

Funding Homelessness Services in Scotland

Shelter Scotland Policy Response

August 2016

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INTRODUCTION

Shelter Scotland welcomes Anna Evans Housing Consultancy commissioned research on the funding of homelessness services in Scotland. The research explores the income and expenditure of local authority homelessness teams through in-depth, qualitative interviews with 15 (47%) Scottish local authorities. Following a period of significant change in the delivery of homelessness services within the context of fiscal constraint for local authority budgets, the research provides a timely comparison to a similar study carried out in 2012. This paper highlights key points from this research and suggests how stakeholders might respond to its findings.

Key points summary:

- Political and senior management support for homelessness services over the past five years has resulted in cuts to budgets being relatively small compared to some other local authority services for the authorities interviewed.
- Since the last research into this issue in 2012 there has been a considerable shift, from an overall theme of protection of homelessness budgets and investment, to a strong drive for efficiencies and lean service delivery.
- Changes to the funding of temporary accommodation present a major challenge, including in terms of maintaining accommodation standards and the impact on funding for core services. A new model of funding should be pursued by the Scottish Government and COSLA that recognises and supports the full costs of delivering temporary accommodation and homelessness services.
- The percentage distance of temporary accommodation charges from the LHA ranged from 63% below to 282% above the LHA rate. Local authorities will need to review rents in response to the funding changes.
- With increased cuts on the horizon, the specialised, person-centred services and prevention activity developed in line with the housing options approach could be at risk.
- Shelter Scotland wants to see local authority budget holders deliver a renewed focus on investment in the prevention of homelessness. The Scottish Government should consider stimulating a wider range of funding methods and innovative funding streams to mitigate against the potential regression of services away from improvements made in the past five years.

Maintained finance but shifted tone

The research found that the local authority homelessness teams surveyed have not suffered major cuts to their operational budgets over the past five years. Most consultees provided evidence of no budgetary change or reductions of between 2% and 10% over the past five years. Local authorities have

proportionately maintained their investment in homelessness services compared to other council departments such as substance misuse and social work. It is encouraging to see evidence of the ongoing strategic recognition of the importance of homelessness services, with interviewees citing political and senior management support for the services as crucial factors in the protection of budgets. With local authority elections approaching in 2017 it will be crucial for homelessness departments to ensure relationships are built with any new office holders, including being fully briefed on the positive impacts of preventative spend on homelessness.

Since the last research into this issue in 2012 there has been a considerable shift from an overall theme of protection of homelessness budgets and investment, to a strong drive for efficiencies and lean service delivery. The shift over the same period to greater embedding of the preventative housing options approach and a sustained or increased demand on services has required services to respond creatively. Interviewees talked about significant staffing restructures, greater service integration, smarter IT systems and temporary accommodation stock redesign as all being positive responses to static budgets. However, restructures with efficiencies in some areas being required to achieve investment in other areas were not always viewed as progressive. Challenges to both temporary accommodation and homelessness services funding suggests that even greater efficiencies and slimmed-down delivery will be necessary in coming years if no further action is taken to protect the future funding of services.

Future challenges - Temporary accommodation

Substantial changes to the rules and structures for funding of temporary accommodation are underway, with further alterations on the horizon such as the proposed capping of social rents to Local Housing Allowance (LHA) levels. Interviewees for this research confirmed that the changes present a major challenge to the delivery of temporary accommodation. This is the most concerning issue facing homelessness departments in Scotland at the moment, both in areas where temporary accommodation stock is pressured and where demand has equalised. Local authorities were found to already be undertaking a variety of measures in response to the changes including addressing mismatches between supply and demand profiles for temporary accommodation. However, the research findings show that further extensive changes will have to be made in most areas to the supply and profile of temporary accommodation stock and the rent profiles in order for temporary accommodation to be viable within the new funding regime.

Temporary accommodation charges

The research revealed that there was a large range of average temporary accommodation charges from those local authorities engaged with.

The percentage distance of temporary accommodation charges from the LHA ranged from 63% below to 282% above the LHA rate. This wide variation in charges suggests an uneven situation in which access to a statutory service varies depending on where people have presented as homeless, and whether or not they are in work or have access to benefits. Shelter Scotland has long had concerns about the prohibitively high

costs of some temporary accommodation, in particular for working households. Our frontline services often help people that have been told they would have to give up their job if they want to access temporary accommodation. Local authorities should consider addressing this problem as part of the rent reviews that will be necessary in response to the funding changes.

Evidence from the research showed that excessive temporary accommodation charges are often used to fund core homelessness services beyond temporary accommodation provision. This has always been a questionable practice that relies on Westminster driven funds to support Scottish housing legislation. New funding rules restricting rents will make this impossible as a funding model going forward. A new model of funding should be pursued by the Scottish Government and COSLA that recognises and supports the full costs of delivering temporary accommodation and homelessness services in line with national policy priorities, and does not rely on DWP payments.

Temporary accommodation standards

The previous 2012 report showed increasing expenditure on improving standards of temporary accommodation. However, the current research contained no evidence that spend has increased due to any further improvement of standards over the last five years. Furthermore, there was some concern from consultees regarding the possibility of standards in temporary accommodation falling due to ongoing budget pressures in future. This is a serious risk as temporary accommodation should be of a good standard, which provides a stable platform for people to move away from the crisis of homelessness. Dropping standards in temporary accommodation would have negative impacts on Scotland's health and wellbeing and could result in higher levels of disengagement by vulnerable people from the services that are there to help them. To prevent this happening Shelter Scotland would strongly recommend that the Scottish Government develop guidance on minimum standards for all temporary accommodation.

Future challenges - Homelessness advice, assistance and assessment

For the last three years annual budget reductions of between 2% and 10% for general homelessness services were cited. However, for 2015/16 and 2016/17 consultees discussed increased budget reductions of between 11% and 27%. The extent to which local authority teams can continue to make savings and re-arrange services can only last for so long. Ring-fenced funds are no longer in place to protect homelessness services, leaving departments vulnerable to future cuts being increasingly harsh and damaging frontline delivery.

The research found that there was a growing trend for services to be funded by the local authorities' General Fund rather than Housing Revenue Account (HRA): a continuation of a pattern noted in the 2012 research. This shift is welcome in that the General Fund can offer a high level of transparency and reduces financial risk to the HRA. However, there are higher and growing levels of competition for the ever-reducing General Fund, with other local authority services also relying on funding from this pot. Coupled with the removal of subsidy from temporary accommodation income for core services in some local authorities, there is concern

about ongoing funding for these vital services. Statutory homelessness functions will, of course, be protected and continue, but the specialised, person-centred services and prevention activity developed over the past five years could be at risk.

The number of households approaching local authorities with a homelessness need has remained relatively consistent for the past five years and the reduction in homelessness applications taken, has now plateaued in many local authorities¹. Several consultees predicted increasing application figures following the recent publication of the housing options guidance. This has resource and staffing implications. With this in mind, it becomes increasingly important that funding for prevention and assessment services is not reduced. Local authority teams will continue to make the financial case for investment in their services to budget holders and being able to do so in an informed and accurate way is increasingly important.

New Funding

The research highlights the great lengths that local authority homelessness teams across Scotland have gone to, to deliver housing options and homelessness services in a financial context focussed on efficiency savings and lean delivery. Consultees envisioned continuing to restructure teams and redesign temporary accommodation stock over the coming years. However, the identified threats of budget reductions accelerating and changes to temporary accommodation funding pose a significant threat that is unlikely to be met by solely doing more of the same. Shelter Scotland wants to see local authority budget holders deliver a renewed focus on investment in the prevention of homelessness. The Scottish Government should consider stimulating a wider range of funding methods and innovative funding streams to mitigate against the potential regression of services away from improvements made in the past five years.

¹

http://scotland.shelter.org.uk/professional_resources/policy_library/policy_library_folder/statistical_analysis_report_homelessness_and_prevention_through_housing_options_in_2015_-_what_does_the_data_show

Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. And we campaign to make sure that, one day, no one will have to turn to us for help.

We're here so no one has to fight bad housing or homelessness on their own.

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Shelter Scotland
Scotiabank House
6 South Charlotte Street
Edinburgh EH2 4AW

shelterscotland.org