget Estimate: Increases of people presenting at Housing Options with multiple complex needs](#)
4. [Budget Estimate: The impact on local authorities with budget deficits after the implementation of their RRTP](#)
5. [Budget Estimate: Increases in demand as a result of Covid-19 and the future](#)

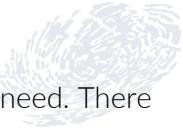
Conclusions and recommendations

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.² 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 31st 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.

² 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 RRTP 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 report 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.

Remainder of the report.

The remainder of this report is set out as follows:

- **Section 1: Literature review** – this section is a summary of an in-depth literature review which includes local authority strategies in tackling homelessness. The full review can be found in the supporting documents
- **Section 2: Homelessness data review** – this section provides an overview of funding and expenditure for local authorities
- **Section 3: Key findings** – this section presents the key findings from our stakeholder research (interviews and surveys)
- **Section 4: Conclusions and recommendations** – this section sets out the main conclusions from our desk-based research and stakeholder engagement, and some recommendations for future action.



1. Literature review

This section provides a high-level summary of the key challenges identified in the approaches to homelessness at a national and local level in Scotland. The summary is drawn from the wider review conducted by Rocket Science around the state of homelessness in Scotland (see full document). The full review investigates the development and evolution of legislation and policy around homelessness, current approaches and key priorities in Local Housing Strategies across Scotland, similarities and differences in the housing and homelessness ecology in Scotland and England, and international practice around homelessness. This research adds insight into the nature and scale of challenges and the extent to which those mentioned in the research brief are being addressed.

1.1 Challenges in the national approach to homelessness

The challenges outlined in this section were identified by reviewing the legislation and policy literature as well as research by advocacy and other third sector organisations around recent policy development in relation to homelessness in Scotland.

Low affordability and growing private rented lets³

The Scottish economy has maintained low levels of economic growth, cash house prices are still 25% below their pre-2008 peak in real terms, and access to the housing market has been increasingly restricted for over ten years. The number of lets in the social rented sector has declined between 2013 and 2018, in part due to the limited stock of housing, but also issues related to restrictive allocation policies concerning 'tenancy readiness'⁴ and 'rent in advance' when assessing the needs of homeless applicants. At the same time, the number of homeless applicants has risen, and local authorities across Scotland are encountering increasing challenges in providing council and housing association tenancies.

³ All Information included in this section was sourced from: Crisis, February 2019, [The Homelessness Monitor: Scotland 2019](#)

⁴ This refers to a practice employed by housing providers whereby a prospective tenant who has experienced or is experiencing homelessness must prove they are 'tenancy ready', commonly by providing evidence of previous sustained tenancies lasting a number of years. This is often not possible for many who present as homeless and continues their exclusion from mainstream housing solutions.



Current challenges are further complicated by the rapid growth of the private rented sector for the past 20 years. While all age groups under 75 are now more likely to be in the private rented sector than they were 20 years ago, the biggest proportionate increase in private tenants has been among 25-34 year olds. Around one in four lone parents are also private tenants. Due to the volatility in income that these groups face, they are among the highest risk groups for homelessness.

Tenancy reform in response to these changes, such as the shift of tenancy disputes from sheriff courts to tribunal systems to decrease costs and control over excessive rent rises, has mitigated some of the risk and aimed to increase security of tenure by reducing the scope for "no fault" evictions. However, these measures are not sufficient to prevent homelessness from being a high risk for these groups.

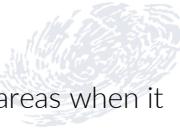
The complexities of temporary accommodation

There is support by a range of stakeholders across the largest cities in Scotland⁵ for the introduction of enforceable standards for temporary accommodation, and the increasing inadequacy of current measures is widely recognised. The quality and suitability of all forms of temporary accommodation vary considerably across local authorities, and single people face systematic disadvantage in accessing temporary furnished flats as opposed to other forms of temporary accommodation.

There is also recognition that temporary accommodation measures do not take into account specific households' needs, and that the Scottish Government should invest more in monitoring the suitability of temporary accommodation allocations beyond the current focus on Bed and Breakfast (B&Bs) use (e.g. overcrowded families in temporary furnished flats, people with multiple needs struggling to maintain recovery or avoid reoffending, people with children struggling to observe curfews or no visitors policies).⁶

⁵ Social Bite, October 2017, [Eradicating 'Core Homelessness' in Scotland's Four Largest Cities](#) - the research comprised six focus groups with service providers across four cities in Scotland (two each in Edinburgh and Glasgow, one in Dundee and one in Aberdeen covering Aberdeen and Aberdeenshire). Focus group participants represented local authorities, health and social care providers, hostels and other temporary accommodation (TA) providers, and a wide range of agencies supporting people with multiple and complex needs. In all, 46 organisations participated in the study

⁶ Homeless Network Scotland, March 2018, [Can we fix Homelessness in Scotland? Aye we can](#)



There are variations between the challenges encountered by people in rural and urban areas when it comes to temporary accommodation. Overcrowding tends to be one of the main challenges in cities, while in rural areas people often have to move miles from their hometown or village to access temporary accommodation, leaving behind support networks. Some sleep rough or sofa surf locally to avoid having to do this.

The high weekly charges for temporary accommodation can act as a disincentive to employment in the long term, which can lock people out of employment. For this reason, there is encouragement for the Government to develop measures that systematically address this issue. However, there are also concerns that a stronger focus on introducing higher standards for temporary accommodation may reduce capacity and resources for the implementation of RRTPs and that it may cause disinvestment by providers who are unable to align with the standards, if not managed carefully.

Although there is recognition that B&Bs are the least suitable form of temporary accommodation and should only be used as a 'last resort' by local authorities, there appears to currently be a very high use of B&Bs due to limited supply of alternative accommodation (e.g. East Lothian 57%, Glasgow 40% and Highland 29%, of all households in temporary accommodation⁷). There are concerns that the expansion of the Homeless Persons (Unsuitable Accommodation) Amendment limiting the time spent in unsuitable accommodation to a maximum of seven days for all household types across Scotland will be very hard to implement in high B&B using areas (Glasgow, Edinburgh, North and South Lanarkshire) in the short term, given current resources. A better approach would be to ensure that, where the use of B&Bs for longer periods of time is inevitable, residents have access to the facilities they need (food storage, cooking and laundry facilities).

The budget box below illustrates how the number of people in different types of temporary accommodation could affect the budget for a local authority. We have chosen to use Glasgow as an example as there is a good amount of publicly available data that can be used to illustrate this change. This type of scenario can be performed by anybody with access to the costings tool.

⁷ Dataset published by Scottish Government: ['Homelessness In Scotland: 2019/20'](#)



Budget Estimates: Changes in numbers of people in certain types of temporary accommodation

Using data from the 'Homelessness in Scotland [2019/20](#)' dataset which shows the breakdown of temporary accommodation placements by accommodation type, and using the latest Housing First Pathfinder statistics, we have modelled a 'status quo' budget expenditure on homelessness services for Glasgow City Council as data is publicly available and accessible. See below for the breakdown of inputs by accommodation type.

Service Type	Estimated % of people in each service	Estimated number of people annually in each service
Housing First	2%	96
Hostel	28%	1,338
High intensity Supported Accommodation	0%	0
Low Intensity Accommodation Based Support	39%	1,864
Floating Support	29%	1,386
Other/unspecified	2%	96

The breakdown below shows the estimated budget resulting from these inputs against the published provisional outturn for the local authority's expenditure. Based on the available information and assumptions, this indicates that once the costs for the above services have been met there is a budget surplus of ~£13.2m as shown below, which can be used to meet the costs of other essential homelessness services. [\[Return to considerations and context for interpreting this budget example\]](#).

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£48,378,782	£35,087,360	+£13,291,422

This model, however, does not account for emerging trends in the composition of accommodation types offered to those who have been assessed as homeless by the local authority. We need to be mindful of the transition to housing-led, rapid rehousing approaches, particularly the impact of the Housing First Pathfinder on the composition of accommodation supply and the concomitant impact on the local authority's budget.

SCENARIO: As a result of implementation of Glasgow's RRTP and the local authority's involvement in the Housing First Pathfinder, the percentage of people placed in Housing First tenancies rises to 8%. This also results in a decrease in the percentage of people being placed in hostels to 15%, and an increase of people accessing floating support to 36% (as a result of reducing 'revolving door' homelessness applications). As a result, the budget of the city is reduced by ~£5.7m:

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£48,378,782	£29,338,261	+£19,040,521

INTERPRETATION: It should be noted that these examples are hypothetical and are not necessarily reflective of conditions 'on-the-ground'. With that in mind, the budget tool shows the potential of forward-planning for changing the composition of accommodation types made available to those assessed as homeless. Decreasing hostel usage, increasing Housing First provision, and providing higher levels of resettlement support to increase throughput in the system will result in a reduced budget. Indeed, in the scenario used for Glasgow, these changes give Glasgow a budget surplus of ~£19m. However, it should be appreciated that these costs are related to revenue only, and do not account for the capital costs that are potentially necessitated by such a composition change.



Hidden challenges in the Homelessness and Rough Sleeping Action Group (HARSAG) agenda ⁸

In terms of the rapid rehousing and Housing First proposals by the Scottish Government, local authorities have generally welcomed these changes as they are supportive of existing efforts to shift local policies and practices in a progressive direction. However, some local authorities, particularly those in pressured housing markets such as Glasgow and Edinburgh, and those in rural areas such as the Highlands, have concerns around the effective implementation of the HARSAG led policy agenda.

One widespread concern is the challenge posed by the shortages in social housing supply to the effective implementation of rapid rehousing policies. Another is resistance by elected members and housing association boards where there is a strong culture of 'tenancy readiness'. Although a cultural shift to enable the scaling up of Housing First is required, it is important to acknowledge that other types of services are still important and will suit some people. There are general concerns that funding 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.

Housing First Pathfinder

The Housing First Pathfinder Programme is a three year, £9.5 million programme administered by the Corra Foundation. Launched in April 2019, it was designed to address some of the issues outlined above, learn from practical delivery, and ensure the success of the future roll-out of Housing First across the 32 local authorities.

⁸ All Information included in this section was sourced from: Crisis, February 2019, [The Homelessness Monitor: Scotland 2019](#)

The Pathfinder is being delivered in:



- **Glasgow:** led by Turning Point Scotland in partnership with Simon Community Scotland, The Salvation Army, and Loretto Care;
- **Edinburgh:** led by Cyrenians in partnership with Turning Point Scotland, Rock Trust, Streetwork, Bethany Christian Trust, Gowrie Care, and Barony Care;
- **Dundee:** led by Transform Community Development in partnership with The Salvation Army, Dundee Survival Group, and Addaction;
- **Aberdeen:** led by Aberdeen Cyrenians in partnership with Aberdeen Foyer, Turning Point Scotland, Aberdeen City Council Housing Support Department and Aberdeenshire Council; and
- **Stirling:** led by Loretto Care in partnership with Barony Care.

Figures published by Homeless Network Scotland paint a positive picture of the Pathfinder Programme (October 2020): of 354 tenancies offered across the five cities, 310 people are still in their tenancies (88%). Of the 44 tenancies (12%) that have ended, 21 were not successfully sustained and 23 were ended for other reasons (e.g. death, prison).⁹ No one has been evicted from their home.

Table 2 shows the number of tenancies sustained monthly in each of the Housing First Pathfinder areas. The total number of new tenancies per month drops between April and July, which can be attributed to Covid-19. Numbers have risen from July, with the highest number of new tenancies in October. The data shows variations in the extent to which councils have fulfilled initial Pathfinder targets set (for Q2 of 2020, and up to March 2021). This is likely due to a combination of factors (discussed below), including a lack of adequate housing supply in some local authority areas, particularly Edinburgh.

⁹ Homeless Network Scotland, October 2020, [Housing First Track - Progress to October 2020](#)



Key

Represents a figure below average/target

Represents a figure around the average/target

Represents a figure above average/target

Pathfinder area / month	Jan-20	Feb-20	Mar-20	Apr / May 20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Q2 2020 target	March 2021 target
Dundee	37	39	44	44	44	48	49	51	56	74%	56%
Edinburgh	40	47	51	53	55	60	65	70	78	38%	28%
Glasgow	102	110	117	116	116	118	127	133	140	59%	44%
Aberdeen/shire	29	31	31	39	46	48	55	62	69	77%	58%
Stirling	8	9	9	9	9	9	10	11	11	55%	55%
Total progress	216	236	252	261	270	283	306	327	354	57%	43%
New tenancies per month	20	16	9	9	13	23	21	27			

Table 2: Housing First Pathfinder tenancy sustainment¹⁰

The budget box below illustrates how the numbers of people accessing housing-led forms of accommodation and support could affect the budget for a local authority. We have chosen to use Dundee as an example as hostels make up a high percentage of their temporary accommodation offer, and they are already involved in the delivery of Housing First via the Pathfinder initiative.

¹⁰ Information in the above table has been taken from the Housing First Pathfinder monthly trackers, available here: <https://homelessnetwork.scot/housing-first/pathfinder/tracker/>



Budget Estimate: Increases in the number of people accessing housing-led services

To show the budgetary impact of the shift towards a housing-led approach to homelessness service provision, as set out by both the Housing First Pathfinder and by the implementation of RRTPs at a local authority level, we have taken Dundee City Council as a case study. Dundee has a relatively high percentage of people assessed as homeless being placed in hostels. A shift towards a housing-led approach (i.e. eradicating a staircase approach linked to ‘tenancy readiness’) would decrease hostel use. Below is the breakdown of inputs based on data from ‘Homelessness in Scotland [2019/20](#)’ and from the latest statistics from the Housing First Pathfinder:

Service Type	Estimated % of people in each service	Estimated number of people annually in each service
Housing First	6%	61
Hostel	73%	739
High intensity Supported Accommodation	3%	30
Low Intensity Accommodation Based Support	1%	10
Floating Support	17%	172
Other/unspecified	0%	0

Based on these inputs, and without making any further modelling adjustments, the ‘status quo’ budget estimate for homelessness services in Dundee is ~£10.9m. This is shown below against the provisional outturn data for in Dundee resulting in a shortfall of ~£6.9m. Crucially, this deficit occurs before the costs of other non-accommodation-based services are even considered: [\[Return to considerations and context for interpreting this budget example\]](#).

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£4,023,786	£10,934,953	-£6,911,167

SCENARIO: Dundee implements their plan to ‘reduce the reliance on hostel-type accommodation and move towards a temporary accommodation model which has greater reliance on temporary furnished flats and ‘Interim/supported’ temporary accommodation where on-site support is provided’. This results in reducing hostel capacity (to 40%), and increasing Housing First (to 15%), low intensity accommodation-based (to 22%), and floating support capacity (20%). These inputs, coupled with a reduction in demand of 5% due to the reduction of ‘revolving door applications’ results in Dundee City Council being able to reduce their budget by ~£2.8m, but this still results in a significant shortfall (~£4m).

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£4,023,786	£8,090,890	-£4,067,104

INTERPRETATION: It should be noted that this example is hypothetical and not necessarily reflective of conditions ‘on-the-ground’. With that in mind, the budget tool shows the potential impact of local authorities shifting their approach from the traditional ‘tiered’ model of homelessness to a housing-led approach, primarily through Housing First and smaller supported accommodation projects consisting of self-contained units. While this approach alone would not give Dundee City Council an adequate budget, the approach coupled with a longer-term vision that ensures holistic support models are in place could reduce overall demand to a level that brings it in line with supply. However, this does not take into account the challenges around housing stock, whether or not Dundee has an adequate supply of housing to move people on from temporary accommodation, and the scale of up-front investment required for Dundee to be able to make this move to more housing-led services.



The Impact of Covid-19

The Covid-19 pandemic has had a disproportionate impact on homelessness. The Scottish Housing regulator data for June indicated that the number of people who applied to local authorities as homeless increased to 2,923 (18% higher than in March) while the number of households in temporary accommodation increased to 13,875 (7% higher than in March). In June 2020, rent arrears for tenants of social landlords increased by £3.75m. The figures also show a 40% increase in applications for crisis grants from the Scottish Welfare Fund, with a 43% increase in expenditure compared to June 2019. Almost a third of households (31%) across Scotland have reported a drop in incomes since March 2020.¹¹

Despite emergency measures taken by the Government, including the introduction of emergency funding to support welfare and wellbeing for Scottish communities and the Coronavirus (Scotland) Bill and Coronavirus (Scotland) (No.2) Bill, which reduces the risk of eviction in the short-term, the full consequences of the impact of Covid-19 are still hard to assess. Several councils say there will be a budget gap to deal with, due to the additional resources required to deal with the long-term impact of Covid-19, which may have an impact on future service provision.¹² Relationship breakdown throughout the lockdown periods has been a key driver in increases to demand for temporary accommodation, with many of those being assessed as homeless for the first time.¹³ The increase in temporary accommodation (and in many cases unsuitable accommodation such as hotels and bed and breakfasts), coupled with the short supply of permanent housing solutions, risks entrenching a swathe of individuals in their situation. This is exacerbated by a contracting labour market and an uncertain economic landscape, heavily impacting on people's ability to pay their rents if they are unemployed or underemployed.

This creates questions and concerns around barriers that may likely arise to housing development due to a lack of funding and infrastructure programmes. In particular, the prioritisation of Covid-19, and providing temporary accommodation to this end, at the expense of RRTP priorities across the majority of local authorities, putting a halt to one of the major developments in homelessness policy in Scotland (see sections 3.1bd and 3.4).

¹¹ Shelter Scotland, 14th August 2020, [Shelter Scotland Briefing Paper: Local Government and Communities Committee](#)

¹² Shelter Scotland, 14th August 2020, [Shelter Scotland Briefing Paper: Local Government and Communities Committee](#)

¹³ Crisis. 'The impact of COVID-19 on people facing homelessness and service provision across Great Britain', November 2020



1.2 Challenges in the implementation of Local Housing Strategies

As part of a review of the 32 Local Housing Strategies in Scotland, the principal challenges identified for the future delivery of the Local Housing Strategies (LHSs) and Homelessness Prevention Plans are listed below. It is important to note that local authorities themselves have also highlighted many of the issues that appear in the literature review (see supporting document) through their LHS:

- **Lack of suitable accommodation for single people and families**, with supply of new affordable housing in recent years not being sufficient to meet the need.
- **Cost and insecurity of the private rented sector (PRS)**, particularly in areas such as Angus, East Renfrewshire, Inverclyde, Midlothian, and North Lanarkshire and a lack of alternative affordable housing options to move on to. In particular, the introduction of the Private Sector Tenancy in 2017 had a further impact on the private rental market and who it caters for.
- **Length of time spent in high-cost temporary accommodation**. Some councils remain highly dependent on B&B and hostels for temporary accommodation, particularly Stirling, South Ayrshire, and Glasgow City with increasing use and households staying for longer periods (187 days on average in 2020), due to increased waiting times for re-housing.
- **Increased financial pressures**, which are requiring councils to reshape their commissioned housing support (e.g. towards RRTP and Covid-19 response) and rethink the use of more expensive facilities (e.g. B&Bs), creating significant challenges in delivering Local Housing Strategies and achieving their priorities within designated budgets.
- **Complex needs**. The number of clients with multiple and complex needs (MCNs) has increased in recent years, from 34% (2012) to 51% (2019), with 1 in 5 presenting two or more needs¹⁴. Across most local authorities there is a lack of specialist support services, which often delays permanent tenancy allocation and threatens tenancy sustainment. Existing supported accommodation services are not designed to address MCNs, which include mental health problems (1 in 4) and/or addictions (1 in 10), and there is a gap in service provision.

The budget box below illustrates how an increase in demand for housing and homelessness services as a result of increases of presentations to Housing Options of people with MCNs might affect the budget for Edinburgh due to its involvement in the Housing First Pathfinder and the work already done to research MCNs provision in the city. However, as this model works on the assumption that the POBE expenditure is ringfenced for homelessness services, this shortfall is likely to be greater.

¹⁴ Scottish Government, June 2019, [Homelessness in Scotland: 2018 to 2019](#)



Budget Estimate: Increases of people presenting at Housing Options with multiple complex needs

Edinburgh Council is used to show the potential budget impact of an increase in people presenting at housing options with multiple complex needs (MCNs). The 'status quo' budget is based on inputs from the 'Homelessness in Scotland [2019/20](#)' data, attributing the numbers of people recorded as accessing temporary accommodation broken down by accommodation-type. The latest data from the Housing First Pathfinder programme is used to attribute a percentage of people accessing Housing First tenancies in the city.

Service Type	Estimated % of people in each service	Estimated number of people annually in each service
Housing First	2%	64
Hostel	20%	641
High intensity Supported Accommodation	0%	0
Low Intensity Accommodation Based Support	41%	1,314
Floating Support	9%	288
Other/unspecified	28%	897

The breakdown below shows the estimated budget against the published provisional outturn for the local authority's expenditure. Based on the available information and assumptions, this indicates that once costs for the above services have been met there is a budget surplus of ~£5.8m as shown below, which can be used to meet the costs of other essential homelessness services. [\[Return to considerations and context for interpretation\]](#).

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£33,135,073	£27,324,799	+£5,810,274

SCENARIO: Edinburgh sees an increase in the number of people with MCNs presenting at housing options. This requires an increase in the supply of Housing First tenancies (to 5%), hostel spaces (to 25%), and high intensity supported accommodation (to 10%). The supply of low intensity accommodation based support reduces to 23%, and floating support remains static at 9%. As well as these changes to the inputs, there is an increase in demand of 1% based on the assumption that an increase in the numbers of people presenting with MCNs will result in an overall increase in demand. This scenario would see an increase in the estimated budget requirements, thus reducing the budget surplus to ~£0.7m.

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£33,135,073	£32,378,455	+£756,618

INTERPRETATION: It should be noted that this example is hypothetical and not necessarily reflective of conditions 'on-the-ground'. With that in mind, the budget tool shows the significant and disproportionate level of 'squeeze' on supply that would result from a rise in the numbers of people presenting at Housing Options with MCNs. Furthermore, if the applications from people with MCNs are 'new' (i.e. they have not made an application before), the local authority risks increasing the number of 'revolving door' applications and further entrenching people in a cycle of deprivation. Not only would the budget be barely adequate in the short term, the consequences both for those accessing services and for the budget of the local authority would be felt in the long term. This will be compounded by structural challenges such as affordable housing plus the impacts of Covid-19 which will see more people in temporary accommodation for longer and without the option of longer-term permanent accommodation. While it will cost more, it is likely to be better for people in the long-run if a long-term approach to homelessness is adopted. If this is done, costs will likely come down as there



will be less revolving door applications, and in situations like the Capital highlights the significant need of investment to be able to tackle homelessness effectively.

2 Homelessness data review

2.1 Scottish Government funding for homelessness

Each year, the Scottish Government publishes its Green Book on grant aid expenditure and other allocations. As part of this, allocations to homelessness by local authority are provided, alongside temporary accommodation, RRTP allocations and discretionary housing payment (which are all considered outside of the total for homelessness). This year's Green Book showed that temporary accommodation costs continue to account for a large proportion of homelessness expenditure (Figure 1).

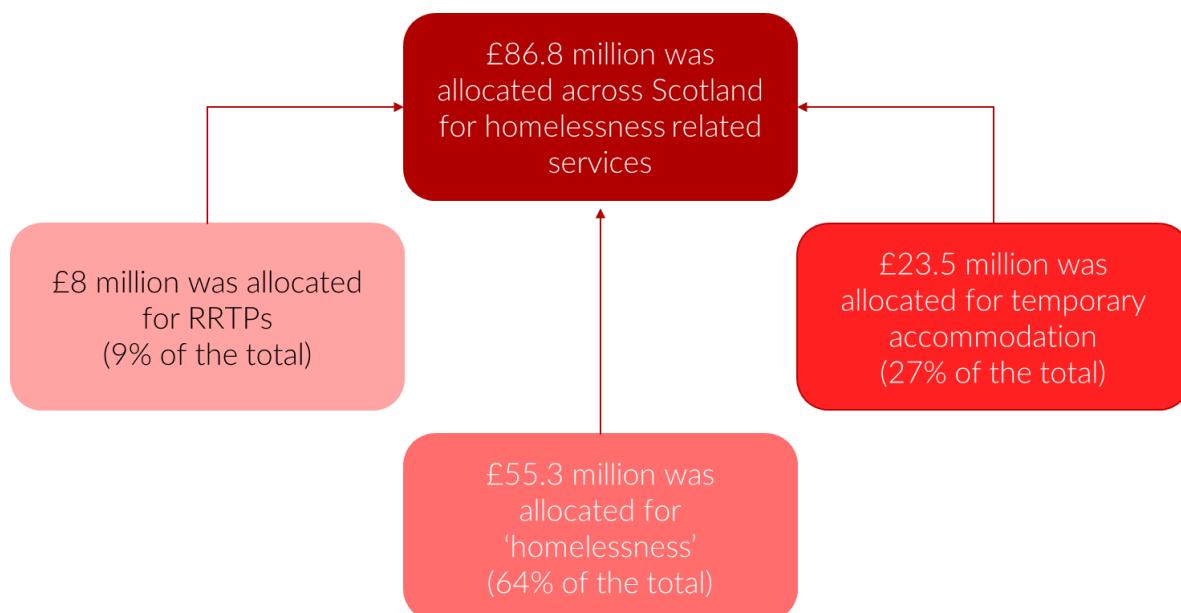


Figure 1: Green Book allocations for homelessness in Scotland 2020/21 [Source: Scottish Government Green Book]

The Scottish Government formula for spend on homelessness and RRTP per local authority is based on the total number of people presenting in that council region as homeless or threatened with homelessness averaged over the last three years. While this means that allocation is based on need to an extent, this is a rudimentary tool for distribution. It places considerable emphasis on a singular statistic, which may or may not be a reliable indicator of need across councils, may be subject to different measurement or recording methods, and cannot capture much of the nuance and complexity of individual local authority contexts across Scotland.



There are a number of issues with the homelessness data in Scotland. Homelessness statistics data reported to Scottish Government is inconsistent. For example, some local authorities that deal with large numbers of homelessness applications have lots of 'not offered', while others have very small numbers or none at all. The Scottish Government report that while there could be some genuine differences in local provision and/or practice between areas that naturally lead to variations in the numbers of 'not offered', there could also be different ways of recording and reporting the information between local authorities. It is also possible that the definitions are not being used consistently (e.g. some could include all types of presentations and others include only some).

The Scottish Government also report inconsistencies between HL2¹⁵ and HL3¹⁶ and a concern that differences between the HL2 and HL3 returns have increased considerably in the last year. For example, additional types of accommodation being reported in HL3 claims, that are not included in HL2 claims, suggesting that there are different definitions or sets of accommodation being reported across returns.

The use of homeless applications as an indicator for allocation for RRTP and within that, Housing First, is somewhat problematic. Housing First is an approach that is often used for those with multiple complex needs, and homeless applications are unlikely to be a good indicator of this. For example, one local authority may have a fairly high number of homeless applications but a relatively low percentage of cases of multiple complex need, while another may have a fairly low number of homeless applications, but a much greater proportion of 'revolving door' applications. This will affect spend required per person, making application totals a somewhat arbitrary measure. This is reflected in interviews where some local authorities felt that they had received an adequate budget for their RRTP, while for others this fell far short.

Another consideration left out of the equation of RRTP allocation is housing stock. Some local authorities may have greater access to stock for the delivery of rapid rehousing pathways and Housing First than others – however, the allocation of RRTP funding does not reflect this.

¹⁵ Number of households in temporary accommodation, the number of those in unsuitable accommodation as defined by the Order, and the number of those in accommodation which breaches the Order

¹⁶ Placement level information on temporary accommodation



2.2 Local authority expenditure

The Green Book statistics give a good indication of how much funding is allocated for homelessness related services at the local government level, but as the money is not ringfenced, actual expenditure may not match the allocated budget. Based on budgeting tools provided through interviews, there appears to be substantial variation in whether actual spend was similar, under or over the allocated budget for homelessness. This ranged from an overspend of £1.5 million, to an underspend of around £800,000.

Local authority expenditure data is published each year by the Scottish Government. This is data collected by the Scottish Government via the Provisional Outturn and Budget Estimates (POBE) which is completed by all 32 local authorities. This is inclusive of Scottish Government General Revenue Grant (outlined above), Non-Domestic Rates income, Council Tax income, and local authority reserves. Actual expenditure is published as a local authority's 'provisional outturn', provided on an unaudited basis before accounts are compiled; budget estimates are given by each local authority and outline expected expenditure for the year ahead. The total budget estimate for homelessness across all 32 local authorities for 2020/21 is ~£120.6 million.

While variance between allocated funding and real expenditure is not unexpected, local authorities receive their General Revenue Grant (outlined in the Green Book) in a single block without delineation between services. As such, there are challenges in tracking funding of and expenditure on homelessness services across Scotland:

- The **difference** between what is allocated to homelessness (as well as RRTP funding and temporary accommodation) in the Green Book, and what is indicated in the Provisional Outturn and Budget Estimates is £34 million.
- While this shortfall will be made up by Non-Domestic Rates (POBE) income, Council Tax income, and council reserves, funding is not broken down any further, and how this money is spent is not clear, particularly when much of the nuance around the extent of need is lost.
- Also lost is the level of expenditure on the different types of services. For example, supported accommodation may be accessed by a relatively small number of people but requires 24/7 support leading to high staffing costs.



For the costings tool, we have used the average number of homeless acceptances per authority as a crude measure to make a rough unit cost calculation for each local authority based on the POBE figures.¹⁷ It should be noted that one local authority interviewed said that **this record of expenditure is not truly reflective of housing and homelessness costs**, citing the wider infrastructure surrounding the sector. This includes the ability of commissioned services to generate funding via applications to grant-making trusts/foundations, third sector providers who are not commissioned but who deliver services in their locality (e.g. Scottish Women's Aid), and the increasing involvement of health and social care partnerships. These disparate resources, and the continued increase in partnership strategic working, require deeper analysis to fully understand expenditure on housing and homelessness services.

¹⁷ The full breakdown can be found within the costings tool.



3 Key findings

This chapter is a synthesis of qualitative and quantitative findings from our field research. Survey and interview findings have been collated, focussing on five areas:

3.1 Supply and demand

This section focusses on the supply and demand of homelessness services in Scotland. It details and identifies the different types of support provided by councils and commissioned services, such as Housing Options, temporary accommodation, supported accommodation, Housing First and rapid rehousing approaches; the types of support needed for particular groups and the demand for these, as well as the supply and demand of housing stock. In general:

- Local authorities operate similar services with similar functions, usually providing Housing Options support in-house, in combination with a range of other in-house and commissioned services specific to the local context.
- There is a growing recognition of the need for a holistic and preventative approach to delivering services. This is in part due to the introduction of RTPs, which have enabled some local authorities to include Housing First within their homelessness provision.
- Local authorities are shifting to more 'upstream' and imaginative approaches to better meet need. Preventative support is wide-ranging, including support with budgeting and bills, mental health and drug and alcohol services, amongst other things.
- Homelessness services tend to be in high demand. Whether local authorities feel able to manage this high demand varies. Over the last three years, specific service demand has most commonly increased for alcohol and/or drug use support, followed by domestic abuse survivors, care leavers and young people.
- Local authorities reported an increase in the number of people presenting with multiple complex needs. Local authorities felt that more joint working across directorates and other services was crucial in meeting this demand effectively.
- Many local authorities felt that they were in short supply of housing solutions for those who were presenting as homeless. More affordable permanent housing solutions with a mix of tenure types are needed across authorities.



3.1a Homelessness services provided

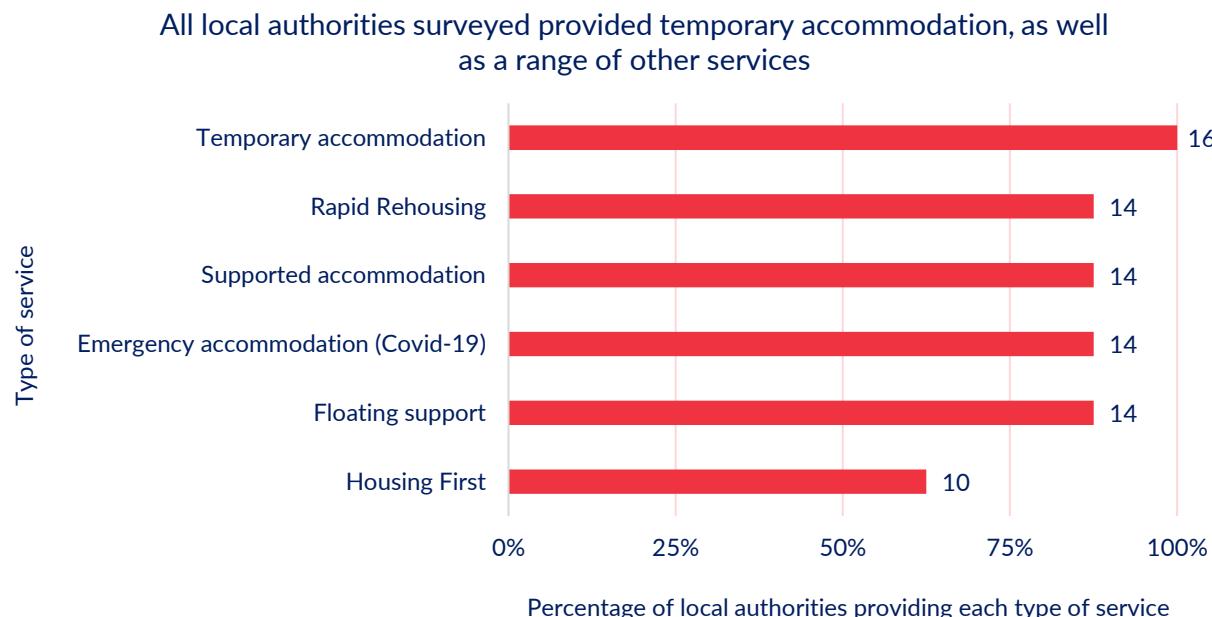


Figure 2: Range of types of homelessness services provided by local authorities [Source: Rocket Science analysis of 2020 survey data provided by 16 Scottish local authorities]

Temporary accommodation and Emergency accommodation (Covid-19)

Figure 2 above demonstrates that all local authorities who were surveyed use some form of temporary accommodation for people who are homeless or at risk of homelessness. The use of temporary accommodation is acknowledged to be expensive and ineffective, but in some areas in Scotland the use of temporary accommodation remains high (out of 11,665 people in temporary accommodation in March 2020, a notable 12% were moved to hostels and 7% were in B&Bs).

Given that large amounts of emergency accommodation (Covid-19) will be offered on similar terms/using similar stock, local authorities are likely going to see an increase in the use of temporary accommodation as a result. While this was directly in response to the pandemic and ensuring the safety of people who were homeless or at risk, over the medium to longer term it could become more problematic, especially as rent and mortgage holidays will stop and eviction notices will be reduced from the current 6 month period. This is particularly worrying if alternative housing options are not made available.



Housing Options

Local authorities have broadly similar services in place with similar functionalities. All operate an in-house Housing Options service from which a number of functions are delivered. As set out in Figure 4 overleaf, in general: housing advice and guidance is offered when an individual presents at the Housing Options service. An assessment will then be made of the housing needs of the individual (as well as any other additional support needs) leading to different options being provided. One local authority noted that they had a housing and support needs matrix in place that assisted their officers to make uniform decisions when referring on. At this point, where appropriate, a homeless application will be made.

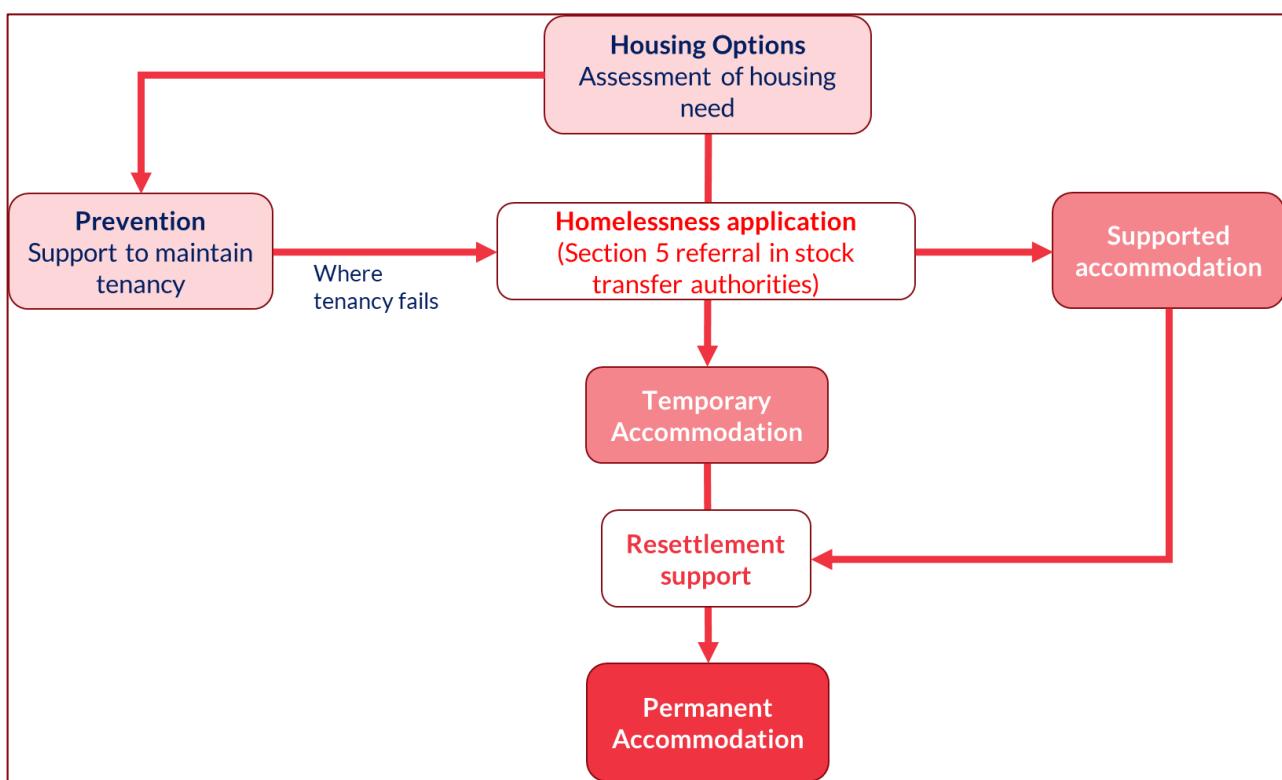


Figure 3: Rocket Science visualisation of homelessness support and services provided in Scotland

In some cases, the staff who deliver assessments, advice and guidance also carry out preventative work for those at risk of homeless, e.g. where rent arrears have been accrued, or partner agencies have identified a need, or an eviction notice has been received. Preventative work is wide-ranging and can involve support with budgeting and bills, as well as supporting the individual to access additional services not related to housing support. This may be mental health, drug and alcohol, or health and social care services. It can also include more peripheral support such as cookery classes.



As many interviewees noted: *the house does not make somebody homeless*. In other words, homelessness is most often the result of other issues in a person's life – relationship breakdown, poor mental health, domestic abuse, family breakdown – issues not directly related to their home or their ability to maintain a tenancy. This highlights the **growing recognition among housing and homelessness professionals of the need for a holistic approach to delivering services**.

As well as advice, guidance and assessment, and preventative functions, Housing Options teams also have temporary accommodation officers who help to allocate temporary accommodation units and support individuals with this transition. In many local authorities, the staff who deliver this function also deliver resettlement support to those who are moving on to permanent accommodation. Some local authorities either maintained voids (properties kept unoccupied to deal with unexpected demand) within their temporary accommodation units or operated a specific emergency accommodation project with a concierge service to enable out-of-hours referrals.

Supported Accommodation

All of the local authorities interviewed deliver the services outlined above in-house. The majority commissioned their supported accommodation functions via a competitive tender process to third sector providers or to Registered Social Landlords. This finding was also reflected in third sector and other commissioned organisations surveyed; 86% provided supported accommodation. It should be noted that, of the local authorities interviewed, supported accommodation did not cater for any specific group outside of young people aged 16-24. Other supported accommodation projects appear to function for anybody for whom temporary accommodation is unsuitable and who require support additional to that which addresses their housing need.

Rapid Rehousing

The RRTPs have enabled local authorities to begin delivery of a Housing First service. Some have already begun delivery, while others are still in the process of set-up. Perhaps unsurprisingly given the innovative delivery model of Housing First, local authorities have different ideas about how this service should operate. Some have either commissioned, or are in the process of commissioning, an external provider (71% of third sector organisations surveyed provided this), while some are in the process of setting up the service in-house. Many are taking a 'test and learn' approach to ensure that they are able to implement continuous service improvement.



The number of Housing First units being taken on is relatively small, in one case five units per year till they reach 20 units, to reflect the intensive level of support required, the smaller caseload of Housing First workers, and to give sufficient space to alter the terms of the service as delivery may dictate. Some have noted that they are commissioning their Housing First service to third sector providers for two years with options to extend should the service be successful.

Some of the principles of Housing First represent uncharted territory for local authorities, particularly the 'time unlimited support' principle. At least one local authority noted that this was problematic given the existing funding mechanisms and have implemented a tapered reduction of support over time to those covered under Housing First. This may mean local authorities are already having to adapt the fidelity of the model, potentially to a version that is less effective. How this could be funded in the long term is difficult to say. The principle does not fit neatly within budget cycles and one local authority noted that, at least in theory, this could represent exponential growth in expenditure. While this would not happen in practice, this speaks to the need for local authorities to tailor their Housing First services to meet the need and demand presented at a local level.

3.1b Demand for homelessness services

Survey results suggest that homelessness services tend to be in high demand, with 63% of local authorities reporting high demand for services, and 88% of third sector or other commissioned organisations. Of those local authorities who stated that there was high demand for homelessness provision in their area, 60% felt that they had the capacity to meet this, though 40% did not. All four local authorities who stated they had high demand and low capacity cited an increase in young people and/or care leavers and people experiencing substance misuse issues presenting at their services. Third sector organisations felt less confident that demand could be met (Figure 5 below), though more than one stated that low capacity referred specifically to housing stock, not availability of support services.



10 out of 16 LAs, and 7 out of 8 third sector organisations, reported high demand for homelessness services. Third sector organisations were more likely to feel that demand was high while capacity was low

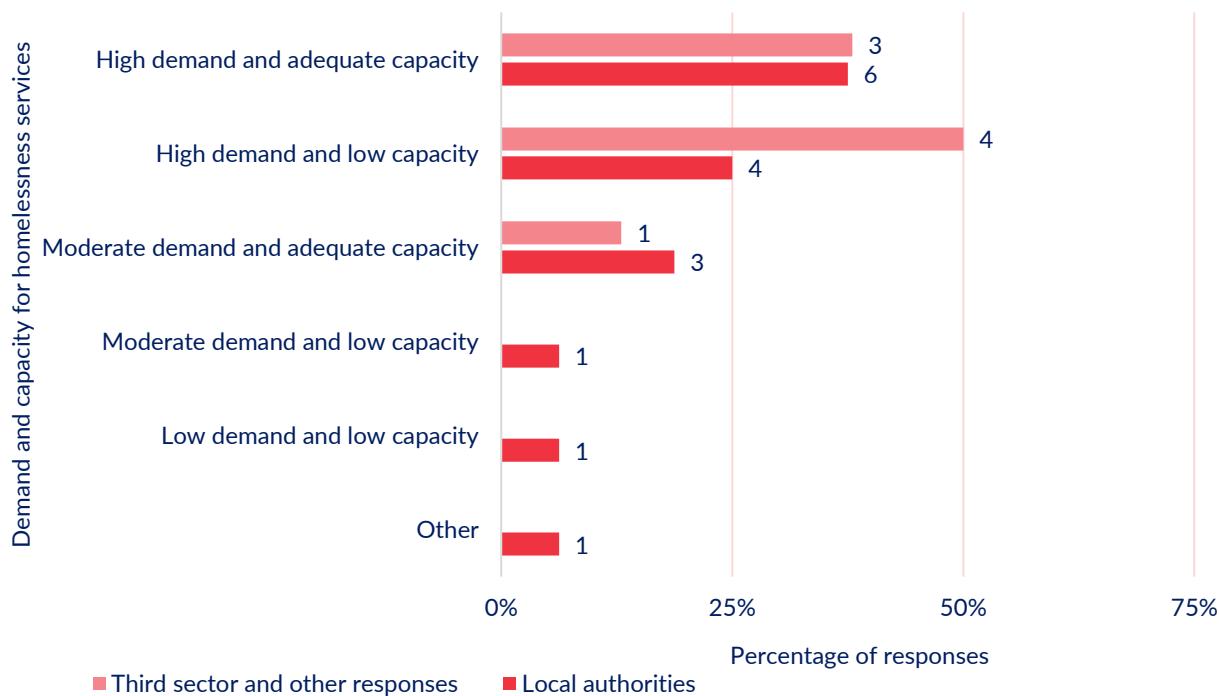


Figure 5: Local authorities and third sector/other organisations' view on demand and capacity of homelessness services in their area [Source: Rocket Science analysis of 2020 survey data]

Providers appear to have specific concerns around the availability of suitable housing for people within their local area. While this is likely, at least in part, due to the growth of the private sector and issues around affordability, it is further exacerbated by the decline in the social rented sector since 2013. While all groups under the age of 70 are now more likely to be in the private rented sector, vulnerable groups (such as lone parents) and those with volatile incomes are increasingly at risk of becoming homeless. In addition to increasing pressures on vulnerable groups, the current situation can also make it difficult for local authorities to acquire stock at scale that they need in order to transition to a Housing First approach, reduce the number of people in unsuitable temporary accommodation and reduce their costs.



Changes to homelessness services provision

Provision of different homelessness services varied over the last three years (Figure 6). **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.** Local authorities highlighted that much of this change had occurred as a result of their RRTP. This plan had resulted in a change in approach for some local authorities in terms of their homelessness services, and how they deliver these. **Most of the funding received for RRTPs has been allocated to the delivery of Housing First and the employment of rapid rehousing leads within the council, though some funding has also been used to supplement the work of existing housing and homelessness teams.** For example, one local authority noted that the RRTP funding they had received meant a temporary increase in what they could provide through their Housing Options team.

However, the increases in temporary accommodation have largely been necessitated by the increase to demand associated with the Covid-19 pandemic and the stasis in throughput of the housing system. With local authorities across Scotland (and indeed across the UK) struggling to move people from temporary accommodation into permanent housing solutions, many, if not all local authorities have had to increase their supply of temporary accommodation.

Different reasons sat behind the decreases seen in certain services and information provided was anecdotal and from a small sample of local authorities interviewed. For some councils, this was the result of active preventative services, which were reducing the demand needed in other areas. **For others, this was the result of the need for savings which had reduced the capacity of services.** Local authorities, through their housing strategies have already accepted and acknowledged that increasing financial pressures and created significant challenges in delivering Local Housing Strategies and achieving their priorities within designated budgets and has hastened the shift towards a preventative support offer and rapid rehousing has resulted in budgetary efficiencies.



The most common increases in provision were rapid rehousing and Housing First, however this was followed by temporary accommodation

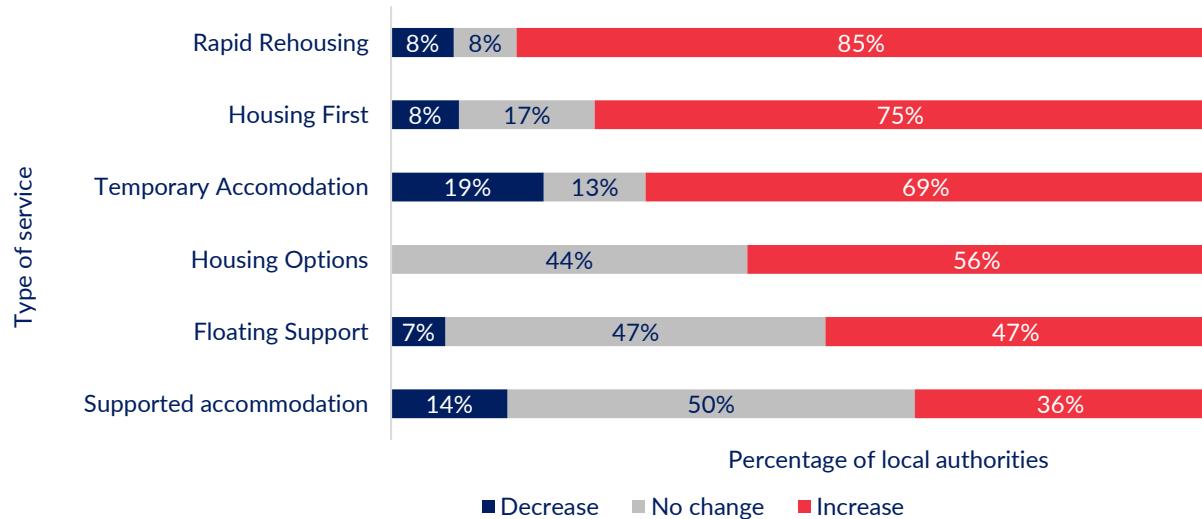


Figure 6: Change in provision of different types of service in local authorities [Source: Rocket Science analysis of 2020 survey data]

Changes in service demand for particular groups

Local authorities were asked whether there had been an increase in demand over the last three years for homelessness services for particular groups (Figure 7). An increase in demand for services tailored to alcohol and/or drug use support was most often reported. This is perhaps unsurprising given the latest statistics published by the European Monitoring Centre for Drugs and Drug Addiction on drug related deaths in Scotland: there were 295 drug-related deaths per 1,000,000 of the population in 2018, the highest in Europe. The next highest was Sweden, at 81 per 1,000,000. Recent figures released by the National Records of Scotland¹⁸ show that drug related deaths in Scotland rose again in 2019 to 1,264; a 6% increase on 2018. This was followed by domestic abuse survivors, care leavers and young people. Three local authorities also noted a rise in those presenting with mental health needs. However, they cautioned that many people had multiple complex needs, or belonged in several categories, and a combination of factors could lead to losing a tenancy. A couple of local authorities also stated that while demand for homelessness provision for particular groups may be increasing, their main client group continued to be single males under 35.

¹⁸ National records of Scotland (2020) Drugs related deaths in Scotland in 2019. Available online: <https://www.nrscotland.gov.uk/files//statistics/drug-related-deaths/2019/drug-related-deaths-19-pub.pdf> [Accessed 15 December 2020].



The most common increase in demand over the past three years was problem alcohol and/or drug use

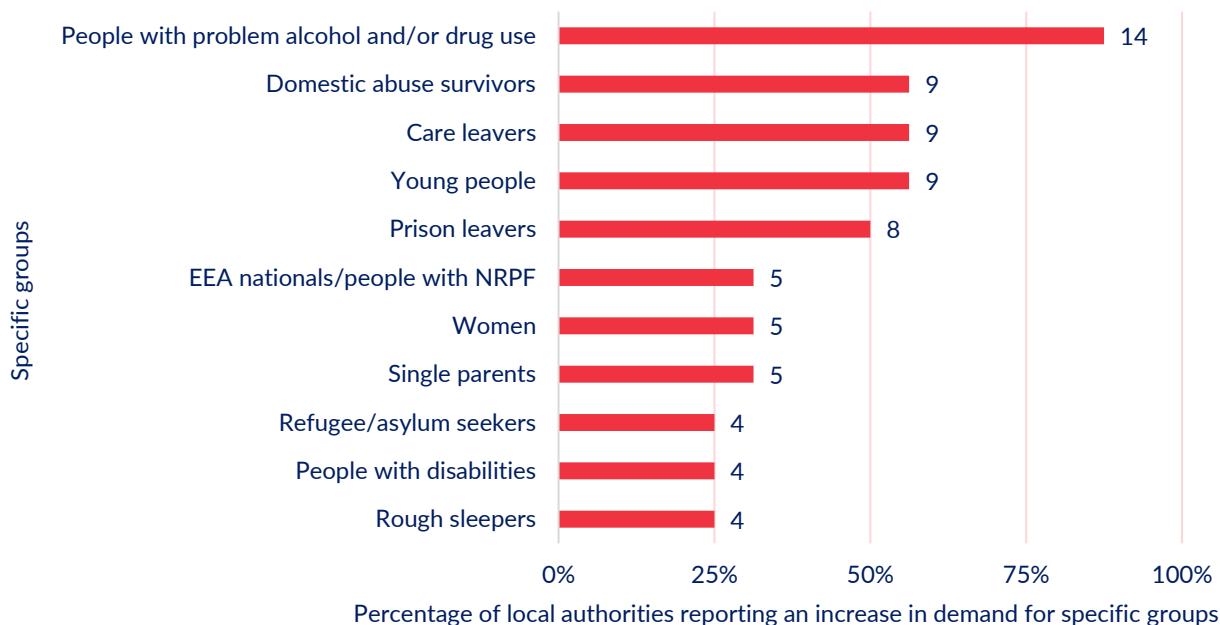


Figure 7: Local authorities' views on whether they had seen demand for homelessness services for specific groups over the last three years increase [Source: Rocket Science analysis of 2020 survey data]

Many local authorities reported an increase in the number of people presenting with multiple complex needs. This finding is significant as local authorities (through their Local Housing Strategies) have already identified a number of pressures they face which includes the increase in the number of people presenting with multiple complex needs. This increasing complexity of need, plus the pressures that local authorities are facing in terms of implementing their RRTPs and the impacts of Covid-19 has created a significant challenge for local authorities.

Examples in the literature and a recent study by the MHCLG¹⁹ highlights the costs associated with multiple complex needs for public services. The study estimates that the annual fiscal cost of someone rough sleeping with two or three needs (e.g. someone with multiple and complex needs) is around £15,350. The research also suggests that this is a likely underestimate as it only covers costs connected to health and criminal justice.

¹⁹ Ministry of Housing, Communities and Local Government (2020) Understanding the Multiple Vulnerabilities, Support Needs and Experiences of People who Sleep Rough in England. Available from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/944598/Initial_findings_from_the_rough_sleeping_questionnaire_access.pdf



As a result, homeless people with multiple complex needs often require specific interventions which are either not available or are unable to meet demand. In addition, this type of support tends to require higher upfront costs (e.g. Housing First). However, while Scotland has provided a policy framework for the introduction of these new kinds of services, the upfront investment required is not yet where it needs to be to support this framework. Given that local authorities were already concerned about this lack of upfront investment, the increases in demand caused by Covid-19 have the potential to create further issues, (e.g. it's stalled the roll out of RRTPs and it's likely to place continuing long-term pressures on local authorities' finances, as discussed in Section 3.4).

As such, local authorities have signalled that their services require a great degree of joint-working practice across local authority directorates (particularly health and social care teams), third sector providers and RSLs. Some local authorities thought that this should be legislated. Positive soundings were made about the intention outlined in the Ending Homelessness Together: High Level Action Plan to develop a new homelessness prevention duty for all public bodies, but some were sceptical about the Scottish Government's ability to police this.

Although local authorities have responded to the rise in numbers of people with multiple complex needs requiring homelessness services, through improvements such as joint working across service boundaries, a number of structural issues remain. These challenges are discussed in more detail in sections 3.1d (housing supply) and 3.3b (RRTP funding allocations).

There is some evidence of good practice to address the increase of multiple complex needs presentations. One local authority has formed operational oversight groups involving multiple agencies who oversee particular themes, e.g. women and children, justice, MAPPA (Multi-Agency Public Protection Arrangements), etc. They reported increased levels of joint working under this arrangement. Many local authorities have reported positive working relationships with partners across their respective councils and communities, and a general in-principle acknowledgement by agencies external to the housing and homelessness sector that the multiple complex needs of those who present at Housing Options should be met by the services who are best placed to address them.

However, it was still felt by a majority of the local authorities interviewed that, fundamentally, there was a perception that should somebody present with a housing need, the housing team were completely responsible for that person's support. However, as pointed out above, local authorities felt that an individual's homelessness, or their risk of homelessness, in these cases was a symptom of the many other issues that may be occurring in a person's life.



3.1c Group-specific needs

Young people²⁰ have been a particular focus for many local authorities, with some operating young people-specific supported accommodation. This is in line with survey results, which showed that 56% of local authorities had seen an increase in demand, and the same for care leavers (Figure 7). Some local authorities have been working with a third sector provider to improve the young person's homelessness pathway, with many citing the Housing First approach as being fundamental to their support for young people – particularly for care leavers.

Many local authorities also operate a mediation service designed to support young people to stay in the family home where appropriate. More than one local authority reported that, while the numbers of young people presenting at Housing Options had not increased this year, the percentage share of homeless applications from young people were rising.

Many local authorities highlighted the recent employment of a dedicated post to support **prison leavers** with their housing needs. This could be supported to maintain their existing tenancy/property while in custody, but also help to find accommodation, permanent or otherwise, on release for those who do not have a home to go to. These posts enable councils to deliver on the Sustainable Housing On Release for Everyone (SHORE) toolkit. Again, this appears in line with survey results which showed that demand for homelessness services for this group had increased in 50% of local authorities surveyed (Figure 7).

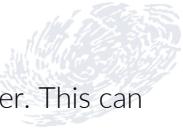
3.1d Supply and demand for housing

Housing stock

Many local authorities felt that they were in short supply of housing solutions for those who were presenting as homeless. The housing system relies on throughput: the movement of people who present as homeless moving into temporary accommodation and then on into a permanent housing solution.²¹ In this context, where there is no growth in the back-end of the system (e.g. increases in the number permanent housing solutions, such as general needs social housing, available to people with experience of homelessness), bottlenecks occur at the front-end (i.e. more temporary accommodation is required to cope with any extra demand for homelessness services).

²⁰ Most often defined as people between 16 and 24 years old, with some local authorities defining young people as up to 26 years old.

²¹ Whether in the PRS, with an RSL, into tenancies with the LA, or in some instances into owner-occupancy.



In short, with housing solutions in short supply, more people become homeless for longer. This can lead to local authorities having to convert permanent housing options into temporary accommodation. This has happened in the short term, with the increase of temporary accommodation units draining the pool of general lets (section 3.4 below). As a result, many local authorities have increased their usage of B&Bs – one local authority has used B&B accommodation as temporary accommodation for the first time in eight years.

This **systems failure** is partly caused by the growth of private lets and the reduction of social rents, the complexities of temporary accommodation, the hidden challenges of the HARSAG agenda, the Housing First Pathfinder Programme, and the impact of Covid-19 (see Literature Review document). Local authorities' reliance on temporary accommodation is a key factor in determining whether they have the necessary financial resources to cope with current demand, as well as whether they have enough (and/or the right type of) upfront investment to make the requisite changes as set out by their RTPs.

The literature findings suggest that the use of temporary accommodation comes at a financial cost (section 3.1.2 of the full review) which is likely to increase further due to Covid-19. Finally, without a significant increase in available housing options, the Housing First Pathfinder programme may experience further delays. This is likely to be further compounded by the challenges around upfront investment from the Scottish Government which will provide the first steps to enable and incentivise systems change advocated by the HARSAG agenda in tackling homelessness across Scotland.

Some local authorities, particularly rural authorities, noted issues with resettling people into a permanent housing solution due to the desirability of the areas where stock is available within their local authority. These rural local authority areas cover large geographies with villages and towns scattered across them. Local authority supply of housing stock is distributed widely across the areas, and so it can be the case that an individual is offered accommodation many miles from their area of local connection which they are then reluctant to accept on this basis. One local authority did spend time with people coming through Housing Options to manage their expectations and mitigate refusals for this reason.



Fundamentally, many local authorities require more affordable permanent housing solutions with a mix of tenure types, including:

- Council-owned housing stock;
- RSL owned units; and
- Housing options for potential owner-occupiers.

Stock transfer authorities and registered social landlords (RSLs)

There was a mixed response from stock-transfer local authorities²² that were interviewed as to whether having council-owned stock would improve their housing and homelessness services. One noted serious issues with accessing RSL stock and suggested that more should be done by Scottish Government to put pressure on RSLs to make their stock available to homeless households.

However, some local authorities reported positive relationships with their partner RSLs, noting that they had buy-in to implement their RRTP. These local authorities also noted that they operated a Common Housing Register, in which available stock was pooled and made available to let. The difficulties in accessing RSL and council owned stock may suggest a need to expand the search for suitable housing options, for example, through utilising the Private Rented Sector.

²² Stock transfer authorities are local authorities who no longer own any of their own social housing stock. These authorities sold their social housing stock to housing associations and other providers from the late 1980s to today. This



3.2 Resourcing

This section focusses on the current funding landscape of homelessness services in Scotland, including sources of funding, recent changes to funding and how funding is broken down. In general:

- Local authorities have been moving towards more proactive, preventative and partnership approaches. These are felt to lead to 'efficiency gains' and savings in the longer term. However, these tend to require a large initial investment (e.g. with RRTPs). The extent to which this initial investment is feasible varies.
- Issues of initial investment are compounded by cuts to local authority funding, though the effects of this have been greater in some areas than others.
- Changes to funding over the last three years varied between local authorities, though it was most common to report that housing and homelessness budgets had remained static, but this actually equates to a reduction in real terms, even though inflation has been low. It was highlighted that pressures on local government finances could make it difficult to keep new revenue streams (e.g. RRTP) within the housing and homelessness budget.
- The funding process and breakdown of expenditure at every level (national, local authority, and service provision) is opaque. Services were presented in 'general needs' terms, and where specific groups of people had specific accommodation and support, they were largely delivered by third sector organisations and RSLs.
- The majority of local authorities interviewed do not fund specific rough sleeper services, citing a lack of demand. As such, funding largely covers Housing Options and the teams that sit within it.
- Local authorities reported that existing budgets were based on historical allocations of funding, with some modest increases to match inflation. Budgeting in this way may lead to inertia and potentially to a lack of accountability.



3.2a Current funding

Current funding approaches and associated challenges

In general, local authorities have been moving towards more proactive, preventative and partnership approaches. These are felt to lead to 'efficiency gains' and savings in the longer term (i.e. reducing 'revolving door' applications through Housing First provision, providing support to resolve issues before an individual becomes homeless and requires more cost-intensive levels of support, and the employment of holistic support models in partnership with agencies external to housing teams to ensure that individuals have the right level of support to sustain tenancies). However, these tend to require a large initial investment (e.g. with RTPPs).

The extent to which this initial investment is feasible varies. Some authorities, particularly larger ones, are staring at a shortfall of many millions, and have had to scale back their plans accordingly. This upfront investment is important as it is needed in order to help local authorities overcome a series of medium to long-term structural problems such as the lack of affordable housing options and the growth of the private rented sector, local authorities' reliance on temporary accommodation, and the increasing numbers of people presenting with multiple and complex needs. In addition, there are further challenges and pressures that local authorities are facing as a result of Covid-19 which are likely to remain for the foreseeable future. The full extent of the increase in demand as a result of Covid-19 is not yet known, and while we know local authorities are likely to face an increasing deficit, we are unlikely to know the scale for some time.

Issues of initial investment are compounded by cuts to local authority funding, though the effects of this have been greater in some areas than others. It should be noted that there was little commonality among the local authorities reporting greater or lesser degrees of the impacts of budget cuts. For example, taking rurality as an indicator, some local authorities did not report issues with budget cuts, while others did. Some local authorities described considerable reductions in staffing numbers and hours, and a loss of expertise as colleagues retire or move on and are not replaced. Such cuts are only expected to deepen, with one authority describing a fairly 'desperate' situation. It was felt that a cross-agency approach was needed to mitigate the impacts of welfare cuts and austerity, considering how poverty and income will affect other areas of council spend. As one interviewee put it: "*with incomes reducing there's only so much that housing teams can do. Homeless applications will flood in once evictions start and rent arrears build*". As need rises across the board due to Covid-19, this deficit is likely to increase further.



Funding sources

In the survey, local authorities were asked for their main sources of funding, specifically for homelessness service provision. Most local authorities cited a number of different sources, commonly direct funding from government, income gains from new or extended services and 'other public body funding' (Figure 8 overleaf). **A minority of authorities were currently using their reserves to meet the need for homelessness services in their area.** This is important to note as it provides some evidence and recognition that the high cost of temporary accommodation is not sustainable and should be avoided. One authority explained that this was in an effort to reduce temporary accommodation rent costs, which are often high due to the nature of the accommodation. Local authorities were also asked whether expenditure on homelessness matched their allocated budget for this. Most agreed that it did. This, however, does not necessarily equate to allocated budgets being able to meet increases in demand.

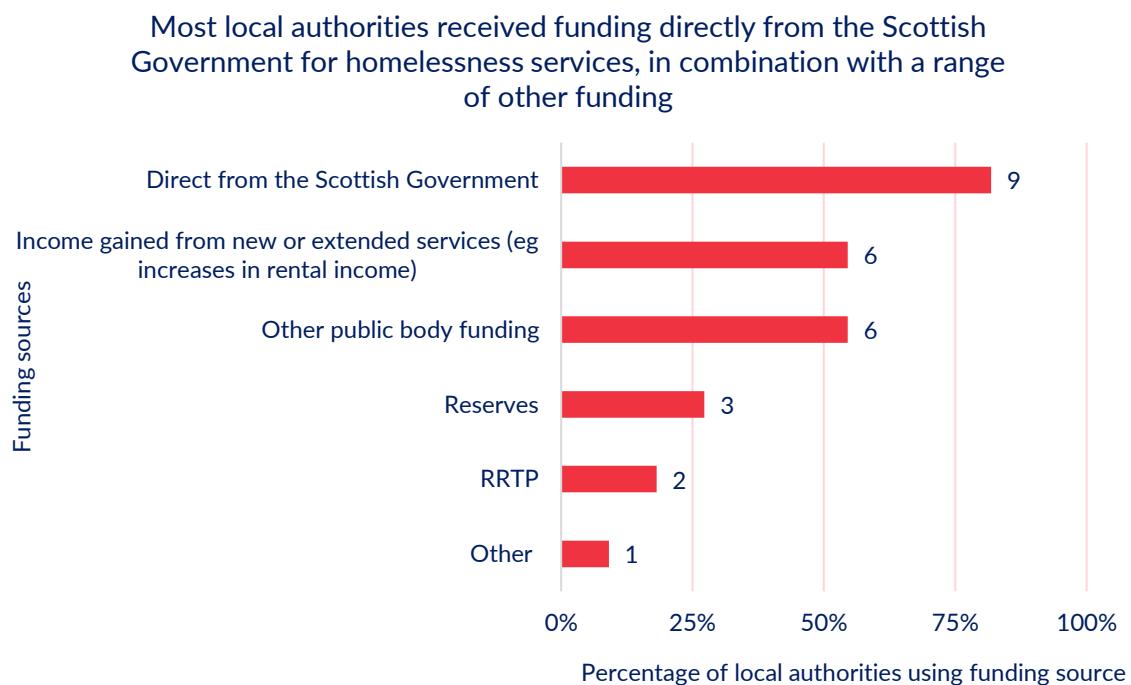


Figure 8: Main funding sources of 11 Scottish local authorities surveyed [Source: Rocket Science analysis of 2020 survey data]



3.2b Recent changes to funding

Local authorities were asked how their budget had changed over the last three years. Of the 12 who answered this survey question (Figure 9 overleaf), it was most common to have had a static budget in recent years. A quarter had seen a reduction of their budget of up to 30%, while 32% had seen a moderate (up to 30%) or significant (more than 30%) increase in their budget. Increases in budget were attributed by two local authorities to the funding received through RRTPs. However, one local authority commented that their RRTP was their only new revenue stream, and one other highlighted that it could be **difficult to keep this funding within homeless services** when local government finances were under pressure, which highlights a need for the ringfencing of budgets. While this does not suggest that investment nominally allocated to homelessness is being spent in other areas (e.g. adult social care), it does point to a widespread perception within local authority homelessness teams that this is a real possibility.

Almost a third of local authorities surveyed had seen a budget increase over the last three years, though it was most common for budgets to have remained static

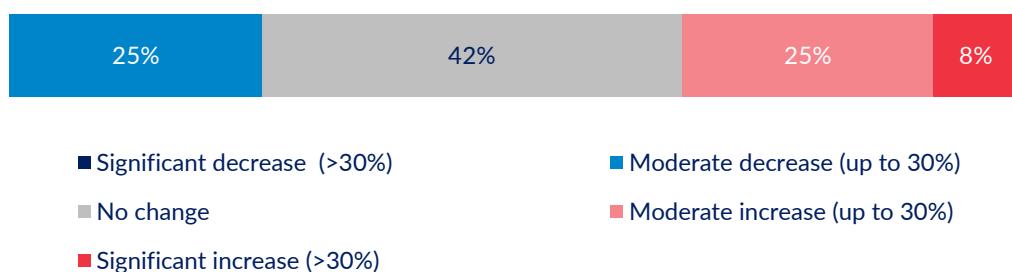


Figure 9: Changes to local authority budgets relating to homelessness services over the last three years [Source: Rocket Science analysis of 2020 survey data]

How funding is broken down

The funding process and breakdown of expenditure at every level (national, local authority, and service provision) is opaque. Services were presented in 'general needs' terms, and where specific groups of people had specific accommodation and support, they were largely delivered by third sector organisations and RSLs. Many local authorities did not fund refuge provision for victims of domestic abuse, while some contributed to existing refuge provision without covering the full revenue cost.



The majority of local authorities interviewed do not fund specific rough sleeper services, citing a lack of demand. As such, funding largely covers Housing Options and the teams that sit within it (delivering assessment, prevention, resettlement, and temporary accommodation allocation functions), and the temporary accommodation itself. However, it should be noted that some of the larger local authorities, for example, Edinburgh and Glasgow, do fund outreach services for rough sleeping, and that this represents a significant activity for them. For example, 180 people who made a homeless application in 2019/20 in the capital had experienced rough sleeping, while no people in Falkirk had.²³ This can be difficult as many rough sleepers have no recourse to public funds.

Local authorities reported that existing budgets were based on historical allocations of funding, with some modest increases to match inflation. The funding allocated from RRTPs is viewed as additional (section 3.3b). It should be noted that, in this context, a fundamental shift towards rapid rehousing pathways and a focus on prevention work becomes quite difficult. In short, budgets are used to pay for existing buildings, existing staffing teams, existing recording and monitoring systems and existing ways of working. Fundamentally shifting towards rapid rehousing and other housing-led approaches requires large scale changes to this existing infrastructure.

²³ Scottish Government, August 2020, [Homelessness in Scotland: 2019/20](#)



3.3 Ending Homelessness Together: High Level Action Plan and rapid rehousing

This section focusses on the Scottish Government's Ending Homelessness Together: High Level Action Plan and the accompanying Rapid Rehousing Transition Plans for local authorities. In general:

- Local authorities welcomed the Ending Homelessness Together: High Level Action Plan and the RRTPs but felt that there were a number of barriers to their effective implementation. It was felt that homelessness would always be an issue while housing stock continued to be in short supply and that effectiveness depended upon adequate funding.
- Other issues included ensuring that funding aligned to the strategy (i.e. contained within the Ending Homelessness Together: High Level Action Plan), relevancy to rural and non-central belt local authorities, and a need to address the macro-economic drivers of homelessness e.g. poverty and deprivation.
- Almost all local authorities received less than they requested within their RRTP (to varying degrees). Some felt that the funding mechanism was not reflective of each local authorities' 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. Others noted that increases to their revenue expenditure were not essential to the transformation of their services, citing structural issues (i.e. limited housing stock) as most important to effectiveness.

3.3a Ending Homelessness Together: High Level Action Plan

Local authorities were asked whether they felt that the Ending Homelessness Together: High Level Action Plan would be effective in addressing homelessness in Scotland. Of the 10 local authorities who answered, none disagreed, and the majority agreed or strongly agreed that it would be effective (Figure 10). One authority described the strategy as "*relevant and robust with clear recommendations and areas for action*". However, authorities also provided a number of caveats to this. Four out of ten authorities highlighted that homelessness would always be an issue while housing stock continued to be in short supply (as detailed earlier in section 3.1d and as part of the literature review). Other issues included ensuring that funding aligned to the strategy, relevancy to rural and non-central belt local authorities, and a need to address the macro-economic drivers of homelessness, e.g. poverty and deprivation.



Most of the local authorities interviewed were positive overall about the Ending Homelessness Together strategy, with many praising the shift to homelessness prevention as a long-term aim and the initiative for highlighting the issue of homelessness (with some noting that the issue had dropped off the policy radar prior to the strategy). However, many local authorities noted that the initiative has coincided with a flurry of legislative activity that had an adverse effect on their ability to deliver the flagship policy of the Ending Homelessness Together strategy: the transition to rapid rehousing (see section 4.5).

The majority of local authorities (80%) either agreed or strongly agreed that the Ending Homelessness Together Strategy would be effective at addressing homelessness in Scotland



Figure 10: Agreement of local authorities that the Ending Homelessness Together Strategy would be effective in addressing homelessness in Scotland [Source: Rocket Science analysis of 2020 survey data]

3.3b Rapid Rehousing Transition Plans (RRTPs)

Local authorities were asked if they felt that the RRTPs would be effective at addressing homelessness in Scotland. Of the ten authorities that answered, the majority agreed or strongly agreed that they would be effective, with only one authority disagreeing (Figure 11 below). Local authorities generally welcomed the introduction of RRTPs, stating that they linked closely to the high-level national action plan, encouraged a focus on upstream services and helped towards creating 'transformational change'. Concerns were again raised by 50% of local authorities (5 out of 10 who answered this question) that their **effectiveness depended upon adequate funding** and cautioned that substantive change may take more than five years²⁴.

²⁴ Since carrying out this research, there has been an appeal to the Scottish Government to commit to further investment in RRTPs over a 10 year period: <https://homelessnetwork.scot/wp-content/uploads/2020/11/Scottish-Parliament-Route-Map-to-End-Homelessness-DEC-2020.pdf>



The majority of local authorities either agreed or strongly agreed that the RRTPs would be effective at addressing homelessness in Scotland



Figure 11: Agreement of local authorities that the RRTPs would be effective at addressing homelessness in Scotland
[Source: Rocket Science analysis of 2020 survey data]

These findings are supported by local authorities in their Local Housing Strategies with the acknowledgement that these substantive or structural changes are likely to be addressed in the medium to long term. The current housing market – increasingly unaffordable private lets and a shrinking social rent market, plus an over-reliance on the use of expensive and ineffective temporary accommodation, and an increase in the number of people presenting with multiple complex needs, means local authorities will require significant investment to overcome these barriers and provide alternative accommodation services.

The policy framework set out by the Scottish Government to overcome these challenges appears to be moving in the right direction (see section 3.3a). However, the approaches that are being suggested are known to be expensive and there are concerns that the funding available is insufficient to fund this shift (e.g. Housing First). Local authorities will be expected to continue with their RRTPs even following the impact of Covid-19. As local authorities feel that their effectiveness of addressing homelessness is dependent upon adequate funding is a cause for concern and will present additional challenges as we emerge from the Covid-19 pandemic.



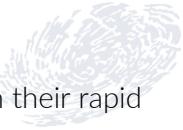
RRTP funding allocations

Almost all local authorities **received less than they requested within their RRTP**. The difference between what was requested and what was allocated varied substantially. 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 found 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. Local authorities reported that they received funding based on their average number of homeless applications over the past five years rather than the Plan they submitted to Scottish Government. As a result, the shortfall varies quite dramatically between local authorities. One local authority noted that their plan went through three iterations, the first of which was dismissed as they could not include capital costs.

Some had a fairly relaxed position about the shortfall in allocated funding through their RRTP, noting that **increases to their revenue expenditure were not essential to the transformation of their services**. These local authorities expressed more concern over structural issues such as the availability of suitable housing stock and their relationship with RSLs, particularly in stock transfer authorities. **Indeed, for these local authorities, funding is not the issue, but adequate resources to implement fundamental change to their homelessness system is.** An example of this from the literature is the bottleneck created when the system is not able to move people on into permanent housing solutions. This means that more long-term options are needed to cope with the demand and converted to temporary accommodation, further compounding the lack of suitable long-term options, and people remaining homeless for longer. It should be noted that one stock transfer authority reported strong relationships with their local RSLs: they reported that their RSLs were completely onboard with the local authority's RRTP and were willing and able to deliver Housing First units.



Many local authorities have increased their use of rent deposit schemes to support with their rapid rehousing plans, increasing access to the private rented sector where appropriate. Many have also employed additional staff to bolster existing housing and homelessness teams, with most having employed or seconded a Rapid Rehousing Lead post.

Future effectiveness of RRTPs

Surveyed local authorities were asked how confident they felt that they had adequate resources and capacity to implement their RRTPs. They were asked to do so by choosing a value from 0 to 100, where 0 indicated no confidence and 100 indicated that they were very confident. The average number from the nine local authorities who answered was 68, suggesting some degree of confidence amongst local authorities, but few very confident local authorities. 80 was the highest confidence rating for a local authority, while 34 was the lowest. It is perhaps encouraging that no local authority indicated a figure under 30. However, it should be noted that this does not necessarily relate to revenue funding. There was a mixed response from the local authorities interviewed to the level of funding received to implement RRTPs. Many who felt the funding was adequate expressed concerns about the necessary reconfiguration of their existing housing stock, while many who felt that funding was inadequate felt that issues around stock reconfiguration were surmountable.

The shift to rapid rehousing, and Housing First in particular, will not be cheap and should not be treated as a solution to the budgetary challenges facing local authorities. It may be argued that the five-year cash injection via the RRTPs will not be enough to fundamentally reorganise housing and homelessness systems at a local level, so that the cost benefit of Housing First (through the reduction in the number of multiple complex homeless applications) may be felt. Housing First, as it stands, sits as a service additional to the existing system, not a large-scale overhaul of it.

The budget box below illustrates the potential impact the implementation of a local authority's RTP on their existing budget deficit. We have chosen to use the Highlands as an example, both because of its rurality and the relatively small numbers of people accessing their hostel provision.



Budget Estimate: The impact on local authorities with budget deficits after the implementation of their RRTP

To give a rural example, using data from the Homelessness in Scotland [2019/20](#) data which shows the breakdown by local authority of accommodation types accessed and the data published in their update on RRTP implementation, we have modelled a 'status quo' for the Highland Council. The breakdown below shows our inputs by service type:

Service Type	Estimated % of people in each service	Estimated number of people annually in each service
Housing First	0%	0
Hostel	3%	33
High intensity Supported Accommodation	1%	11
Low Intensity Accommodation Based Support	29%	318
Floating Support	41%	449
Other/unspecified	26%	285

Based on these inputs, and without making any further modelling adjustments, the 'status quo' budget estimate for homelessness services in the Highlands is ~£5m. This is shown below against the provisional outturn data for homelessness services resulting in a shortfall of ~£1.4m. Crucially, this deficit occurs before the costs of other non-accommodation-based services are even considered: [\[Return to considerations and context for interpreting this budget example\]](#).

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£3,623,602	£5,030,803	-£1,407,201

SCENARIO: As a result of implementation of the Highland's RRTP, all individuals accessing hostels will access Housing First tenancies instead. This will also result in an increase of people accessing floating support (to 55%), and a reduction of those accessing low-intensity accommodation-based support (to 15%) as a result of a greater focus on resettlement support. In this scenario, high intensity supported accommodation is women's refuge provision which remains static at 1%. These inputs coupled with a reduction in demand of 1% due to the reduction of 'revolving door applications' results in a budget of ~£4.1m for the Highland local authority. While the estimated budget is lower than the status quo, it still results in a shortfall of ~£0.5m.

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£3,623,602	£4,164,858	-£541,256

INTERPRETATION: It should be noted that this example is hypothetical and are not necessarily reflective of conditions 'on-the-ground'- indeed, this example is representative of the spirit of Highland's RRTP. With that in mind, the budget tool shows the potential impact of ensuring a focus on delivering the commitments of respective RRTPs across Scotland. If this is achieved, and assuming the structural medium and long-term challenges are addressed (such as affordability of housing as an example) and there is enough up-front investment to facilitate this transition, the council, would see a reduction in the shortfall required to address homelessness in the region. However, it should be noted that this budget tool works on the assumption that the full budget amount (from the POBE data) is ringfenced for homelessness provision, which we know is not the case in reality.



3.4 Impact of Covid-19

This section focusses on the impact of Covid-19 on housing and homelessness services and demand for these. In general:

- Local authorities had tended to see an increase in demand for homelessness support services as a result of Covid-19, though this often related to temporary accommodation and an accompanying lack of move-on accommodation from this.
- Shared spaces have become unsuitable during the pandemic, making it difficult to find appropriate temporary accommodation. Concerns were raised that should the increased need of temporary accommodation continue, then breaches of the Unsuitable Accommodation Order would become more frequent.
- Rapid Rehousing Transition Plans are experiencing delays in progress as a result of Covid-19 as processes have become slower and it has been more difficult to move people into permanent accommodation.
- When local authorities were asked if the additional costs incurred due to Covid-19 had been covered, half (four out of eight who answered) stated that these had been partially covered. However, the other half stated that they had not yet received additional funding.
- While some short-term effects of Covid-19 may be 'one-offs', there are expected to be much longer-term fallouts from the pandemic. These will likely stem from rises in unemployment, multiple complex needs, financial difficulties and associated mental health impacts.



3.4a Increasing demand

Surveyed local authorities were asked whether they had experienced an increase in demand for homelessness support services as a result of Covid-19. The majority had seen at least a slight increase in demand. Two local authorities chose 'other', explaining that they had experienced an increase in demand specifically related to temporary accommodation and not to other services.

60% of local authorities sampled stated that there had been an increase in demand for homelessness services as a result of Covid-19

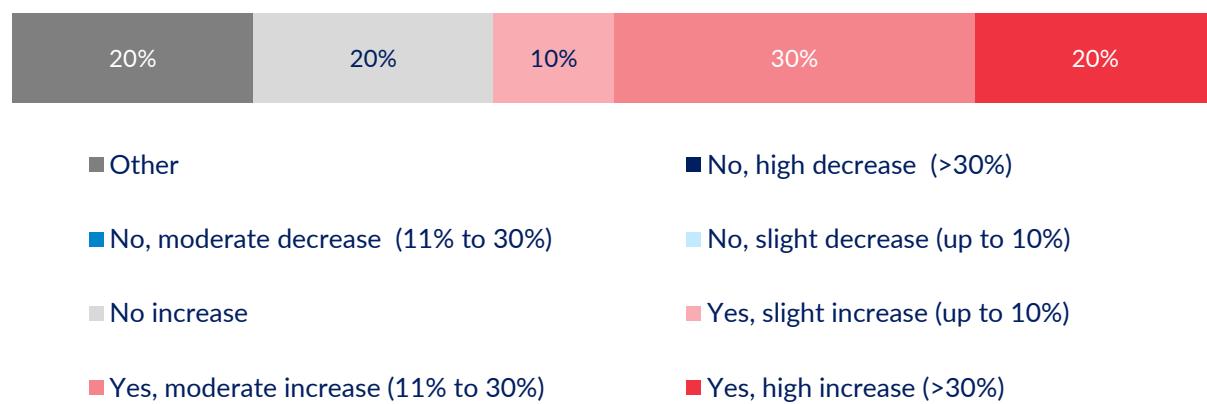


Figure 12 Local authorities' views on whether there had been a change in demand as a result of Covid-19 [Source: Rocket Science analysis of 2020 survey data]

These findings were reinforced in interviews. A number of local authorities described a noticeable spike in the need for immediate temporary accommodation as a result of Covid-19, and an accompanying lack of move-on accommodation from this. Shared spaces have become unsuitable during the pandemic, making it difficult to find appropriate temporary accommodation, and councils are having to use B&Bs for the first time in years, which was seen as a return to traditional and more expensive forms of homelessness provision. Concerns were raised that should increases in temporary accommodation continue, then breaches of the Unsuitable Accommodation Order would become more frequent.



In general, Covid-19 is making processes slower, for example turnaround for temporary accommodation has become longer due to extra cleaning, as has throughput into permanent accommodation, with registered social landlords more reluctant to take on referrals. Demands for accommodation have led to increases in the 'homelessness backlog', i.e. those waiting to be housed permanently. This in turn has produced a 'bottleneck' effect, where more people are needing to be housed at the same time - both those who previously required housing and were placed in temporary accommodation due to delays caused by Covid-19, and those who have been made homeless during the pandemic period. As many local authorities already experience difficulties in finding permanent solutions due to a lack of housing stock (see the literature review and section 3.1d for further details), Covid-19 is further exacerbating this issue through this bottleneck effect. This issue is likely to persist if more permanent housing stock cannot be found.

To accommodate this, some councils have been re-provisioning current accommodation and services, putting plans to move away from temporary accommodation services on hold. As predicted in the literature review, this means that **RRTPs are experiencing delays** in progress. One council described having to revert permanent accommodation within their housing stock back to temporary accommodation, returning them to levels seen in previous years. This process of changing the use of accommodation units is common practice among local authorities but, due to the pressures on their temporary accommodation stock, this process is travelling in the wrong direction. Another described **halting their plans** to create more Housing First tenancies. However, both these councils suggested that Covid-19 had led to a **temporary stalling of progress, rather than something more permanent**.

Though common, increases in demand as a result of Covid-19 were not present across the board. More than one local authority described a decrease in homelessness presentations through the pandemic. One local authority put this down to a lack of offices during this time. As they had to close their larger hub in favour of smaller satellite hubs, they felt that some people did not know where to turn at crisis point, and the lack of a known physical space meant fewer people making homelessness applications than may have otherwise been the case. Another local authority attributed it to reduced evictions as a consequence of the six-month evictions ban enacted in March 2020 – this has since been extended in Scotland to March 2021. One potential effect expected as a result of Covid-19 is that more pressurised rental markets may experience a dip, with AirBnBs being repurposed as long-term rental properties at below average market price. However, in spite of this, rental prices have remained relatively buoyant since March 2020 across Scotland.



Increases in demand for specific groups

Local authorities were also asked if there had been **increases in demand due to Covid-19 for specific groups** of people (Figure 13). Half of councils surveyed had seen an increase in specific services for prison leavers through the pandemic which is unsurprising given that a number of people were released early as a result of Covid-19²⁵, and 40% for those with either problem alcohol/drug use or mental health conditions. 30% of authorities also saw an increase in demand for services specifically aimed at young people and domestic abuse survivors.

Local authorities most commonly saw an increase in demand for homelessness services for prison leavers as a result of Covid-19

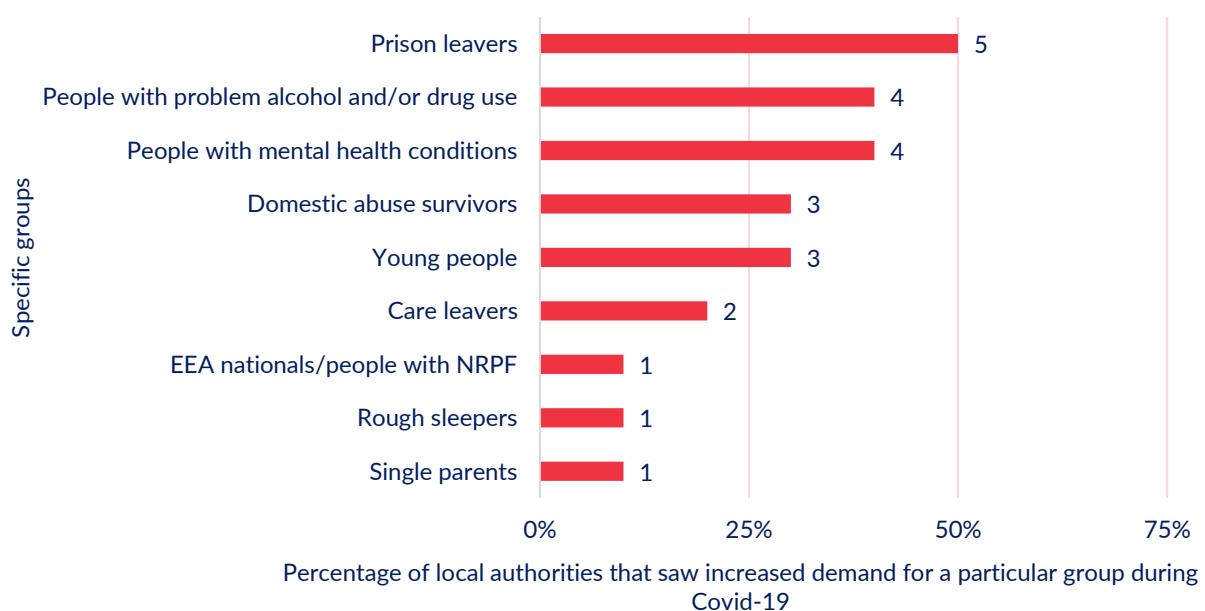


Figure 13: Local authorities' views on increased demand for homelessness services for particular groups as a result of Covid-19 [Source: Rocket Science analysis of 2020 survey data]

²⁵ 348 prisoners were released early according to a freedom of information request. Available here: <https://www.gov.scot/publications/foi-202000066524/>



3.4b Impact on costs

When local authorities were asked if the additional costs incurred due to Covid-19 had been covered, half stated that these had been **partially covered**, most commonly as a result of emergency Scottish Government funding. However, the other half stated that they had **not yet received additional funding**. In some instances, councils were still waiting to hear whether additional resources would be provided retrospectively. This was causing a degree of uncertainty in budgeting amongst local authority teams.

While some short-term effects of Covid-19 may be 'one-offs' e.g. the spike in temporary accommodation required, there are expected to be much longer-term fallouts from the pandemic. These will likely stem from rises in unemployment, multiple complex needs, financial difficulties and associated mental health impacts. **Such impacts are likely to increase costs for local authorities in the long-term too, as they may need to support a greater number of people with additional complex need**, further compounding a trend identified by this research's findings (see section 3.1b) and its literature review. The degree to which local authorities are resilient or at risk due to Covid-19 in the short and longer term also varies geographically. Research by the Institute of Fiscal Studies²⁶ ²⁷ in England suggests that fees and charges collected by local authorities, as well as income from council tax, will change as a result of Covid-19, and have varying impacts. The ability for different local authorities to adapt to this, and the impacts of this, will very much depend on local context, as well as the level of deprivation within communities.

The budget box below illustrates how an increase in demand for housing and homelessness services as a result of Covid-19 might affect the budget for a local authority. We have chosen to use East Lothian, as bed and breakfast use to supplement their temporary accommodation offer is relatively high as reported in the 'Homeless in Scotland 2019/20' statistics.

One positive finding did emerge from interviews as a result of Covid-19. Remote working appears to have led to better integration of services in some instances, with local authorities working together more regularly with both other local authorities and public and third sector colleagues. Meeting online was seen as working particularly well in more rural authorities, where previously it would have been very difficult or time-consuming to meet up face-to-face.

²⁶ <https://www.ifs.org.uk/publications/15041>

²⁷ <https://www.ifs.org.uk/publications/14977>



Budget Estimate: Increases in demand as a result of Covid-19 and the future

This example uses East Lothian Council to model a scenario to show the impact on budgets resulting from increasing demand as a result of Covid-19. We modelled 'status quo' inputs based on 'Homelessness in Scotland [2019/20](#)' data:

Service Type	Estimated % of people in each service	Estimated number of people annually in each service
Housing First	0%	0
Hostel	8%	52
High intensity Supported Accommodation	0%	0
Low Intensity Accommodation Based Support	58%	377
Floating Support	34%	221
Other/unspecified	0%	0

The breakdown below shows the estimated budget resulting from these inputs against the published provisional outturn for the local authority's expenditure. Based on the available information and assumptions, this indicates that there is a shortfall in the budget required of ~£1.1m. Crucially, this deficit occurs before the costs of other non-accommodation-based services are even considered. It should also be noted that this budget tool works on the assumption that the full budget amount (from the POBE data) is ringfenced for homelessness provision, which we know is not the case in reality, so the shortfall is likely to be higher. [\[Return to considerations and context for interpreting this budget example\]](#).

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£2,661,052	£3,826,649	-£1,165,597

SCENARIO: As a result of Covid-19, particularly evictions arising from rent arrears built up by tenants over the period, demand for homelessness services increases by 15%. East Lothian increases the use of B&Bs to temporarily house people assessed as homeless. (For the purposes of this exercise, B&Bs are included in the 'low intensity accommodation-based support' costing). This scenario results in a budget increase of ~£0.9 from the 'status quo' scenario. It also produces a budget shortfall of ~£2m as shown below:

Average POBE expenditure (£) 2018/19-2020/21	Estimated new budget by model (£) 2018/19-2020/21	Difference
£2,661,052	£4,717,791	-£2,056,739

INTERPRETATION: It should be noted that this example is hypothetical and not necessarily reflective of conditions 'on-the-ground'. With that in mind, the budget tool shows the potential impact of unforeseen spikes in demand for homelessness services, the need to deal with this demand through use of bed and breakfast, and the concomitant increase to existing budgets. In the short term, in this scenario, the result is a budget increase of ~£0.9m. However, the Covid-19 pandemic is a completely unique event that could not be planned for, just responded to. The increased use of Bed and Breakfast for local authorities, in some cases for the first time for a number of years, can be cost intensive. Local authorities should bear this in mind when planning provision and producing future contingency plans.



What does an adequate budget look like?

Part of this research is to try and determine what an adequate budget for homelessness in Scotland should look like that accounts for the rising number of people in emergency housing, while ensuring that the Ending Homelessness Together: High Level Action Plan remains on track.

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 show a snapshot scenario that we have used 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):

- The budget has been developed using current budget data that local authorities receive. This allocation is not ringfenced and some of this money is spent elsewhere. This research was not able to determine what percentage is spent elsewhere, or where this money is spent. The assumption made is that this money *is ringfenced*. This is useful in so far as it demonstrates that even if local authorities had the full amount ringfenced for homelessness, *it is still not enough*.



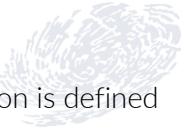
- However, it is even more complex. If indeed, some of the money is being spent on adult social care and is being spent to help people with drug and alcohol addictions, mental health and other needs – i.e. multiple complex needs, then this will help local authorities in their aim of reducing homelessness if services are joined up and work together.
- Currently, there is no way of knowing this. Data management systems are not sophisticated enough and there are issues around GDPR in being able to share someone's personal data with other support services so conclusions cannot be drawn.
- It is clear that a more joined up and holistic support service is needed, for each individual as a priority, but also for services to fully understand how they should be structuring their services and supporting homeless people. There are a number of programmes and pilots that are testing out joint homelessness and employability services focused on a housing-led approach and ensuring that they have the resources (even if it's signposting) to help support their clients with the needs that they have in addition to the more traditional employability and tenancy support.

As data is patchy and due to the limitations of the study (see Appendix A for more details) – the evidence base is not strong enough to draw any firm conclusions. It is almost impossible to draw conclusions on whether or not the budget is adequate because of the lack of clarity around the financial data and also issues with the performance data and the differing circumstances from authority to authority.

3.5 Other findings

3.5a Legislative changes and the Unsuitable Accommodation Order

As noted in the literature many local authorities stated that the flurry of legislative activity over the past two years was hampering their ability to deliver on their commitment to transition their stock and services to deliver a rapid rehousing pathway. Many noted the Unsuitable Accommodation Order (UAO) as proving incompatible to their rapid rehousing transition. The UAO previously legislated for a time-limit of seven days on placement in unsuitable accommodation for households with dependent children and/or pregnant women.



In May, this time limit was applied to all homeless households. Unsuitable accommodation is defined under the Order as a property which is:

- Out of the area of the local authority
- Away from facilities and services for the purposes of health and education which would be used by the household members
- Was not wind and watertight
- Was unsuitable for occupation by children
- Lacked adequate toilet and personal washing facilities for the exclusive use of the household
- Lacked adequate bedrooms for the exclusive use of the household
- Lacked adequate cooking facilities and use of a living room
- Was not usable by the household for 24 hours a day.

While all local authorities agreed in principle with the UAO, with many noting that nobody should stay in unsuitable accommodation for any length of time, all local authorities regretted **the timing of the UAO's introduction**. It was thought that the order had resulted in the on-streaming of additional temporary accommodation units at a time when local authorities should be reducing them, as existing units are not suitable under the criteria of the Order. Many local authorities have found reprieve in the provision in legislation that allows them exemption where they are not able to place somebody in suitable accommodation due to Covid-19's impact on temporary accommodation supply.

However, it was thought that the **impact on the supply of temporary accommodation** will outlive this exemption's expiration date in January 2021, which may lead to increase in breaches of the order after this.

It was felt that, while the proposed changes to intentionality (i.e. it no longer being a legal duty for local authorities to investigate the reasons for a person's homelessness or the criteria being modified) and local connection (i.e. it being suspended) were welcome, the volume of the changes to the sector in the context of both Covid-19 related pressures and the transition to rapid rehousing was ill-conceived and had negatively impacted staff.



4 Conclusions and recommendations

This section provides focused conclusions and recommendations around the four research questions:

- 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 is 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
- 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 should 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.

4.1 How homelessness funding is currently spent

We surveyed and interviewed 20 different local authorities and found that Housing Managers within local authorities 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.

While many local authorities we interviewed support the re-introduction of ringfenced funding for homelessness and housing services, it is not clear how this would substantially alter the picture of service delivery on the ground. Many local authorities said that their budgets had remained largely protected because elected members understood that to reduce the homelessness and housing service budget would be an unpopular measure. Ringfencing would, however, make the tracking of expenditure on housing and homelessness services somewhat easier.



In the Green Book, the Scottish Government set out the formula for the allocation of funds to local authorities. Our analysis has shown that comparison of homelessness budget allocation across years is obscured by a lack of consistency in the different streams of funding with some funding streams being redistributed to one or another area of service delivery from year to year (for example, the redetermination of funding previously residing in other areas to the 'homelessness' heading between 2019/20 and 2020/21, and the concurrent stripping out of temporary accommodation and RRTP funding from this). However, what can be gleaned from the analysis is that the allocation itself is based on a rudimentary tool, namely homelessness applications, which is unlikely to reflect the differing and complex situations faced by local authorities. **This is particularly arbitrary in relation to RRTPs.**

As noted in section 3.2, there are limitations to understanding exactly where funding is being spent and what the trends in funding are. The streams under which Scottish Government revenue grant funding is allocated and published within the Green Book have changed from year to year to an extent that makes tracking allocations problematic. Compounding that issue, data published in the Provisional Outturns and Budget Estimates (POBE) each year are not disaggregated to the extent required to track meaningful differences in expenditure at a service level. It is important for local authorities and the Scottish Government to understand how the £34 million gap in budget allocations and spend is being compensated for at the local level (i.e. is it through fundraising, using budget from other areas within the council and so on) and the extent to which ringfencing some of this money would make a difference to this mis-match in funding.

Our analysis of public data sets, alongside our literature review and field research, suggest several 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).



Differences in local authorities

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. For example, in a large urban authority, the main issue may be supply of housing stock, as well as difficulties with rough sleeping and the number of people presenting with no recourse to public funds, whereas in a much more rural geography, costs may be more associated with transport, and there may instead be issues in desirability of different areas based on accessibility, services and employment available and house prices (i.e. people not wanting to live in areas where housing is available to them.)

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 that currently exists 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 for 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.



4.2 Whether funding trends will affect the Ending Homelessness Together: High Level Action Plan, including RRTPs

Local authorities feel that the Ending Homelessness Together 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). Many of the local authorities have had to pause their delivery of Housing First with some having only recently employed a rapid rehousing lead. Some local authorities do not believe that the funding allocated through their RRTP is adequate to fully transition their existing services in line with the Action Plan. Others reported that the level of **funding allocated** was not an issue, but that their existing pool of available **housing stock was insufficient** to implement rapid rehousing pathways. However, it may well be the case that were those local authorities who do have access to additional accommodation units, would run into the same resourcing issues (i.e. availability of stock) as those local authorities who felt that funding was inadequate.

Two examples in Australia and Finland (see full literature review) show how a commitment to improving and developing the social rented sector can result in positive changes in tackling homelessness. Since 2008 **Finland** has seen a reduction in homelessness and the use of temporary accommodation. Their support has been tailored and focused on individuals who are most at risk and provide a tailored, person centred and preventative model of support. In tandem, they have converted shelters to rented housing units and have a robust social sector across the country. The Government has also set out a specific capital fund to help address social housing capacity. Their approach is very much focused on the individual and on long-term homelessness and tend to work with more people in Housing First who have multiple complex needs and haven't been able to sustain their tenancies through other support.

In Australia (see literature review) the response to these structural issues that they faced were built around 6 design principles which focused on a Housing First approach, streamlined access to support, specialised and integrated support focusing on the specific need. While the local state and territory governments have responsibility for delivering, the national government has pledged ongoing financial support to help with the rapid rehousing transition and have developed a package of initiatives to develop alternative sources of capital for social and affordable housing. Although these changes have been implemented recently (since 2017/18) there are already indications that this approach is being implemented successfully, but there is limited data currently available to understand the full impact.

Recommendation 3: The transition towards a homelessness system based on rapid rehousing is the Ending Homelessness Together: High Level Action Plans 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.



4.3 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.²⁸ 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 initial lockdown period (March 2020 – July 2020). 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. It is clear that many local authorities are experiencing a systems failure in terms of housing supply, with an over-reliance on temporary accommodation, increasing unaffordable private lets and increasing complex demand. With an increase in demand over a short period, it is likely that many local authorities will not be able to cope with this demand and will have to rely more on unsuitable forms of accommodation (such as B&Bs). They will also need to convert some of their permanent accommodation stock to cope with the increase in demand meaning that people will remain homeless for longer with fewer options of being able to move into longer-term housing solutions . 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. 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.

²⁸ Scottish Government, November 2020, [Local government funding 2020-2021: process overview](#)



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.

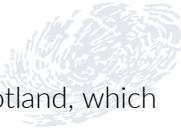
Recommendation 6: As a result of the uncertainty and persistence of the Coronavirus, the Scottish Government should consider **further extending legislation and guidance to ensure the safety of people at risk of homelessness** in an attempt to sustain tenancies for the immediate future. An example of this is the extension of the evictions ban until the 31st 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.

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.

4.4 An adequate budget for homelessness in Scotland

From the research, it is clear that an 'adequate budget' for homelessness is neither consistent across local authorities, nor easy to measure. All local authorities report receiving less than they asked for in relation to their RRTPs. If the Scottish Government are committed to achieving this, they should review the effectiveness of RRTPs to date and provide a medium to long-term commitment to help local authorities overcome some of the systems challenges they face.

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.



Local authorities need to take a whole systems approach to ending homelessness in Scotland, which would include: integrating teams working across various directorates, with a particular focus on health and social care colleagues working closely with housing teams to deliver a holistic service. Where Common Housing Registers do not exist, they should be implemented to ensure the best use of available housing stock. It should be noted that, while the renewed focus on a housing-led approach is positive, this should not come at the cost of other approaches that may support with homelessness prevention and tenancy sustainment. For example, community link workers who deliver social prescribing could support housing teams with onward referrals to health services and other community resources.

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, while not resulting in policy drift, has impacted local authorities’ ability to deliver rapid rehousing. And while the updated Ending Homelessness Together Action Plan is welcome, Scottish Government must re-emphasise the Plan in practical terms by allocating additional money to next year’s RRTP funding, as well as providing a commitment on allocations for the medium to long term, to enable better planning.

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 report 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 (e.g. UAO) and now the Coronavirus pandemic.



Appendix 1: Limitations to the study

This section sets out the limitations of the research design and methodology which may impact the findings of this study.

Issues with sample and selection

The sample and selection limitations for this study are not around response rate or sample bias, but rather to do with the level of seniority and ensuring the right people were targeted for this research. We exceeded our targets for both the interviews and the online survey and got a good range of local authorities (i.e. in terms of location, scale of homelessness and so on). However, the interviews undertaken have not fully answered all four research questions. We encountered some limitations because not everyone had a comprehensive understanding of the budgets and as such it would have been beneficial to include financial teams in these conversations.

Limited access to data

Accessing data on homelessness in Scotland is not straightforward and despite our effort to obtain data directly from local authorities, there are still gaps in our knowledge and understanding as well as viable evidence which impacts our ability to fully answer two of the research questions. We have set out the limitations with data throughout the report structure. The limitations we have found include:

- Limited amount of publicly available data.
- Where data is available it is not recorded or reported on in a consistent manner, including aggregated statistics from the Scottish Government.
- Changes to green book reporting categories between 2019/20 and 2020/21.
- There is a lack of transparency around the data available and it is not always possible to understand how the information is pulled together (i.e. what services are included) and this differs between local authorities.



Resource and capacity constraints of participants

This study has taken place over a very difficult and demanding time for local authorities. There is a lot of uncertainty as a result of the coronavirus pandemic as well as the end of the transition phase for Brexit. Although 20 local authorities have participated (either through surveys, interviews, or both) there have been restrictions on the amount of time we could speak to them and a limit on what we could ask of them in addition to the survey and interview.

While developing a remote methodology has some obvious positives, in that we have potentially engaged with more local authorities as, it has reduced the quality and quantity of information that we could have expected from face to face engagement.

Assumption of buy-in from local authorities

Our methodology was based on the assumption that local authorities would willingly speak to us as an external organisation and because there was direct benefit to them through engagement. We did not account for the fact that these conversations might have been difficult for local authorities for the following reasons:

- Information and knowledge likely sits across different teams or a number of different people.
- Some questions might have felt like they were being asked to highlight where part of their internal practices are ineffective or not working.
- We might have been asking too much of participants by asking them to do an online survey, telephone interview and to fill out a budget template. We designed it in this way to increase our chances of engaging as many local authorities as possible, rather than require all to engage with each method.



Appendix 2: Housing and Homelessness Strategies

Local Authority	Date	Link
Aberdeen City Council	2018-2023	Aberdeen City Local Housing Strategy
Aberdeenshire Council	2018-2023	Aberdeenshire Local Housing Strategy
Angus Council	2017-2022	Angus Local Housing Strategy
Argyll and Bute Council	2016-2021	Argyll and Bute Local Housing Strategy
City of Edinburgh Council	2020-2025	Strategic Housing Investment Plan
Clackmannanshire Council	2018-2023	Clackmannanshire Local Housing Strategy
Comhairle nan Eilean Siar	2017-2022	Outer Hebrides Local Housing Strategy
Dumfries and Galloway Council	2018-2023	Dumfries and Galloway Local Housing Strategy
Dundee City Council	2016-2021	Not Just A Roof!
East Ayrshire Council	2019-2024	East Ayrshire Local Housing Strategy
East Dunbartonshire Council	2017-2022	East Dunbartonshire Local Housing Strategy
East Lothian Council	2018-2023	East Lothian Local Housing Strategy
East Renfrewshire Council	2017-2022	East Renfrewshire Local Housing Strategy
Falkirk Council	2017-2022	Falkirk Local Housing Strategy
Fife Council	2015-2020	Fife Local Housing Strategy
Glasgow City Council	2015-2020	Glasgow Homelessness Strategy
Inverclyde Council	2017-2022	Inverclyde Local Housing Strategy
Midlothian Council	2019-2024	Midlothian Rapid Rehousing Transition Plan
North Ayrshire Council	2018-2022	North Ayrshire Local Housing Strategy
North Lanarkshire Council	2016-2021	North Lanarkshire Local Housing Strategy
Orkney Islands Council	2014-2019	Orkney Islands Homelessness Strategy
Perth and Kinross Council	2016-2021	Perth and Kinross Local Housing Strategy
Renfrewshire Council	2016-2021	Renfrewshire Local Housing Strategy
Scottish Borders Council	2017-2022	Scottish Borders Local Housing Strategy
Shetland Islands Council	2011-2016	Shetland Islands Local Housing Strategy
South Ayrshire Council	2017-2022	South Ayrshire Local Housing Strategy
South Lanarkshire Council	2017-2022	South Lanarkshire Local Housing Strategy
Stirling Council	NA	NA
Highland Council	2017-2022	Highland Local Housing Strategy
Moray Council	2017-2022	Moray Local Housing Strategy
West Dunbartonshire Council	2017-2022	West Dunbartonshire Local Housing Strategy
West Lothian Council	2017-2022	West Lothian Local Housing Strategy

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