

## Executive Summary

### Introduction

1. In April 2005, the Scottish Executive developed a pro forma to collect information from local authorities. The purpose of the pro forma is to assist the Scottish Executive in its assessment of the impact of abolition of the priority need test under Section 2 of the Homelessness etc. (Scotland) Act 2003, and to inform the Ministerial statement due in December 2005.
2. The pro forma collects information covering a range of projections to 2012, including the number of households assessed as homeless and potentially homeless, the proportion assessed as priority need, the proportion to be housed with a Scottish Secure Tenancy (SST), the need for housing support, social rented sector stock change and supply.
3. The pro forma seeks to answer following key question:
  - What proportion of all social rented sector lets, excluding transfers, will be required by homeless households in 2011/12, following the abolition of the priority need test under Section 2 of the Homelessness etc. (Scotland) Act 2003?

### Assumptions and Caveats

4. In addressing this question, a number of assumptions have been built into the pro forma.
  - The number of households assessed as homeless or potentially homeless each year balances the number of cases which are closed. Under this assumption, we would expect the number of 'live cases' in the homelessness system to remain the same.
  - The flow of households who do not secure an SST is assumed to be proportional to the flow of households assessed as homeless (or potentially homeless). In reality, this proportion may depend more on the time households spend in the homelessness system, rather than the flow of households coming into the system. We would expect the number of lost contacts to rise as households spend longer in the homelessness system.
  - The proportion of lets which both RSLs and local authority allocate to homeless households is the same.
5. We have attempted to validate the quality of the data provided on the pro forma. This is difficult as centrally held datasets and may contain errors. We were therefore only able to identify differences between the pro forma information and the other data sources. Nor did we feel justified in amending 'errors' identified on the pro forma, as it was not clear which data set (if either) contained the correct information. For example, the stock assumptions of seven local authorities differ from their SHQS Standard Delivery Plan submissions.<sup>1</sup>
6. The pro forma methodology used 2003/4 data as its starting point. However, some authorities have experienced sizeable increases in the level of homelessness since then,

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<sup>1</sup> However, where data were extreme, we did contact the authority concerned to check whether the information was correct. Where errors were identified at this stage, they were amended.

making the 2003/4-based projections seem unrealistic. Around seven local authorities have therefore boosted the Scottish Executive projections for the future number of homeless households, resulting in much higher projections of homelessness.

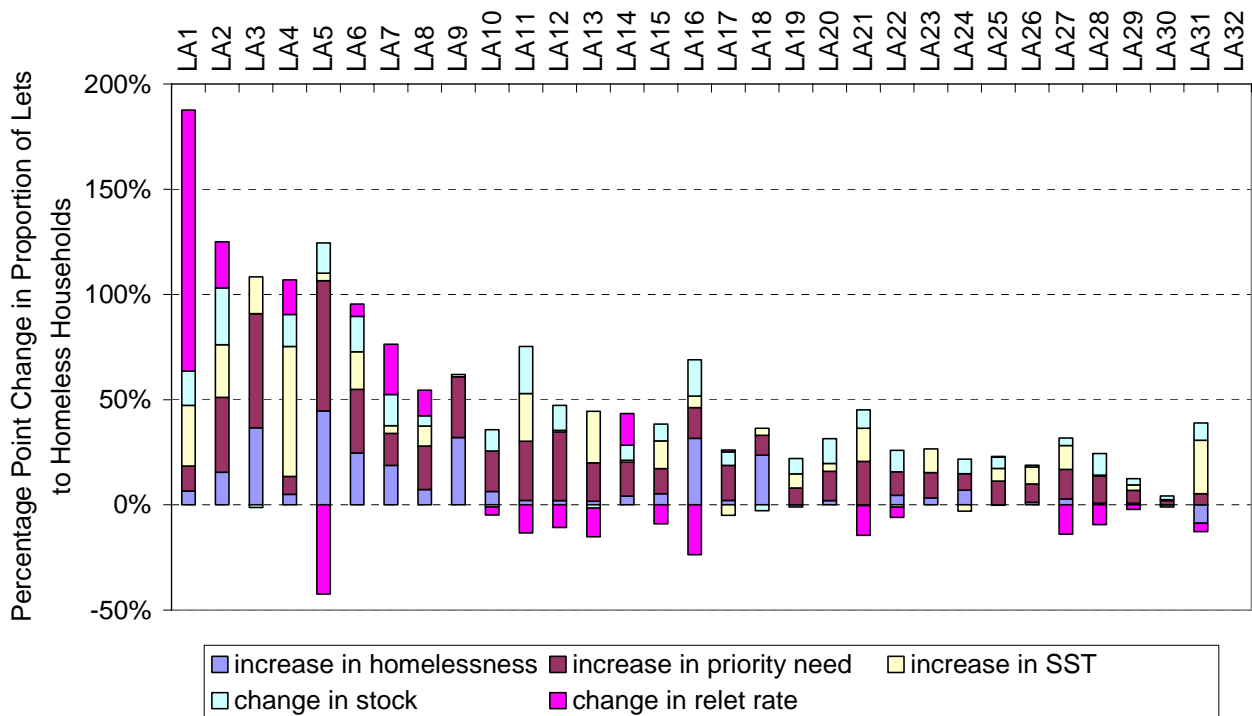
7. The pro forma itself contained some errors which may have caused confusion when local authorities were completing it. For example the pro forma referred to 'homeless applicants' when it meant 'applicants assessed as homeless or potentially homeless'.

### Key findings

8. Bearing in mind the above pro forma assumptions and caveats, the following key findings emerge from the analysis.
9. The majority of authorities have assumed an increase of between 0 and 25% in homelessness over the period to 2012. Seven authorities have assumed increases well in excess of 50%, with one local authority assuming homelessness will increase by 225%.
10. Eight local authorities assumed an increase in the supply of lets, with the majority (23) assuming the supply of lets will decline by between 0 and 40%.
11. As a consequence of the reduction in the size of the social rented sector and an increase in the number of lets to homeless households, the analysis shows that the proportion of social rented sector lets to homeless households will more than **double** by 2012.
12. The proportion of lets that local authorities expect to allocate to homeless households by 2012 varies considerably.
13. The median proportion of lets to homeless household was around 24% of all social lets available in 2003/4. The pro forma suggest that this will rise to 63% by 2011/12. The level of increase experienced by any local authority area depends on the balance between the following factors:
  - the anticipated increase in homeless;
  - whether a relatively low proportion of homeless households are currently assessed in priority need;
  - whether the council expects to increase the **proportion** of homeless households allocated/referred to an SST;
  - changes in the overall size of the stock, and;
  - how changes to the relet rate impact upon turnover and the supply of new tenancies available.

14. Figure 1 shows the percentage point increase in the proportion of lets to homeless households between 2003/4 and 2011/12. This increase is broken down by the components which contribute to this increase. For example, LA1 is anticipating the largest percentage point increase in the proportion of lets to homeless households – an increase of nearly 200 percentage points. The majority of this increase is due to a change in the relet rate causing a marked decrease in the number of lets available. LA4 is anticipating an increase of over 100 percentage points, with much of this increase due to a greater proportion of homeless households securing SSTs.

**Figure 1: Components Driving Change in the Proportion of Lets to Homeless Households**



15. If their projections are correct, the pro forma suggest seven local authorities will not have sufficient lets available to discharge their duties – even if it were possible for all local authority and RSL lets to go to homeless households. A further fifteen local authorities anticipate over half of all lets will be needed by homeless households.
16. Even without the abolition of the test, the impact of the other factors above would still lead to large increases in the proportion of lets to homeless households. In nineteen local authority areas, the impact of the abolition of the priority need test is **less** than the combined impact of the other factors.

**Risks and Uncertainties**

17. The pro forma provide a starting point to assess the impact of the 2003 Act. Local Authorities need to continue monitoring trends in homelessness assessments, the proportion of applicants securing SSTs, the size of the social stock and turnover rates in order to update their projections.

18. There are a number of risks to achieving the level of lets required by homeless households as suggested by the pro forma. These include:
- RSLs have historically only allocated a small proportion of their tenancies to statutory homeless households. The proportion of homeless households which the pro forma assumes will be housed may be unachievable. Consequently, either the onus would fall on local authorities to house a much greater number of homeless households, resulting in a much higher proportion of local authority lets to homeless households than seen on the pro forma, or the authority would fail to achieve the level of lets indicated on the pro forma.
  - Local authorities who are **unable** to secure the level of lets identified in their pro forma, are likely to see a marked rise in the number of households in temporary accommodation, households spending longer in temporary accommodation and a subsequent large increase in their temporary accommodation budgets.
  - The pro forma does not take into account the location and type and size of dwellings required by homeless households. Indeed, the information required for such an analysis may not be available at a sub-local authority level. With a reduced supply of new lets available each year, it may become increasingly harder to match homeless households with properties of the right type, size and location. This is also likely to lead to more households having to wait longer in temporary accommodation.
19. These risks are very much based on RSLs and local authorities having to house all homeless households in their own stock. Although the private rented sector can be a useful source of temporary accommodation, for example through Private sector leasing schemes, the potential role of the private rented sector in providing permanent accommodation to homeless households may be limited for a number of reasons:
- In some local authorities the Private Rented sector is very small. Consequently there may be an insufficient supply of private rented sector rented properties locally to meet the needs of a large number of homeless households.
  - Only an Assured Tenancy in the private rented sector discharges a local authority's duty to provide permanent accommodation. These tenancies are rare with Short Assured Tenancies common place in the sector. The provision of a Short Assured tenancy would not discharge a Council's statutory duty.
  - Access to the Private Rented Sector may be difficult for those on Housing Benefit (HB) as landlords may be unwilling to take tenants on benefits, possibly due to the potentially slow administration of HB claims in some areas.
  - Anti-social behaviour legislation places a duty on landlords to take action against any antisocial behaviour committed by their tenants or risk sanctions themselves. Landlords may be unwilling to house people who they perceive may be more likely to commit acts of anti-social behaviour.
  - Rents in the private rented sector may be unaffordable, even for those of Housing Benefit. For example, the single room rent limits the amount of Housing Benefit under 25s are able to receive. For others, their HB payments may be limited by the local reference rent.