

**Shelter Scotland**

# **Funding the homelessness service**

**Final report**  
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Anna Evans Housing Consultancy Ltd

Contact: [anna.evans@aehousing.co.uk](mailto:anna.evans@aehousing.co.uk)  
Tel: 0131 344 0815

## **1. Acknowledgements**

Anna Evans Housing Consultancy would like to thank all the local authority officers who participated in this study – for the information provided and their openness and honesty in consultation. Thanks go to those involved in the focus groups and the individual telephone consultations that took place with senior and financial officers. In particular, thanks go to the financial officers for the interest and time committed to providing the data requested.

## **2. Introduction**

### **2.1 The brief and methodology**

Shelter Scotland has commissioned Anna Evans Housing Consultancy to undertake a study on the funding of homeless services. The overall aims of the work is to understand the sources and trends of funding local authority homeless services, with a view to making recommendations to Scottish Government to put funding arrangements on a more stable footing.

The most obvious consequence of increasing the eligibility of homeless people for services has been the growth in temporary accommodation. Shelter Scotland's original brief for this project was an investigation into the funding of temporary accommodation in Scotland – looking at sources and levels of funding, as well as examples of good practice. Following discussion at inception stage of this project, it was recognised that funding temporary accommodation and other homeless services may be so inter-related that it would be difficult to extract one from the other. The brief is therefore to investigate the funding of homelessness services as a whole.

Appendix 1 sets out the detailed methodology and research limitations. The limitations were around the ability to source reliable published and unpublished financial data. It was agreed therefore that the study focused on a qualitative approach but with provision of financial data where possible, seeking to establish:

- Sources of funding for homelessness services and temporary accommodation;
- Changes over time / trends;
- Views on the opportunities and risks/challenges ahead; examples of good practice;
- Potential solutions to put homelessness services funding on stable footing.

### **2.2 Wider policy and financial context**

This report should be seen within the wider policy and economic context, the effects of which have been to the increase demand for, and pressure on homelessness services in Scotland since 2000. These include the change in the homelessness duties in Scotland which have steadily increased entitlement; demographic trends which are increasing housing need and demand in many areas of Scotland; the recession and public sector expenditure cuts; and the UK Government's programme of Welfare Reform. The increased demand for homelessness services has been met by the Scottish Government's emphasis on housing options and prevention approach. More recent trends show a levelling off or fall in the number of applications in most areas from the peak in 2005/6.<sup>1</sup>

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<sup>1</sup> Homelessness statistics: annual reference tables: 2010-11.

The financial context for homelessness service is driven by public sector expenditure cuts and Welfare Reform, since homelessness services are funded by a combination of local authorities' own resources, and Department of Work and Pension (DWP) subsidy for temporary accommodation. Particularly relevant is the DWP's outline proposal for temporary accommodation, issued in July 2011, which set out how the government may reform the way Housing Benefit customers living in temporary accommodation are treated within Universal Credit (UC), due to come into force from October 2013.<sup>2</sup> From Shelter Scotland's perspective, the apparent vulnerability of these funding sources, and the range of different approaches that local authorities use to meet this funding challenge is the key reason for commissioning this research – so that the funding sources can be put on a more stable footing.

### **3. Homeless services expenditure and income**

#### **3.1 Homeless services**

In order to examine how homelessness services are funded, we first need to define what is meant by 'homelessness services'.

Local authority homelessness services typically provide the following:

- Advice and information for homeless and potentially homeless people - this is increasingly moving into 'Housing Options' advice which has a preventative focus on exploring the full range of housing options with households, rather than assuming that a homelessness application will be made;
- Homelessness application and assessment – taking people through the legal process of determination of statutory homelessness;
- Temporary accommodation for homeless people, which may also include ongoing support to sustain the temporary accommodation;
- Assistance into settled accommodation, which may include support to sustain that accommodation and furniture packages.

The following discusses trends in expenditure in LA homelessness, categorised by gross, temporary and 'other' expenditure. 'Other' is defined as all homelessness services apart from temporary accommodation i.e. information, advice and assistance.

#### **3.2 Expenditure**

This section summarises the trends in levels of expenditure and income for homeless services, taking evidence from financial information provided from 11 LAs, combined with the more qualitative evidence provided through individual and focus group discussions. The evidence relates to gross expenditure and then breaks this down by temporary and 'other' homeless service expenditure. 'Other' relates to non-accommodation services (e.g. staff related activity in prevention, information and advice, homelessness assessments). Expenditure in this report is taken to mean total costs (not the local authorities' own expenditure after income).

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<sup>2</sup> The key DWP Welfare Reform proposals and likely impacts on homeless services are set out in section 3 below

Out of the 11 LAs who were consulted individually all provided a picture of change in income and expenditure over the last three to five years, but information varied in the level of detail obtained. Three chose to provide detailed accounts (or analysis of accounts), five provided percentage change in expenditure and income sources as requested, while three LAs discussed general trends without specific figures.

### ***Gross expenditure on homelessness services***

Overall, there has been a trend of increasing expenditure on homelessness services over the last 3 to 5 years. Taking the last three years, gross expenditure<sup>3</sup> has increased on average by around 12%<sup>4</sup> between 2008/9 and 2009/10 and around 9% between 2009/10 and 2010/11. In the most recent year 2010/11 to 2011/12 there is a projected slow down in spending, and in two cases an overall reduction is anticipated.

These averages mask a range in levels of change. For example, between 2008/9 and 2009/10 one LA had a drop in expenditure of 13% (due to a rapid change in temporary accommodation away from B&B accommodation), whereas all other LAs providing this information saw increases of between 1.5% (reduction in real terms) and 25% over the same period. The rate of change to 2010/11 was lower; the overall trend was still one of increasing expenditure but with some notable variations – one LA saw a reduction of 15%, a number had zero or small increases, and two had notable increases of 9% and 38%. Notwithstanding the overall trend of increasing expenditure, some consultees stated the level of resources was insufficient for the level of demand on homeless services.

Consultees (individual and focus group discussions) revealed that the main reason for the change has been the increase in provision of temporary accommodation. However, evidence clearly showed that over and above the increased demand for and cost of temporary accommodation, there has been a general presumption to protect the resources required for homeless services. This protection (and in a few cases considerable investment) in homeless services is significant as it was discussed in the context of reducing public expenditure - all confirmed overall LA General Services Accounts reductions, ranging from 12% to 25% spread over the current and next two or three financial years.

While the overall evidence pointed to protection of expenditure on homeless services, many talked about 'pressure' beginning to be felt with an on-going drive for efficiencies. This pressure was more evident when discussing the impact with front-line managers and staff involved in service delivery. Many people talked about the detrimental impact of removal of ring fencing, which they felt had left homeless services vulnerable to reductions and 'raids' of resources from other General Fund services in the immediate years following the Concordat in 2007. Some front line managers stated that the general organisational policy and culture of efficiency and cuts is now beginning to affect staff involved in homeless service delivery; e.g. recruitment freezes, pay freezes, voluntary and compulsory redundancies, "*generally doing more for less*". No-one consulted felt this overall financial and organisational context is affecting the quality of homeless services being delivered, with most pointing to substantial improvements to homeless

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<sup>3</sup> Calculated as average change for seven of the 11 LAs consulted which provided gross expenditure data. These 7 LAs cannot be assumed to represent the experience of all Local Authorities, so these trends should not be seen as Scotland-wide

<sup>4</sup> The figure includes a drop of gross expenditure of 13% between 2008/9 and 2009/10 in one LA. Excluding this drop would make an average increase of 16%.

services and client satisfaction over recent years, driven by legislation change, guidance on standards and sharing of good practice.

The general presumption to protect homeless service budgets has not been experienced in all LAs – for example one stock transfer LA talked about reductions in expenditure of 35% over the five years since stock transfer. Only two LAs discussed homelessness lacking priority and support from elected members to invest in the homeless service – these were the exceptions, apart from the initial negative impacts of removal of ring-fencing in 2007, the majority referred to political and corporate support for the homeless service resulting in stability, protection and investment compared to many other council services.

### ***Expenditure on temporary accommodation***

Temporary accommodation accounts for the largest proportion of spending of homelessness service, and has been increasing in nine of the 11 LAs consulted over the last three to five years. For those LAs which provided information on the change in temporary accommodation expenditure, the average change between 2008/9 and 2009/10 was 8%, but this included one local authority where there was a reduction in spend of 28% for temporary accommodation (as discussed above, due to a rapid reduction in use of B&B accommodation). If this 'outlier' was removed, then the average increase in temporary accommodation expenditure between 2008/9 and 2009/10 would be 14% with a range of 0% to 24% increases. The rate of change between 2009/10 to 2010/11 was lower at an average increase of 10% - with a much wider range between 0% and 46%. In the most recent year 2010/11 to 2011/12 consultees discussed a general slow down in expenditure in temporary accommodation, some still experiencing increases, while others showing no change or reductions.

The reasons for increase in the cost in temporary accommodation are mainly to do with the increase in demand, the standard of accommodation and related services provided, and the change in type of homeless clients seen over the over the last five years:

- Demand for temporary accommodation – Demand continues to increase for many LAs in terms of total volume of temporary accommodation required and the increased period which many tenants have to stay in temporary accommodation due to lack of supply of move-on accommodation. However, some LAs discussed recent falls in demand (over the last year to 18 months), said to be driven by the prevention / Housing Options agenda – for those experiencing these changes it is said to be too early to conclude a trend.
- Standard of accommodation and services – Consultees talked positively about the improvement in the quality of temporary accommodation over the last five years, but noted this has cost implications. A number referred to tensions between costs and standards expected by the Scottish Housing Regulator (SHR) and a number mentioned applying the Shelter Scotland and CIH Scotland guidance to improve standards of temporary accommodation.
- Change in homeless households – many consultees discussed the trend towards more chaotic lifestyles of the homeless people living in temporary accommodation and the cost associated with this change – the cost of cleaning, increased replacement of furniture and repairs to properties. Consultees that had been working in homelessness for some time associated the change in household types with the shift towards abolition of priority need which has resulted in a wider group of people being entitled to temporary accommodation.

Changes in expenditure on temporary accommodation have also been affected by the income available. The main source of income is rent and service charges, DWP subsidies for which vary according to the type of temporary accommodation. A number of LAs consulted have changed their strategy in relation to temporary accommodation – both in terms of charges for their own temporary accommodation, and the overall mix of different types of temporary accommodation used due to the variety of costs and subsidies available (discussed further below).

Only two LAs consulted have experienced reductions in temporary accommodation expenditure over the last three years. This has not been driven by a reduction in volume of temporary accommodation or a change in standards, but a change in strategy in the type of accommodation used. One stock transfer LA has moved away from B&B accommodation in favour of PSL as a cheaper and better option, while another LA has moved away from PSL to LA temporary accommodation as a more economic option. These two examples provide a useful illustration of how different housing markets (availability of accommodation and prices) will determine different solutions for provision of temporary accommodation in different locations.

### ***Expenditure on 'other' homelessness services***

Consultees were also asked to provide information and insight into the expenditure and trends on expenditure in other areas of the homelessness service i.e. non-accommodation, staff led services such as homelessness application and assessment, prevention and information and advice.

Perhaps as expected, the expenditure on other homeless services has changed much less than that on temporary accommodation over the last three to five years, with most referring to no increases or stable budgets. For those LAs which provided information on the change in other expenditure, the average change between 2008/9 and 2009/10 was 3.7%, and between 2009/10 to 2010/11 the change was lower at an average increase of 1.7%. After taking inflation into account, these averages represent real term reductions.

There are a few notable exceptions to this static budget trend:

- one stock transfer authority which experienced 1.5% increase followed by a 15% reduction - this can be compared to another stock transfer LA which experienced a 5% reduction followed by a 4.6% increase in the next year;
- one LA which has seen large increases in its homeless budget of 69% and 70%<sup>5</sup> in the successive years to 2009/10 and 2010/11, change associated with a substantial investment and growth in the homeless service with new services being established and more staff being employed.

In the most recent year 2010/11 to 2011/12 most consultees discussed similar trends of stable budgets, but a good number also discussed 'growth bids' being made corporately to secure more General Fund resources for investment in more staff for preventative services. One LA had secured additional internal resources in 2011/12 equivalent to an increase of 10% in their previous budget, and four LAs discussed bids for potential increases in staff resources

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<sup>5</sup> Due to the dramatic change this individual 'outlier' LA has not been included in the average, as discussed in preceding paragraphs.

equivalent to 10% to 20% of their budgets for 2012/13 (typically between £100,000 and £350,000 additional GF budget).

As discussed above, growth budgets for homeless services were set out in the context of reducing resources elsewhere in General Fund services. Senior officers have been making the argument for additional annual resources under the prevention agenda and “*spend now, to save later*” - many pointed to evidence from other LAs with established Housing Options approaches where the demand on temporary accommodation has reduced.

### 3.3 Funding sources

The range of funding sources on all homelessness services, including temporary accommodation and other homeless services are discussed below, ordered by the proportion of funding source (highest first): rents and service charges, General Services Account (or the General Fund; councils’ contributions); Supporting people; hostel grant; and, other income.

For the vast majority of LAs consulted, homelessness services are accounted for within the General Services Account (or General Fund), although the LA owned hostels and temporary accommodation properties are held on the Housing Revenue Account<sup>6</sup> (HRA) and leased/costs recharged to the GF. A number of LAs spoke about the great efforts they had made in recent years to extract GF homeless services out of the HRA – the objectives behind this was to “*tidy things up,...make it more accountable..... make it more transparent and easier to manage and monitor costs*”. For some LAs some or all of the temporary accommodation services are provided through the HRA staff and recharged to the GF. The exceptions are stock transfer LAs who do not have HRAs – once housing is transferred, the HRA is officially closed under provisions in the Housing (Scotland) Act 2001.

The charts below provide four examples of how the total resources for funding homeless services and the proportional split between different funding sources. These show that the two main sources of funding are rent/service charges and General Fund, but that their relative split varies considerably. The proportion of rents and service charges varies from 56% to 97% in these examples, and the proportion of General Fund contributions varies from 1% to 29%. As discussed further below, the reason for these large variations is largely driven by the type and mix of temporary accommodation used, and rent setting policies adopted for LA temporary accommodation.

Example ‘A’ below has a relatively low level of income from rent and service charges, a quarter of its homeless resources coming through the General Fund, and a relatively large proportion of Supporting People Funds when compared to the other LAs represented in this sample. This LA uses a mixture of accommodation types including LA dispersed flats, hostels, private sector leasing and bed and breakfast. This may be compared to LA ‘D’ where 97% of its resources for all its homeless services (accommodation and ‘other’ homeless services) comes from rent and service charges, with only 1% coming from the General Fund. For this LA, over 90% of its temporary accommodation is provided through LA dispersed flats, and occupancy rates are very

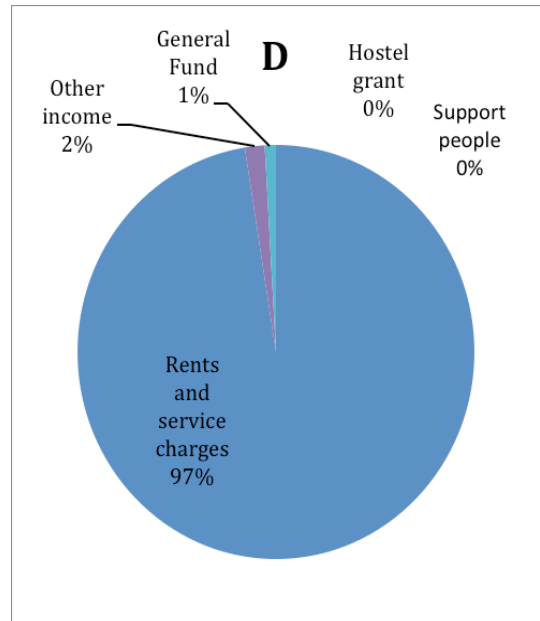
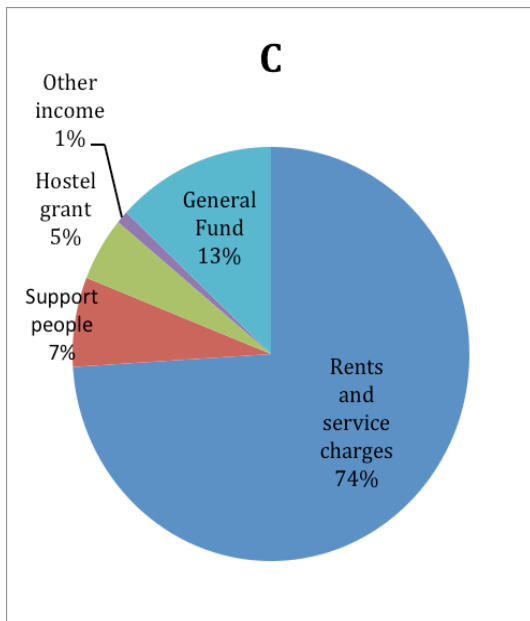
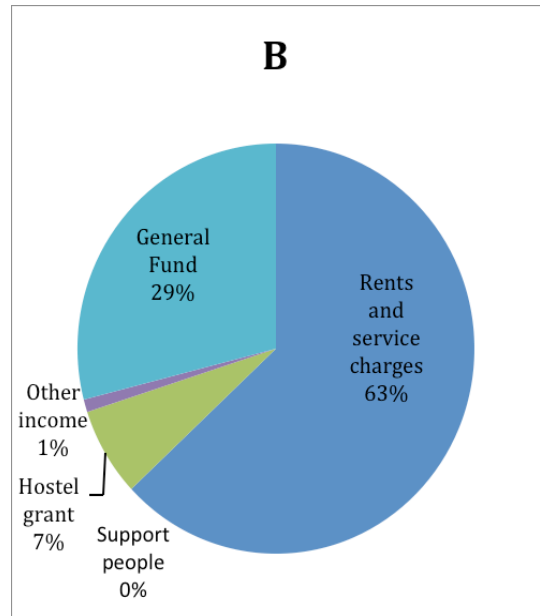
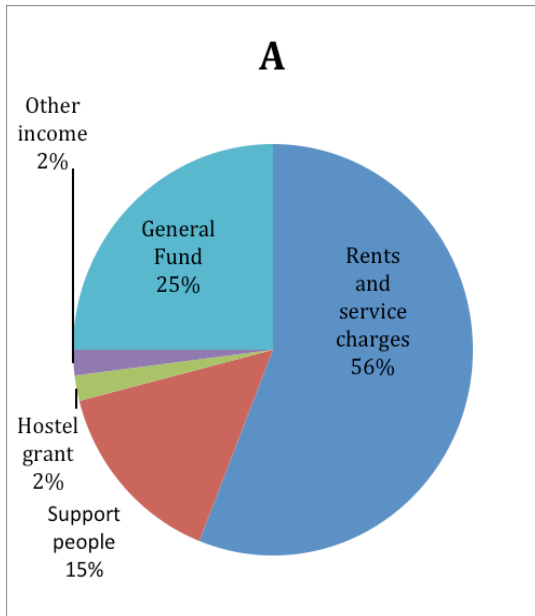
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<sup>6</sup> Under the Housing (Scotland) Act 1987 the HRA is a ring-fenced account to record all income and expenditure relating to LAs own direct provision of housing. Councils may transfer HRA surpluses to the general services account, but they are not permitted to budget for a transfer of funds from general services into the HRA. The HRA is not permitted to show a deficit at the end of the financial year. If this occurs, authorities are required to transfer funds from the general services account to cover this deficit.

high (over 90%). Examples B and C sit between the two extremes of A and D in terms of rent/service charge funding and General Fund contributions.



## Examples of homeless funding sources



### ***Rents and service charges***

Taking total expenditure on all homelessness services (accommodation and other services), rents and service charges comprise the largest proportion of income. This varied considerably in the local authorities providing data for this research, ranging from 56% to 97% of all funding sources<sup>7</sup>.

The high proportion of this funding source reflects the fact that the greatest expenditure in homelessness services is on temporary accommodation. However, the proportion is not solely accounted for by the amount of temporary accommodation, but also the type of accommodation. Different DWP subsidy levels can be claimed for different types of temporary accommodation, and the approach to setting rents and service charges also varies. Therefore an LA's strategy and relative mix of different types of accommodation will affect the amount of income from this source. Most consultees stated that temporary accommodation is self-financing and were clear that they do not charge any more in service charges than it costs to provide the temporary accommodation. One consultee stated that in the past surpluses had been made from LA self-contained temporary accommodation, but adjustments were made to service charges to rectify this situation. Other consultees stated that any surpluses that were made on one type of temporary accommodation had to be seen '*in the round*' against the losses made in other forms of temporary accommodation – so the overall portfolio of temporary accommodation is generally self-financing. However, the financial evidence provided for this study suggest that in at least one case, surpluses on temporary accommodation are being made, with the result that General Fund expenditure is being minimised.

- LA temporary accommodation – Mainstream, self contained housing is used as temporary accommodation, and for the majority of LAs consulted this is the main source of temporary accommodation. Rents are normally the same as LA mainstream rent, but service charges can be considerably higher than those found in the mainstream housing. A number of examples of service charges were provided, ranging from £100 to £250 per week. If the tenant is eligible for HB, the rent and service charge is covered by DWP subsidy, assuming all the service charges are deemed eligible by DWP. Currently there are no caps or thresholds applied by DWP on LA temporary accommodation (although this is subject to DWP consultation).

The approach to setting service charges vary with a number of LAs consulted recently moving to 'full cost recovery' where the full cost of providing the temporary accommodation is calculated and claimed through the rent/service charge. In addition to normal property and management costs this typically includes cleaning, furnishing, linen costs, additional housing management support, repair/wear and tear which occur over and above the normal service. The following table sets out examples from three different LAs showing the composition of LA temporary accommodation service charge (one defines this as rent - see note below). This shows that the way in which charges are analysed and presented varies by each LA, and further detailed work would have to be undertaken to understand the specific definition of each category and reconcile these categories across LAs if a fair comparison of charges were to be made. However, this small sample shows the

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<sup>7</sup> The term funding source is used to encapsulate all sources of finance to resource the homeless service, including the Council's contribution through the General Fund. This should not be confused with income which LAs use to define external income sources, and General Fund resources termed as net expenditure.

different elements that are included in the charges, and how the proportional share of those different elements varies between LAs.

**Table 1 – Examples of % breakdown of charges in temporary accommodation**

LA 1		LA 2		LA 3*	
Employee Costs	18%	Staff Costs	19%	Employee Costs (incl. Travel)	8%
Repairs	24%	Repairs & Maintenance	27%	Property Costs	67%
Council Tax	19%	Furniture Purchase	17%	Supplies & Services	19%
Furnishings	7%	Bad Debt Provision	16%	Other Overheads	6%
Other Property Costs	16%	Voids	4%		
Supplies & Services	2%	Departmental Overheads	1%		
Transport & Plant Costs	1%	Cleaning	16%		
Support Services	13%				

\*All three LAs charges based on full cost recovery. Rents are charged in addition with the exception of LA3 where this temporary accommodation 'charge' includes rent and service charge. However, even allowing for inclusion of rental charge, the proportional splits in expenditure are similar.

Where LAs have moved recently to full cost recovery some spoke of the investment this has enabled to improve standards in the temporary accommodation which otherwise would not have been possible. Other consultees stated that they had moved to full cost recovery to compensate for reduction of income from loss of Scottish Government Homelessness Grant<sup>8</sup> and removal of the internal LA ring-fencing of homelessness budgets following the Concordat between local government and Scottish Government in 2007. Financial information provided by LAs shows that the increased income achieved by full cost recovery can also have the effect of reducing the amount or proportion of General Fund contribution required. However, there are also examples of stable General Fund contributions being secured for a number of years, even if rent and service charges have increased substantially. Consultees confirmed that if the current DWP proposals for temporary accommodation are implemented then greater costs will fall to the General Fund, which is already under pressure (see text box below on Welfare Reform changes<sup>9</sup>).

Consultation revealed that there is a tension between income required to fund temporary accommodation and the affordability of rents and service charges for those tenants that are not eligible for HB. One LA spoke of their attempt to differentiate service charges for working and non-working households which was rejected by DWP. For those LAs with high service charges the result can be high levels of "effectively irrecoverable" service charge arrears from those households not eligible for HB. Other LAs talked about the inability to raise service charges due to lack of corporate or political support and so make rents/service charges unaffordable for tenants – some officers understood this point of view, but regretted the missed opportunity for investment in the homeless service.

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<sup>8</sup> The Scottish Government Homelessness Grant was a ring-fenced grant provided to local authorities to assist them implementing requirements of legislation enacted as a result of the homelessness task force recommendations.

<sup>9</sup> Drawn from Housing Benefit Changes, Scottish Impact Assessment, January 2011.  
[www.scotland.gov.uk/Resource/Doc/1035/0112571.doc](http://www.scotland.gov.uk/Resource/Doc/1035/0112571.doc)

## **Welfare Reform overview**

The Welfare Reform Act 2012 legislates for the biggest change to the welfare system for over 60 years. Key proposals are:

- A single universal credit (UC) to come into force in 2013 – this will be an integrated working-age credit providing a basic allowance with additional elements for children, disability, housing and caring, replacing all the current equivalent welfare benefits;
- The intention that UC will replicate a wage as far as possible, so more people will handle their own benefit and rent payments, which will be paid 4 weeks in arrears;
- Changes to the disability living allowance;
- Those refusing to work facing a maximum three-year loss of benefits;
- Annual benefit cap of about £26,000 per family; and
- Review of sickness absence levels.

Many of the changes to Housing Benefit (HB) come through the introduction of secondary legislation. Some came into force from 1 April 2011, with others timetabled over the following 2 years. Changes will affect both social and private tenants.

- Capping the maximum Local Housing Allowance (LHA) payable in the private rented sector for each property size and applying a four-bed limit;
- Calculating LHA rates using the 30th percentile of market rents rather than the 50th percentile;
- Linking LHA increases to the consumer prices index (CPI), rather than the higher RPI;
- Increasing the rate of non-dependant deductions;
- A cap on HB for social tenants based on underoccupancy;
- Extending the HB single room rate for shared accommodation to people aged 35 years (from 25);
- Extending direct payments to social rented tenants (paying the housing component of UC to individuals, rather than the current system of automatic payments to landlords).

## **Possible impacts for tenants, landlords and homeless services**

- Reduction of revenues for all housing providers and particularly for temporary accommodation providers.
- Increased risk of non-payment of rent
- Increase of affordability problems in private and RSL rented sectors as a result of reduced LHA rates.
- Reduced availability of non-shared accommodation for under 35s, restricting housing choice.
- Increase in the number of people asked to leave the family home as a result of increasing the rate of non-dependant deductions.
- Increase in affordability problems in social rented sector as a result of underoccupancy rules - shortages of smaller accommodation mean those living in larger accommodation may be penalised.
- In overall terms, demand is likely to increase for homelessness service – both in terms of advice and the need for temporary accommodation.

## **DWP proposals for temporary accommodation**

- DWP proposals have not yet been finalised but initial proposals are summarised below. Discussion with Shelter has made it clear that DWP wants to find a way of making housing subsidy for claimants in temporary accommodation work within the UC regime, and that DWP is concerned about high service charges acting as a barrier to claimants entering employment and potentially bringing them within the overall benefit cap of £350 per week for single claimant households, or £500 for families.
- Currently leased/licensed accommodation (including B&B and RSL accommodation) subsidy system is based on LHA January 2011 rates plus a management cost of £60 per week. LA temporary accommodation has no rates or caps. From 2013 support for claimants in temporary accommodation will be aligned with private rented sector LHA system. Indications are that this proposal includes LA temporary accommodation.
- For leased/licensed accommodation there will be an additional amount towards management costs but this will be paid separately to providers, outwith the claimant's benefit entitlement. One option which has been raised is that for LA temporary accommodation, UC will cover both the rent/service charge and the management charge i.e. the occupant will have to hand over the management charge to the LA.

Another tension in using LA housing stock for temporary accommodation is the impact this has on the supply of permanent move-on accommodation, and therefore increased waiting times for tenants living in temporary accommodation. While there may be a higher subsidy generated through LA temporary accommodation compared to other forms, many consultees confirmed there is a difficult balance to be struck between minimising the use of LA temporary housing which is potentially permanent housing, minimising 'costly' temporary accommodation (and/or maximising subsidy) and ensuring the right quality and location of accommodation.

Some of those consulted were considering further investment in their own LA temporary accommodation but are now delaying this decision until it is clear what revenue resources will be available in future through DWP subsidy.

- Hostel accommodation – Hostels are generally held and accounted for on the HRA, with some LAs accounting for the costs through the GF (with the exception of property loan charges which are accounted for under the HRA). The exception is the stock transfer authorities. The greatest proportion of income is rents and service charges which are covered by DWP subsidy (if the tenant is eligible), Supporting People (see below) and Hostel Grant. Scottish Government Hostel Grant is one of the few remaining ring-fenced grants distributed by Scottish Government. A number of consultees stated they were unclear as to how this was calculated as it varied from year to year with no particular trend. The Scottish Government has confirmed that Hostel Grant is a deficit revenue grant: broadly, an average unit price per hostel space is calculated using data from all LAs, and then grant is allocated using this unit price multiplied by the number of empty hostel spaces per annum for each LA. Scottish Government has also confirmed that this grant will be reviewed in 2012/13.

One LA consulted is in the process of procuring a new LA hostel, and two others plan to develop more hostels and/or core and cluster temporary accommodation (although these are at the early stages of planning). For the 24-room hostel which is currently being procured, the capital funding package comprised a mix of the LA's Strategic Housing Reserve funds, council tax discount funds and capital grant from the General Services Account. No funding external to the LA was achievable. This mix of LA funding has meant that no LA borrowing is required and so will reduce the ongoing revenue costs. Rent will be charged at gross £170 per week which is within current DWP subsidy thresholds; the DWP Welfare Reform proposals have been identified as a risk, but the rent is also within the current proposals for change to the subsidy rules. The provision of this hostel represents the LA's main strategy of moving away from B&B accommodation and will provide a saving on the current costs incurred by B&B to the General Fund.

Front line managers reflected that the impact of the proposed Welfare Reform on temporary accommodation could mean LAs reverting back to "*large, hostel type accommodation*", which they thought is cheaper to run compared to the "*smaller and better quality temporary accommodation we have invested over the last 10 years*". Evidence from this research confirms that hostel weekly rents vary from £160 per week to £400 per week, depending on the size of accommodation and intensity of staff support provided.

- Bed and breakfast – Examples of charges for B&B accommodation were typically £25 to £30 per room per night (£175 to £210 per week), with subsidy rates of between £90 and £100 per week, leaving a balance of £80 to £100 per week per tenant to be paid by the General

Fund. Consultees discussed this as the most expensive form of temporary accommodation “*in both financial and human cost*”. A number of LAs that are using B&B are trying hard to reduce its use, but are struggling to do so due to the volume of demand and lack of sufficient alternatives available.

- Private sector leasing (PSL) – The majority of LAs consulted have some form of PSL where properties are leased from private sector landlords, and then managed directly by the LA for temporary accommodation. HB subsidy can be claimed up to 90% of the LHA rate plus a £60 management charge. There is variety of experiences of PSL from those consulted. Some find this to be an economic option and are expanding the supply of temporary accommodation through this route, whereas others have downsized their PSL stock as they consider it too expensive. In the areas where it is considered costly it is because the subsidy allowance does not cover the rent and service charge costs. The difference between those areas where it works and those where it does not appears to be where market prices are relatively high, and / or the LA has not been able to negotiate gross rental charge to make it economical within the subsidy allowances.
- RSL and other voluntary sector temporary accommodation – Most LAs consulted use RSLs and other voluntary sector temporary accommodation, but it comprises a small proportion of the overall temporary accommodation supply. DWP subsidy can be claimed up to 90% of the LHA rate plus a £60 management charge, and a number of LAs stated that they had found this difficult to achieve in the RSL sector.

### **General Fund**

The LA’s General Fund contribution comprises the next largest proportion of resource for homeless services after rent and service charges. Based on the detailed financial information provided, this varies from 1% to 45% of total expenditure on homelessness services, with an average of 22%. Those that have a higher proportion of LA temporary accommodation and take a full cost recovery approach tend to have a lower proportion of LA contribution compared to those with a more widespread range of types of temporary accommodation, or do not take a full cost recovery approach. Taken together, rents, service charges and General Fund contributions comprise 92% of all funding for homelessness services.

Aside from the model used to finance temporary accommodation and related services, there was a recurring theme from consultees that the General Fund contribution for homelessness has been protected in the context of considerable cuts in expenditure in other LA services. As discussed above there are several examples of growth bids being made and supported to increase homelessness staff resources. Only one LA that we spoke to showed a significant annual drop in General Fund resources (i.e. not caused by a change in the method used to finance temporary accommodation). However, a number of LAs are becoming increasingly concerned regarding ongoing General Fund ‘pressure’ and the future impacts that may result for the homeless service.

### **Supporting People grant**

Since the removal of ring-fencing, Supporting People funding is now allocated as part of the overall Local Government finance settlement from Scottish Government. This research shows that some LAs still distribute and account for it internally as a separate budget, whereas others have subsumed it into the General Fund contribution. For those that account for this separately, it can contribute between 7% and 14% of total homelessness resources.

### ***Other income and recoverable charges***

This relates to a very small proportion of the total funding sources (typically 1%), relating to property related recoverable income e.g. heat and light charges not included in service charges, or repairs recharged to landlords for work the LA has completed in leased properties.

### ***Scottish Government Homelessness Grant***

The Scottish Government Homelessness Grant was a ring-fenced grant provided to local authorities to assist them implementing requirements of legislation enacted as a result of the homelessness task force recommendations. All of those consulted referred to the fact that this grant was no longer provided to their local authority.

### ***Other LA department and Community planning partnership funding***

A number of LAs discussed reduction of other sources of funding such as the Fairer Scotland Fund or grants provided by community planning partners which support external projects. Again, since removal of ring-fencing the Fairer Scotland fund has been rolled up into LAs' general revenue funding and it is generally no longer possible to identify these types of sources separately.

## **4. Risks and challenges**

Consultees were asked to consider what the current and future risks / challenges are in funding homelessness services. This part of the discussions tended to focus on external factors that are outwith LAs' control. However, many areas were also explored which are within the LAs' control – these are discussed later under opportunities and solutions.

All consultees (individual and focus group participants) voiced concern over DWP Welfare Reform. This was mainly in relation to the potential for reductions in subsidy for temporary accommodation, but consultees also spoke about the impact of HB changes on households living in settled accommodation.

As outlined earlier in this report, the DWP 'outline proposals' issued in July 2011 set out how the government may reform the way Housing Benefit customers living in temporary accommodation are treated within Universal Credit (UC), due to be rolled out from October 2013. Some LAs consulted had already calculated the potential financial impact that changes to the funding arrangements for temporary accommodation may have, with estimates ranging from 10% to 25% of temporary accommodation income, and resultant pressure placed on the General Fund. Most LAs had not yet made these calculations, rather opting to wait and see what the final DWP proposals may be. All consultees stated that the reform would mean some adjustment and remodelling to their temporary accommodation and wider homelessness service, although the feeling of the scale of the change required varied – not surprisingly according to whether full cost recovery models were in place or not. Many people talked about reduction of costs and some were very concerned there would a detrimental impact on the quantity and quality of temporary accommodation and standard of homeless services (which many reflected had improved over the last 5 years or so).

Consultees were also very concerned over the impact of Welfare Reform on HB available to households in settled accommodation. In particular LAs talked about the shared accommodation rate being extended to under 35 year olds and under occupancy criteria for

social tenants. People discussed the fact that availability of housing stock does not match the DWP policy – there is a lack of shared and one bedroom accommodation with the result that households will fall into financial difficulty, and so increase demand for homeless services.<sup>10</sup> Many LAs (particularly those in pressured housing markets) doubt that private landlords would respond to the drop in LHA rates, rather choosing alternative client groups and reduce the supply of private rented accommodation for homeless or potentially homeless households. Consultees were also concerned that Universal Credit will result in an increase of rent arrears for temporary and other HRA accommodation, with the impact that this may have on service levels and quality.

After Welfare Reform, the current level of demand for temporary and settled accommodation is most commonly cited as a key challenge. Many LAs stated they are unable to keep up with demand for financial and practical reasons (the inability to source sufficient supply of temporary and settled accommodation). The majority see this demand increasing as a result of abolition priority need, although some see the Housing Options approach as a solution to stemming demand and achieving better housing outcomes (see more discussion below). This view has been confirmed in the Scottish Government’s most recent homelessness publication (February 2012), which suggests that the drop in recent homelessness applications and assessments may be due to successful Housing Options approaches. For the majority of LAs that talked about inadequate supply of settled accommodation, they stated the impact is households living in temporary accommodation for longer periods, with the associated rising costs for the LAs.

The lack of affordable housing was discussed as both a historical fact, but one which has been exacerbated by the economic downturn and cuts in public sector funding. One LA discussed the fact that the downturn of the house building industry means key sites are not coming forward to deliver more supply through its Affordable Housing Policy (AHP). While this LA has capital funding to contribute to help developers and RSLs deliver on the AHP, this is of no use until sites are unlocked and building commences.

Another risk and key challenge for funding homelessness is the increasing costs resulting from the change in client group. This was a recurring theme in individual consultation and in the focus group. LA staff talked about a distinct change in the type of homeless households using temporary accommodation over the last 6 to 7 years to “*distinctly more chaotic households*”. A number of LAs associated this change with their early move to abolition of priority need; others speculated that it was to do with increased eligibility to temporary accommodation to a wider group of households. This change was argued to have a financial impact – in terms of property repairs, furniture and linen replacement costs, increased investment in security measures and more services and support required out of hours. As the discussed above, three LAs are currently procuring, or in the process of planning new hostel provision – one of these stated the hostels would be for clients that do not wish to engage with services but who require some overnight refuge.

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<sup>10</sup> According to the Scottish Government Housing Benefit Impact Assessment (January 2011), it is estimated that over 100,000 tenants in Scotland are in property too large for their family size. An estimated 60 per cent require one one-bedroom accommodation, but only 26 per cent actually have one-bedroom accommodation, and 22 out of 32 Local Authorities in Scotland do not have sufficient supply of one-bedroom homes to meet the demand. This means that for many households affected by a cut to their housing benefit, moving will not be a possibility.



The general financial climate and economic situation was mentioned by all LAs, but opinion differed by strategic/finance managers and front line managers involved in the focus group. The majority of strategic managers were clear that the cuts in expenditure experienced across other LA services had not yet been felt by homeless services (with the exception of one LA). However, there were some examples of specific projects targeted for homeless clients being cut as a result of funding reductions in other departments e.g. an external employment and training project targeted towards homeless clients, a housing education project, and a dedicated housing support service for homeless clients. These strategic managers did say there was generally a drive toward efficiency and expectation that *“more must be delivered for less”*. Managers and staff involved in the focus group felt the efficiency drives had already had a direct impact on homeless services through redundancies, less staff, less resources for housing support for homeless clients, and generally low morale amongst staff - *“it’s like a black cloud hanging over us”*. However when asked what impact this had on the homeless service and clients specifically, the majority believed that so far there had been no reduction in service availability or quality. The vast majority of consultees stated that the only negative impact they could see was the increased time staying in temporary accommodation, although one LA stated that there was less housing support for homeless clients and that this was having an impact on achieving sustainable housing outcomes.

Two LAs mentioned local elections in 2012 as a potential risk to homelessness resources. Most LAs stated that to date the homeless service had benefited from cross-party support from elected members. But there was some anxiety that the knowledge and understanding from current members may be lost through the then impending elections and put homelessness funding under threat.

Several LAs mentioned the prospect of removal of local connection as a threat to the homeless service, in the context of the inability to cope with the increased demand they felt this would cause. These LAs tended to be rural areas, some in or close to pressured housing markets.

## **5. Opportunities and solutions**

The majority of consultees discussed internal strategies required to tackle the threat of Welfare Reform. These strategies focused on homelessness prevention / tackling the level of demand and reducing costs of service delivery.

The majority of consultees saw Housing Options as the key solution. They see this as an opportunity to provide a more successful approach to tackling homelessness and reduce the demand for temporary accommodation. A number of LAs consulted have implemented the Housing Options approach for 18 months or more, one in conjunction with early removal of priority need. They said they have seen immediate positive results – both in terms of people finding better housing outcomes, and reducing the demand on temporary accommodation. A number did acknowledge *“that it is early days”* but are hopeful that this strategy will continue working. Other LAs that are not so far along this route have been investing or restructuring services to implement the Housing Options approach. As discussed above, several General Fund ‘growth’ bids have been made to allow investment in new staff to implement the prevention approach.

Nearly all stated that more settled accommodation would also help - *“we desperately need more permanent lets – we can’t meet demand now and there is no way we’ll be able to once priority need has gone”*. LAs want to see greater supply of smaller one bed and shared accommodation (in the context of Welfare Reform). In the absence of greater supply of settled

social rented accommodation (and pessimism about the prospect of funding for more), the prevention agenda is generally seen as the main solution to meet need by finding housing solution outwith the social housing sector. A number of consultees talked about the expansion of their PSL schemes as a means to meet demand for temporary accommodation, which in some cases are acting as *“longer term ‘temporary’ accommodation because of the lack of move-on options”*- some tenants chose to stay in PSL schemes for over three years. Others talked about the development of flatmate sharing schemes to encourage young people to consider this option in the private rented sector.

Other solutions discussed were around greater efficiency and effectiveness. These included:

- Better joint working between housing and social work – reviewing policies and protocols, again linking to the prevention agenda to ensure households do not fall into homelessness in the first place.
- ‘Spend to save initiatives’ – examples were given of rent arrears crisis funds – to pay off rent arrears under certain circumstances and so prevent private landlords making households homeless; or providing practical help including provision of furniture and beds to enable some people to stay put.
- Remodelling services – many consultees talked about the requirement to remodel their homelessness and temporary accommodation services. Options included *“reverting back to sharing with HRA housing management service and staff”* where they had moved to self-contained service held and accounted for within the General Fund. For two LAs there would be pros and cons to this approach – it may save money, but there may be less control leading to poorer property management performance; e.g. this could result in much longer void turnaround times which would add to the problem of availability of temporary accommodation and waiting times.
- Keeping tight control over costs – this was a general theme running throughout the consultation that LAs are experiencing across services.
- Redesigned and externally tendered support and partnership contracts – Some LAs have saved costs by *“taking a strategic review of all services provided by external bodies, specifying and tendering these properly.”* It was also noted that this approach was accompanied by a more systematic approach to monitoring performance and ensuring the desired outcomes are being delivered by external providers. One LA emphasised that their tendering approach was undertaken in close consultation with external providers to ensure specifications and contracts would achieve the right outcomes.
- Welfare Reform– one example was provided of a corporate Welfare Reform Working Group involving the LA, NHS, RSLs, and a whole range of other partners to put in place a comprehensive action plan to inform and support the community with the changes taking place. The work also included policy and procedural reviews of discretionary housing payments, arrears procedures, housing allocation policies across all housing providers. This initiative was said to be providing some extremely positive results.

The removal of ring-fencing was discussed (and lamented) by many people as reason for change in funding over the past four to five years, but no-one mentioned its reversal as a solution to tackling future challenges in homelessness funding.

Finally, a number of people mentioned continually briefing and working with elected members to increase their understanding of homelessness issues with the aim of safeguarding LA resources for homeless services. Two LAs were making representations to the Scottish Government Minister for Housing and Transport regarding their local homelessness situation.

## 6. Conclusions and recommendations

### 6.1 Conclusions

This report has presented an initial investigation into the trends and sources of funding for homeless services in Scotland. It has indicated that LA expenditure into homelessness services have been increasing, driven mainly by temporary accommodation, but that LAs have also supported and invested in advice, information and prevention services in a period of public sector cuts. The financial pressures are already increasing on General Services Accounts, and the risks presented by Welfare Reform are likely to add to this pressure.

In considering what sustainable funding arrangements might be for LA homeless services, the overall purpose and objectives of a homeless service should first be considered – for homeless households, local government and Scottish/UK central government.

- Homeless and potential homeless households – Households want the service to be responsive and meet immediate needs in terms of advice and/or housing requirements until a long-term housing outcome is achieved. This includes meeting financial needs and so providing something that is affordable for people who are usually on low incomes, some of whom will be in work or wish to be in work.
- For local government – the key objective should be to meet statutory duties by responding effectively to the varying flows of demand from homeless and potentially homeless households. This includes the ability to provide temporary and settled accommodation. Efficiency and value for money considerations for local government are now critical in meeting the needs of homeless households, particularly in the context of cuts in public expenditure and growing pressure on LA General Services Accounts.
- In terms of the ability to respond efficiently and effectively to the demand for temporary and settled accommodation, this has to be seen within the context of the local housing system, and wider economic context. In the UK, even before the current economic downturn, the dynamic between demand and supply of housing has been generally inefficient with long lags between changes in demand and the supply response, with resulting fluctuations in price and shortages in housing. This is exacerbated in the current recession by radical changes in the mortgage markets which means many new households no longer have access to housing for purchase and are increasing demand and prices in the private rented sector – one source of temporary and permanent housing for homeless and potentially homeless households. At the same time, Welfare Reform is putting downward pressure on rents at the lower end of the market; this research and many Housing Needs and Demand Assessments across Scotland point to the evidence of private landlords in high demand areas resisting the change in Local Housing Allowance rates by choosing not to let to those claiming welfare benefits. Finally, alongside these pressures is the reduction in funding for new affordable housing, and stalling of housing development sites due to the change in the housing market. All these issues are likely to remain relevant for the medium terms and so set the context of any recommendations for a sustainable funding regime for homeless services, in particular the supply of temporary accommodation.

- Affordability for the public purse – in the current economic context the objectives for both Scottish and UK governments will be for homeless services and sustainable housing outcomes to be delivered with the lowest call on public resources. Since the Concordat in 2007 funding for homelessness from central government is now provided in three broad ways – through the Local Government finance settlement from Scottish Government<sup>11</sup>, capital resources for new housing provision (the majority of which is provided for permanent housing) from Scottish Government, and revenue support for housing costs for individual households through welfare benefits provided by UK Government. For the purpose of these conclusions, it is assumed that central government (whether UK or Scottish) will continue to support individual households through welfare benefits, whether this is through the existing arrangements or through the proposed Universal Credit.

Generally, how the current system works does not enable these various objectives to be met at the same time. Usually, the systems enable an LA's immediate homelessness objectives to be achieved - to advise and temporarily house a homeless applicant. Either the LA's or DWP's funding objectives will be met by using a subsidy route which minimises one or the other's expenditure requirements (to varying degrees, depending on the type and mix of temporary accommodation used). The need for homeless households to obtain temporary accommodation will usually be met, but offering something affordable will probably be the last consideration due to the system's general presumption that most homeless households are in receipt of welfare benefits. Neither is the system designed around the need to maximise supply of LA permanent accommodation – there is a perverse incentive built into the system for LAs to use their own accommodation for temporary uses: the favourable subsidy arrangements can minimise the LAs' financial contributions, but in many places taking this stock out of the pool of permanent supply will impact on the ability to meet longer term housing needs.

## 6.2 Recommendations

The following recommendations are based on the assumption that achievement of all three objectives listed above are desirable for homeless households, local government and central government in order to find a sustainable funding solution for homeless services going forward:

- 1) **Improving transparency and consistency in accounting for homelessness services** - what are the core elements of the homelessness service and what is their true cost? This report has shown that LAs manage and account for their homelessness service costs in different ways, with varying relationships between temporary and other homelessness services, between housing and homelessness services, and the HRA and General Fund.

If a more secure foundation for funding homeless services is to be established, first costs should be more clear and transparent so they can be justified. Separating temporary accommodation and 'other' homeless service costs should be part of this process, as should be agreeing common definitions of eligible rental and service costs for temporary accommodation.

'Other' homelessness service cost centres should also be categorised to enable benchmarking and monitored of these costs by different elements of the homelessness service, for example by:

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<sup>11</sup> By exception Hostel Grant is still allocated as a ring-fenced grant by Scottish Government.

- Prevention/information and advice
- Homelessness assessment
- Resettlement services
- Support to sustain tenancies
- Central / administration not included in the categories above.

Given the Scottish Housing Best Value Network's wide membership across Scottish LAs, this may provide the best co-ordinating body for this work.

- 2) **Providing temporary accommodation which is affordable** for low-income households is unlikely to be achievable without some form of subsidy whether capital or revenue (or a combination of both). Assuming that personal subsidy for housing costs will remain a policy in the UK, and in the context of reducing capital public resources and shortages of housing, it is concluded that it is more sensible to concentrate capital subsidy for new housing into increasing the supply of permanent housing so that the supply of settled, move-on accommodation is maximised and in turn helps to reduce the time which people stay in temporary accommodation. This leaves personal revenue subsidy to fund temporary accommodation through welfare benefits, supplemented by LA General Fund resources (funded by Scottish Government and Council Tax revenue) as currently occurs.
- 3) **Understanding cost pressures in temporary accommodation** - The level of costs in temporary accommodation are generally high and unaffordable for tenants, especially for those that are in or wish to work. An exercise should be undertaken to help understand where the cost pressures on temporary accommodation are coming from, and to establish benchmark costs associated with the required standards (as determined by the Scottish Housing Regulator, and/or by the CIH/Shelter guidance).

This information should be used in determining service charges for temporary accommodation that are affordable, based on the guidance level of 25% of household income. This information should then be provided to DWP to assist in designing alternative subsidy proposals. There should be scope in any new subsidy arrangement for variation according to local markets (in a similar way to the LHA system) and, the type of accommodation provided.

- 4) The type of temporary accommodation that is procured - LAs should determine temporary accommodation supply by three key considerations:
- a) the need to maximise the supply of settled accommodation (and so help minimise length of stay in temporary accommodation)
  - b) the local housing market, and
  - c) the need to respond to fluctuating demand for temporary accommodation.

This means that LAs need to have flexibility of reducing or increasing its stock of temporary accommodation as circumstances change, and so inevitably have different volumes, types and mixes of temporary accommodation at any one time. As currently, it should therefore

continue to be for each LA to decide upon the appropriate strategies for the right mix of type of temporary accommodation for their own areas, but with these parameters in mind.

- 5) **Universal Credit** - there should be a separation between the rent and management charge with the latter being paid directly to temporary accommodation providers, regardless of ownership.
  
- 6) **Indepth investigation** - This work has acted as a useful scoping project, based on a relatively small sample of LAs that participated in providing financial data. If the aim is to achieve a sustainable, long term funding method for homelessness services in Scotland, then a more indepth investigation is required involving all Scottish local authorities. Given the role of that the Audit Commission has in ensuring that public money is spent properly, it is recommended that Audit Scotland is the most appropriate body to undertake this work. The work may be undertaken in partnership with the Scottish Housing Regulator, but SHR's focus is in relation to service quality and performance, and it has a limited role and therefore leverage in relation to obtaining detailed information on local authority finance and governance.

## Appendix

### Methodology and research limitations

#### *Research limitations*

From the outset of this research, it was acknowledged that this would be a very interesting, albeit challenging project based on a number of key issues. The issues identified at inception have indeed been encountered through the study, summarised as follows:

- The opaque nature of published local authority financial information in relation to homelessness services. Published General Services accounts are high level, and do not provide useful information relating to the detail sought for this study.
- Local authorities will have unpublished detailed breakdowns of income and expenditure relating to homeless services. The way in which local authorities present and break down information varies, and to some extent are based on different housing / homelessness and support service structures. While information has been sought, it has been difficult to obtain the same information, provided to the same level of detail. This has been due to the time involved for officers, competing priorities, availability of the data, concerns over the purpose of the commission. As noted above, Anna Evans thanks those financial officer who took an interest in this research and responded to a number of requests for information.
- Concerns from local authorities over the agenda/purpose of the study. This was anticipated; the approach to local authorities was clear and honest i.e. to understand what is happening in relation to funding homeless services, and to support them in putting the future funding of services on a more stable footing. Prospective participants were assured of anonymity, and that drafts of findings would be issued to them for any comment. These points were reiterated in topic guides issued to participants in advance of telephone interviews and the focus group.

#### *Methodology*

Given the limitations described above, it was agreed that the study focused on a qualitative approach, seeking to establish what the current sources of funding are (not necessarily the amounts involved), exploring historical trends and asking consultees to project forward on the opportunities and challenges for funding homelessness services and temporary accommodation.

While the LA consultees could be asked about actual figures, the sensitivity associated with asking direct questions over financial accounts, the potential time involved in extracting the data, the inability to publish it, and the overall value of it for the purpose of this study led to the conclusion that it was not worthwhile to base main findings on actual financial data. Instead, the research sought to understand overall trends, the split of funding sources and mixes (illustrations are provide in the findings at paragraph 3.3). In practice, some LAs did in fact chose to provide the actual figures, but these are not published in the findings. The broad topics explored through the research were as follows:

- Sources of funding for homelessness services and temporary accommodation;
- Changes over time / trends;

- Views on the opportunities and risks/challenges ahead; examples of good practice;
- Potential solutions to put homelessness services funding on stable footing.

The main element of the research comprised telephone interviews with LA officers - two interviews were sought in each LA – one with the person responsible for the strategic management of homelessness services, and another with a relevant finance officer. The Scottish Housing Best Value Network (SHBVN) assisted in the recruitment of participants through the distribution of an advance email to key contacts in 26 LAs (SHBVN do not have all 32 LAs as members). The researcher followed this up by email and telephone calls to secure participation. Prospective interviewees were sent a topic guide which set out the aim of the research and topics to be covered. A total of 11 LA responses were achieved (one third of Scottish LAs), involving 14 telephone interviews and several email responses providing financial data. In six out of the 11 LAs only one interview took place as the strategic manager was able to discuss all the issues – they had a good knowledge of financial and strategic management and some provided the relevant financial information through the discussion (although to different levels of detail). For the other five LAs, two interviews were achieved or financial data was provided by email separately.

To complement the interviews with strategic and financial officers, a group discussion also took place with homelessness managers and officers involved more in direct service delivery. This event was hosted through SHBVN at one of its regular network meetings. The participants were all provided with topic guides in advance of the meeting, and the independent researcher facilitated the discussion. A total of 13 LAs were represented in the focus group meeting.

Combining the indepth interviews and the focus group, evidence was provided by a total of 18 Scottish LAs. The types of LAs involved included a range of size of population and geographical type including large cities, urban, rural and remote areas. A good spread of LAs was also achieved in the smaller sample for the 11 indepth interviews – these included two stock transfer LAs, and in terms of geography – three cities (one large), two urban areas, three urban/rural and three rural/remote.

Audit Scotland was contacted as another potential source of financial data. However, it stated that statutory homelessness functions is a General Fund housing cost and that there is unlikely to be any detail in the published financial statements. This has been confirmed to be the case by the researchers' review of a sample of General Services published accounts.