

# The homelessness monitor: Wales 2012

Executive Summary

**Suzanne Fitzpatrick, Hal Pawson, Glen Bramley and Steve Wilcox with  
Beth Watts,**

Institute for Housing, Urban and Real Estate Research, Heriot-Watt University  
and Centre for Housing Policy, University of York

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## **The homelessness monitor 2011-2015**

The homelessness monitor is a four year study that will provide an independent analysis of the impact on homelessness of recent economic and policy developments in Wales. The key areas of interest include the homelessness effects of the post-2007 economic recession and the housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare reforms and cutbacks in public expenditure being pursued by the UK Coalition Government elected in 2010, and the housing, homelessness and other relevant policies being implemented by the Welsh Government.

The homelessness monitor Wales is a four-year longitudinal study, and this first year report provides a 'baseline' account of how homelessness stands in Wales in 2012. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments that may have the most significant impacts on homelessness.

While 2012 is the first year of The homelessness monitor in Wales, and also in Scotland, the first homelessness monitor for England was published in 2011. From 2013 there will also be a homelessness monitor for Northern Ireland.

## Executive Summary

### Key points

- The first ever Housing Bill for Wales, expected in Autumn 2013, is likely to introduce radical reforms to the statutory homelessness framework, providing statutory backing for a more prevention-focused approach.
- The proposed new homelessness 'prevention and alleviation' duties appear to command general support in Wales, but there is intense debate on specific elements, particularly the proposals to retain priority need and local connection tests while reasonable steps are taken to alleviate homelessness, and the proposed duty for local authorities to provide interim accommodation if households have 'nowhere safe to stay'.
- After a sharp decline between 2004/05 and 2009/10, associated with the widespread adoption of more pro-active preventative approaches by Welsh local authorities, statutory homelessness applications and acceptances have subsequently trended upwards in Wales, but more modestly and less consistently than seen in England. Applications in 2012 were up by 3% on the previous year and stood 19% higher than in 2009/10. Conversely, acceptances actually fell back by 8% in 2012, although remaining 8% higher than in 2009/10.
- Forms of 'hidden' homelessness – including concealed, overcrowded and sharing households – demonstrate a more mixed trend in Wales than the generally upward pressure evident in England. The number of concealed households is fairly static in Wales, with estimates of 119,000 concealed single person households in 2012, as well as 10,000 concealed couples and lone parents. After a long-term decline, there has been an increase in the number of sharing households in Wales in the last two years. The decline, and then subsequent rise, of this indicator has tracked trends in the UK but at a slightly lower level. In 2012 there were about 16,000 households sharing in Wales. Overcrowding affected around 26,000 households in Wales in 2010.
- While still less acute than that in England, pressure on affordable rented housing is continuing to intensify in Wales. Post-devolution housing expenditure in Wales has consistently formed a lower proportion of government expenditure than elsewhere in the UK, and the Welsh Government's target of some 7,500 new 'affordable' homes over the next three years may be challenging to achieve in the current financial climate.
- In combination with the prolonged economic downturn, and in common with other parts of the UK, welfare reform seems certain to drive homelessness up in Wales over the next few years. Greatest concern focuses on the new 'under-occupation penalty' (or 'bedroom tax') within Housing Benefit for working age social tenants, estimated to impact on as many as 44,000 social tenants in Wales. There is also widespread anxiety about the extension of the Shared Accommodation Rate of Local Housing Allowance to 25-34 year olds living in the private rented sector, and about a host of practical issues associated with the introduction of the Universal Credit regime, as well as the lowered values of the benefits to be provided for lone parents and larger families.
- Overall, the data available on homelessness in Wales is substantially more limited than that available in England and Scotland, particularly with respect to rough sleeping.

- Responses to homelessness are also more patchy and inconsistent in Wales than in England and Scotland, albeit that there has been significant investment in homelessness services in some local areas, particularly Cardiff.

## Introduction and methods

The aim of this four-year study is to provide an independent analysis of the impact on homelessness of recent economic and policy developments in Wales. Key areas of interest include the homelessness effects of the post-2007 economic recession and the housing market downturn. The other main thrust of inquiry is the likely impacts of the welfare reforms and cutbacks in public expenditure being pursued by the UK Coalition Government elected in 2010, and the housing, homelessness and other relevant policies being implemented by the Welsh Government.

The homeless groups taken into account in this study include:

- People sleeping rough.
- Single homeless people living in hostels, shelters and temporary supported accommodation.
- Statutorily homeless households – that is, households who seek housing assistance from local authorities on grounds of their being currently or imminently without accommodation.
- ‘Hidden homeless’ households – that is, people who are, arguably, homeless but whose situation is not ‘visible’ either on

the streets or in official statistics. Classic examples would include households subject to severe overcrowding, squatters, people ‘sofa-surfing’ around friends’ or relatives’ houses, those involuntarily sharing with other households on a long-term basis, and people sleeping rough in hidden locations. By its very nature, it is difficult to assess the scale and trends in hidden homelessness, but some particular elements of the hidden homeless population are amenable to statistical analysis and it is these elements that are focused upon in this report. These include overcrowded households, as well as ‘concealed’ households and ‘sharing’ households.

The Homelessness Monitor Wales is a four-year longitudinal study, and this first year report provides a ‘baseline’ account of how homelessness stands in Wales in 2012 (or as close to 2012 as data availability at the time of analysis allows), and analyses key trends in the period running up to 2012. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments that may have the most significant impacts on homelessness.

While 2012 is the first year of the Homelessness Monitor in Wales, and also in Scotland,<sup>1</sup> the first Homelessness Monitor for England was published in 2011,<sup>2</sup> with the English 2012 update now available.<sup>3</sup> From 2013, there will also be a Homelessness Monitor for Northern Ireland. With future editions published annually, this series will track developments until 2015.

Three main methods are being employed in each year of this longitudinal study:

1 Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: Scotland 2012*. London: Crisis. [http://www.crisis.org.uk/data/files/publications/HomelessnessMonitor\\_Scotland\\_2012\\_complete.pdf](http://www.crisis.org.uk/data/files/publications/HomelessnessMonitor_Scotland_2012_complete.pdf)

2 Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2011) *The Homelessness Monitor: Tracking the Impacts of Policy and Economic Change in England 2011-2013. Year 1: Establishing the Baseline*. London: Crisis. <http://www.crisis.org.uk/data/files/publications/TheHomelessnessMonitor.pdf>

3 Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis. [http://www.crisis.org.uk/data/files/publications/HomelessnessMonitor\\_England\\_2012\\_WEB.pdf](http://www.crisis.org.uk/data/files/publications/HomelessnessMonitor_England_2012_WEB.pdf)

- Relevant literature, legal and policy documents are being reviewed.
- Annual interviews are being undertaken with a sample of key informants from local authorities and single and youth homelessness services across Wales (10 key informants participated in 2012).
- Detailed statistical analysis is being undertaken on a) relevant economic and social trends in Wales, particularly post-2007; and b) the scale, nature and trends in homelessness amongst the four subgroups noted above.

### Homelessness causation

The project is underpinned by a conceptual framework on the causation of homelessness that was used to inform our interpretation of the likely impacts of economic and policy change.

Theoretical, historical and international perspectives indicate that the causation of homelessness is complex, with no single ‘trigger’ that is either ‘necessary’ or ‘sufficient’ for it to occur.<sup>4</sup> Individual, interpersonal and structural factors all play a role – and interact with each other – and the balance of causes differs over time, across countries, and between demographic groups.

With respect to the main structural factors, housing market trends and policies appear to have the most direct impact on levels of homelessness in the UK and other European countries, with the influence of labour market change more likely to be a lagged and diffuse, strongly mediated by welfare arrangements and other contextual factors.<sup>5</sup>

The individual vulnerabilities, support needs and ‘risk taking’ behaviours implicated in some people’s homelessness are themselves rooted in the pressures associated with poverty, long-term unemployment, and other forms of structural disadvantage.<sup>6</sup> At the same time, the ‘anchor’ social relationships which can act as a primary buffer to homelessness, can be put under considerable strain by stressful economic circumstances.<sup>7</sup> Thus, deteriorating structural conditions in Wales could also be expected to generate more ‘individual’ and ‘interpersonal’ vulnerabilities to homelessness over time.

This conceptual framework led us to consider how the changing economic and policy context in Wales may affect the complex structural factors that can drive homelessness, including via impacts at the more individual and interpersonal level. Our key conclusions lie in the following areas:

- The impact, since 1999, of evolving post-devolution housing and homelessness policies in Wales.
- The implications of the post-2007 economic and housing market recessions for homelessness in Wales.
- The implications of the post-2010 UK Coalition Government policies for homelessness in Wales, particularly with respect to its welfare reforms and the cuts being implemented in public expenditure.
- Emerging trends on homelessness in Wales.

<sup>4</sup> Fitzpatrick, S. (2005) ‘Explaining homelessness: a critical realist perspective’, *Housing, Theory & Society*, 22 (1):1-17.

<sup>5</sup> Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. & Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission. [http://www.sbe.hw.ac.uk/documents/Fitzpatrick\\_et\\_al\\_2010\\_Study\\_on\\_Housing\\_Exclusion\\_Welfare\\_policies\\_Labour\\_Market\\_and\\_Housing\\_Provision.pdf](http://www.sbe.hw.ac.uk/documents/Fitzpatrick_et_al_2010_Study_on_Housing_Exclusion_Welfare_policies_Labour_Market_and_Housing_Provision.pdf)

<sup>6</sup> McNaughton, C. (2008) *Transitions through Homelessness: Lives on the Edge*. Basingstoke: Palgrave Macmillan.

<sup>7</sup> Lemos, G. & Durkacz, S. (2002) *Dreams Deferred: The Families and Friends of Homeless and Vulnerable People*. London: Lemos & Crane; Taberner, K. (2010) *Beyond Homelessness: Developing Positive Social Networks*. Edinburgh: Rock Trust. <http://www.therocktrust.co.uk/wp-content/uploads/2012/08/REPORT-FINAL4.pdf>

## The impact of post-1999 housing and homelessness policies in Wales

It has been argued that housing can be considered, to some extent, ‘the saving grace’ in the British welfare state, as the UK does better by low income households on a range of housing indicators than it does on most poverty league tables.<sup>8</sup> Housing appears to be a comparative asset, which tends to moderate the impact of poverty on low-income households. In other words, poorer households in the UK rely on housing interventions to protect them to a greater degree than is the case in many other countries.

Three key housing policy instruments appear to contribute to these relatively good housing outcomes for low income households across the UK: Housing Benefit, which pays up to 100% of eligible rent for low-income households; a substantial social housing sector, with allocations based overwhelmingly on need, which acts as a relatively broad, and stable, ‘safety net’ for a large proportion of low income households; and the statutory homelessness system, which protects some categories of those in the most acute housing need.<sup>9</sup>

While the Housing Benefit system is shared across the UK and is undergoing significant change as part of the welfare reform agenda (see below), both social housing and homelessness policies are devolved functions. The 1999 devolution settlement gave limited legislative powers to Wales,<sup>10</sup>

and it was only recently that it has effectively been devolved the powers to amend primary legislation across a wide range of policy areas, including most aspects of housing policy. Following on from the Essex Review,<sup>11</sup> and with enhanced devolutionary powers, the profile of housing policy in Wales has recently increased. Last year saw the publication of *Homes for Wales: A White Paper for Better Lives and Communities* in May,<sup>12</sup> and the first ever Welsh Housing Bill is expected to be introduced into the National Assembly for Wales in Autumn 2013.

This Welsh Housing Bill seems set to introduce radical reforms to the statutory homelessness framework, with the aim of ushering in a more prevention-focused approach. This follows from a Welsh Government-commissioned review of the homelessness legislation, which proposed a ‘Housing Solutions’ model of change that would see the primary focus of local authority duties switch to preventative interventions which would *precede* the assessment of entitlements under the existing statutory homelessness system.<sup>13</sup>

As it stands,<sup>14</sup> the new approach will place a duty on local authorities “to take all reasonable steps to prevent or alleviate homelessness the result of which is the reasonable prospect of the applicant being accommodated for a minimum period of six months.” Where the household is ‘threatened with homelessness’, no account would be taken of priority need, intentionality or local connection at this prevention stage. Where

8 Bradshaw, J., Chzhen, Y. & Stephens, M. (2008) ‘Housing: the saving grace in the British welfare state?’, in Fitzpatrick, S. & Stephens, M. (eds.) *The Future of Social Housing*. London: Shelter.

9 Fitzpatrick, S. & Stephens, M. (eds.) (2008) *The Future of Social Housing*. London: Shelter.

10 Though secondary legislation could be amended by the Welsh Government, and this was relevant to many aspects of homelessness, e.g. priority need groups.

11 Essex, S., Smith, R. & Williams, P. (2008) *Affordable Housing Task and Finish Group: Report to the Deputy Minister for Housing*. Cardiff: Welsh Assembly Government.

12 Welsh Government (2012) *Homes for Wales. A White Paper for Better Lives and Communities*. Cardiff: Welsh Government. <http://wales.gov.uk/docs/desh/consultation/120521whitepaperen.pdf>

13 Mackie, P., Fitzpatrick, S., Stirling, T., Johnsen, S. & Hoffman, S. (2012) *Options for an Improved Homelessness Legislative Framework in Wales*. Cardiff: Welsh Government. <http://wales.gov.uk/docs/desh/publications/120131improvehomelessframeen.pdf>

14 This summary of legislative proposals reflects our understanding of the current position, which incorporates a number of significant changes since the Housing White Paper was published in May 2012, and details are subject to change through the drafting process until the introduction of the Bill in the Autumn.

households are 'homeless' at the point of presentation, however, and the local authority therefore has a duty to take reasonable steps to alleviate homelessness, priority need and local connection tests will be applied, with only those in priority need eligible for interim accommodation if they have 'nowhere safe to stay'. Local authorities would be able to discharge both their prevention and alleviation duties by a) enabling the individual to remain in their existing accommodation or move to suitable alternative accommodation, or b) accepting a statutory homelessness application.

The strengthened homelessness prevention duties appear to command general support in Wales, but there is intense debate on specific elements, particularly the proposals to retain priority need and local connection tests whilst reasonable steps are taken to alleviate homelessness, and the proposed duty for local authorities to provide interim accommodation if households have 'nowhere safe to stay'. The White Paper additionally proposed the removal of the 'intentionality' test for families with children by 2019; this proposal has brought criticism from local authorities and housing associations, but strong support from children's charities and other voluntary organisations.

Another current area of concern for homelessness service providers in Wales is the distribution of Supporting People monies. While, unlike in Scotland and England,<sup>15</sup> these funds remain ring-fenced at the local level in Wales, the previously separate Supporting People Grant (local authority-

controlled) and Supporting People Revenue Grant (Welsh Government controlled) have now been merged into a single unified Supporting People Programme Grant, which is distributed via local authorities.<sup>16</sup> At the same time, there has been a redistribution of Supporting People funds between Welsh local authorities (as well as a general reduction in the Supporting People budget as elsewhere in the UK).<sup>17</sup> Homelessness organisations expressed concerns that, though the Supporting People Programme Grant would still be ring-fenced once transferred to local authorities, funds may nevertheless be directed away from 'unpopular' groups, including single homeless people. In response, the Welsh Government has set up six 'Regional Collaborative Committees'<sup>18</sup> – including representatives from local authorities, health, probation services, Supporting People service providers, social landlords and service users – to which local authorities must report in terms of their Supporting People distribution. The Regional Collaborative Committees have an advisory and coordination role,<sup>19</sup> and are reporting to a new Supporting People National Advisory Board, chaired by the Minister.<sup>20</sup>

Overall, there appears to be a much patchier and uneven set of responses to homelessness in Wales than is the case in England and Scotland. There has been no equivalent to the English and Scottish Rough Sleepers Initiatives at national level in Wales, for example, and no nationally-funded programme to improve hostel and day centre provision (like the 'Hostels Capital

15 Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis. [http://www.crisis.org.uk/data/files/publications/HomelessnessMonitor\\_England\\_2012\\_WEB.pdf](http://www.crisis.org.uk/data/files/publications/HomelessnessMonitor_England_2012_WEB.pdf); Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor Scotland 2012*. London: Crisis. [http://www.crisis.org.uk/data/files/publications/HomelessnessMonitor\\_Scotland\\_2012\\_complete.pdf](http://www.crisis.org.uk/data/files/publications/HomelessnessMonitor_Scotland_2012_complete.pdf)

16 Welsh Government (2012) *Supporting People Programme Grant (SPPG) Guidance (Wales)*. Cardiff: Welsh Government. <http://new.wales.gov.uk/topics/housingandcommunity/housing/supportingpeople/publications/sppgguide/?lang=en>

17 This redistribution will take place over a 5 year period with a Ministerial undertaking that no local authority would lose any more than 5% in any one year.

18 Welsh Government (2013) *Regional Collaborative Committees*. Cardiff: Welsh Government. <http://new.wales.gov.uk/topics/housingandcommunity/housing/supportingpeople/rcc/?skip=1&lang=en>

19 Ibid

20 Welsh Government (2013) *Supporting People Bulletin and Update*. Cardiff: Welsh Government. <http://wales.gov.uk/docs/desh/publications/130319spbulletin7en.pdf>

Improvement Programme' in England). That said, there has been significant investment in homelessness services in some local areas in Wales, notably Cardiff, and single people are included in the statutory homelessness system and statistics in Wales to a greater extent than in England, because of differences in the priority need criteria. Specifically, and controversially, the priority need groups in Wales award 'automatic' priority need status (i.e. without having to demonstrate vulnerability) to persons leaving prison.<sup>21</sup> This is the main reason that single person households constitute a far higher proportion of all households accepted as owed the main statutory duty in Wales (around half) than in England (around one quarter), though this is still somewhat lower than the proportion in Scotland (almost two-thirds). This automatic priority need status of ex-offenders may be removed in the context of the forthcoming Housing Bill and associated secondary legislation in Wales.

An important general point to bear in mind is that Wales has a far less favourable financial devolution settlement, compared to Scotland, particularly in respect of council housing finances, where it continues to make payments of rental 'surpluses' to HM Treasury. Within that constrained context the Welsh Government has given a relatively low financial priority to housing in the decade following devolution, as compared with the administrations in England, let alone the much higher priority given to housing expenditure in post-devolution Northern Ireland and Scotland. In particular, there has been an underlying decline in planned social housing investment levels. While some supplementary capital funding from

its share of the UK-wide 'capital package' has now been made available by the Welsh Government to support housing and related infrastructure investment,<sup>22</sup> this short-term 'boost' has in practice so far only served to put off that decline for another year. The Welsh Government's commitment to provide some 7,500 new 'affordable' homes over three years will therefore be very challenging to achieve in the current financial climate.

### The implications of the post-2007 economic and housing market recessions on homelessness in Wales

Analyses of previous UK recessions have suggested that unemployment can affect homelessness both *directly* – via higher levels of mortgage or rent arrears – and *indirectly* – through pressures on family and household relationships.<sup>23</sup> These tend to be 'lagged' recessionary effects, and also rather diffuse ones, mediated by many intervening variables, most notably the strength of welfare protection. As social security systems, and especially housing allowances, are what usually 'breaks the link' between losing a job and homelessness,<sup>24</sup> significant reform of welfare provisions – such as that being pursued by the UK Coalition Government and discussed below – are likely to exacerbate the recessionary impacts on homelessness trends. With the UK economy having flat-lined over the past two years, and the Welsh economy rather more sluggish than those of the other UK countries, these effects are likely to intensify over the coming years, though the compounding impact of

21 The Homeless Persons (Priority Need) (Wales) Order 2001. No 607 (W.30). <http://www.legislation.gov.uk/wsi/2001/607/contents/made>

22 Welsh Government (2012) *Wales Infrastructure Investment Plan for Growth and Jobs 2012*. Cardiff: Welsh Government. <http://wales.gov.uk/funding/wiip2012/?lang=en>

23 Vaitilingham, R. (2009) *Britain in Recession: Forty Findings from Social and Economic Research*. Swansea: ESRC; Audit Commission (2009) *When it comes to the Crunch: How Councils are Responding to the Recession*. London: Audit Commission. <http://archive.audit-commission.gov.uk/auditcommission/SiteCollectionDocuments/AuditCommissionReports/NationalStudies/whenitcomestothecrunch12aug2009REP.pdf>

24 Stephens, M., Fitzpatrick, S., Elsinga, M., Steen, G.V. & Chzhen, Y. (2010) *Study on Housing Exclusion: Welfare Policies, Labour Market and Housing Provision*. Brussels: European Commission. [http://www.sbe.hw.ac.uk/documents/Fitzpatrick\\_et\\_al\\_2010\\_Study\\_on\\_Housing\\_Exclusion\\_Welfare\\_policies\\_Labour\\_Market\\_and\\_Housing\\_Provision.pdf](http://www.sbe.hw.ac.uk/documents/Fitzpatrick_et_al_2010_Study_on_Housing_Exclusion_Welfare_policies_Labour_Market_and_Housing_Provision.pdf)



benefit cuts is likely to be more decisive in influencing homelessness levels rather than the economic downturn in and of itself.

Housing market conditions tend to have a more direct impact on levels of homelessness than labour market conditions,<sup>25</sup> and the last major housing market recession actually *reduced* statutory homelessness in Wales,<sup>26</sup> because it eased the affordability of home ownership, which in turn freed up additional social and private lets. Crucially, the 1990s also saw a substantial rise in the availability of social sector lettings in Wales as a result of government action to increase investment in new social sector housing as part of its response to the housing market collapse. This positive impact on general housing access and affordability substantially outweighed the negative consequences of economic weakness on housing – e.g. evictions or repossessions triggered by loss of employment. The easing of housing access pressures is crucial in this context because frustrated ‘entry’ into independent housing by newly forming or fragmenting households is a far more important ‘trigger’ of (statutory) homelessness than are forced ‘exits’ via arrears-related repossessions or evictions.<sup>27</sup> There is also good evidence that general conditions of housing affordability predict levels of hidden homelessness, such as overcrowding or concealed households.<sup>28</sup>

However, such a benign impact of the housing market recession is less likely this time. Notwithstanding a minor upturn in social housing availability in Wales in the period to 2011, levels of lettings available in the social rented sector are lower than during the last recession, primarily due to the long-term impact of the right to buy and continued

low levels of new supply. The continuing constraints on mortgage availability are also placing increasing pressures on the rented sectors. In that context, the continued expansion of the private rented sector – the sector has expanded by more than 50% in Wales over the last decade – assumes much greater prominence in terms of its capacity to absorb low income households displaced from the other tenures (albeit that it may not represent the preferred housing destination of frustrated first time buyers or social renters). Linked with this, it is clear that private renting has become increasingly important both as a solution to homelessness (by absorbing some of those who might otherwise become homeless) and also, potentially, as a cause of homelessness (via the ending of fixed-term tenancies). There are doubts about the likely availability of private lettings to lower income households in the coming years as a result of both the squeeze from frustrated potential first time buyers and welfare benefit restrictions.<sup>29</sup>

In the longer-term, prospects for improved housing market affordability – and accessibility – continue to look problematic in Wales. Latest household projections suggest that housing demand will continue to grow strongly over the medium and longer-term: in the 25 years from 2008, household growth in Wales is projected to average almost 13,000 per annum (although lower variant projections suggest a growth rate of only some 7,500 additional households a year). Therefore, even a revival of construction activity to pre-credit-crunch levels – of some 9,000 dwellings per annum – would leave house building running far behind the projected demand on the main projections (although adequate in term of the alternative lower projections).

<sup>25</sup> Ibid.

<sup>26</sup> See Table 90 in: Pawson, H. & Wilcox, S. (2012) *UK Housing Review 2011/12*. Coventry: CIH.

<sup>27</sup> Pleace, N., Fitzpatrick, S., Johnsen, S., Quilgars, D. & Sanderson, D. (2008) *Statutory Homelessness in England: The Experience of Families and 16-17 Year Olds*. London: CLG. <http://www.york.ac.uk/media/chp/documents/2008/Family%20Homelessness%20final%20report.pdf>

<sup>28</sup> Bramley, G., Pawson, H., White, M., Watkins, D. & Pleace, N. (2010) *Estimating Housing Need*. London: DCLG. [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/6338/1776873.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/6338/1776873.pdf)

<sup>29</sup> Clapham, D., Mackie, P., Orford, S., Buckley, K., Thomas, I. Atherton, I. & McNulty, U. (2012) *Housing Solutions and Housing Options for Young People in 2020*. York: Joseph Rowntree Foundation.

## The implications of the UK Coalition Government's welfare reforms on homelessness

As noted above, any radical weakening in welfare protection in the UK is likely to have damaging consequences for homelessness. Almost all aspects of the UK Coalition Government's welfare reforms are considered to be problematic with respect to their implications for homelessness, to a greater or lesser degree. However, within that context the reforms that seem likely to have the most significant homelessness implications in Wales are:

- The new under-occupation penalty ('bedroom tax') within Housing Benefit for working age social housing tenants, implemented from April 2013, and estimated to affect as many as 44,000 Welsh social tenants. About 19% of all social tenants in Wales, and almost a half of those of working age and in receipt of Housing Benefit, will be impacted upon by the bedroom tax, with the losses for these households averaging £14 per week.<sup>30</sup> This will undoubtedly drive up rent arrears and evictions in Wales, as elsewhere in the UK,<sup>31</sup> given the limited capacity to assist households affected move to smaller accommodation, as well as the rigidity of the rules in respect of households whose circumstances are not adequately reflected in the bedroom standard (even given recent limited concessions);
- The extension of the 'Shared Accommodation Rate' of Local Housing Allowance to 25-34 year olds living in the private rented sector, which will

increase pressure on a limited supply of shared accommodation and possibly force vulnerable people into inappropriate shared settings (even with the concession for those who have lived in hostels for at least three months);<sup>32</sup>

- The national benefit cap for out-of-work (working age) households to be introduced in April 2013, in association with the move towards the Universal Credit regime, and expected to restrict benefits for some 1,500 households in Wales, including 6,000 children;<sup>33</sup> and
- Increased conditionality and sanctions associated with the Work Programme, implying the possibility of stringent sanctions applied to vulnerable single homeless people and others with chaotic lifestyles.<sup>34</sup> This is coupled with concerns about inappropriate decisions arising from Work Capability Assessments rendering vulnerable homeless people ineligible for sickness benefits.

The Government intends to introduce Universal Credit for new claimants from October 2013 and to 'migrate' existing claimants onto the scheme over a subsequent four-year period. While the Universal Credit as a whole is not in itself an initial cost saving measure, it will be introduced in a context where the UK Government has already set in train a series of significant cut backs in the levels of available benefits, and an analysis by the Welsh Government (with input from the Institute for Fiscal Studies) has estimated that by 2015/16 the impact of all the benefit cutbacks, including those announced in the

30 DWP (2012) *Housing Benefit: Under Occupation of Social Housing – Impact Assessment (Updated)*. London: DWP. <http://www.dwp.gov.uk/docs/social-sector-housing-under-occupation-wr2011-ia.pdf>

31 Pawson, H. (2011) *Welfare Reform and Social Housing*. York: HQN Network. [http://www.hqnnetwork.org.uk/scripts/get\\_normal?file=7203](http://www.hqnnetwork.org.uk/scripts/get_normal?file=7203)

32 Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis. <http://www.york.ac.uk/media/chp/documents/2011/unfairshares.pdf>

33 DWP (2012) *Benefit Cap (Housing Benefit) Regulations 2012: Impact Assessment for the Benefit Cap*. London: DWP. <http://www.dwp.gov.uk/docs/benefit-cap-wr2011-ia.pdf>

34 An overview of the complex issues that some single homeless people face is captured in Fitzpatrick, S., Johnsen, S. & White, M. (2011) 'Multiple Exclusion Homelessness in the UK: Key patterns and intersections', *Social Policy and Society*, 10 (4): 501-512.

2012 Autumn Statement, will result in losses totaling over £1 billion a year for Welsh households.<sup>35</sup> An analysis of the local impacts of all those cutbacks has also found that three of the ‘top ten’ areas most adversely affected in Great Britain are located in Wales.<sup>36</sup> The present Coalition Government has also now made clear that it is considering further £10 billion in UK-wide welfare savings from 2015/16, and the possible introduction of cash limits for some welfare budgets.<sup>37</sup> But before then it has already announced that benefit rates for working age households will only be uprated by 1% for the three years from April 2013.

At the same time, there are many complex issues involved in the design of Universal Credit, in particular the logistical challenge of integrating the tax and benefit IT systems. The new regime will also be more complex than necessary, as it includes a two-tier earnings disregard, with a higher disregard available for households not receiving any help with housing costs as part of their Universal Credit. There are specific concerns about the lower values of the benefits to be provided for lone parents and larger families, partly resulting from the structural characteristics of Universal Credit, and partly reflecting other benefit cuts already introduced since 2010.

The practical challenges faced by benefit claimants under these new Department for Work and Pensions arrangements were a matter of great concern amongst both voluntary and statutory sector key informants in Wales. In particular, the expectation that

claims will be lodged online is seen as a major issue for many claimant households, as are the potential budgeting difficulties associated with paying very low income and vulnerable households monthly in arrears. Another major source of anxiety is the intention to incorporate the rent element of Universal Credit within the overall payment – rather than (in general) making it a detachable component which could be paid direct to social landlords – with potential implications for rent arrears, evictions and ultimately homelessness. The Government has launched a number of local ‘demonstration projects’ to inform decisions on the rules for exceptional cases where payments in respect of rent might still be made direct to social landlords under Universal Credit, and a number of the councils and landlords involved in the demonstration projects, including Bron Afon,<sup>38</sup> have already expressed their concerns about the substantial impact of the arrangements on both vulnerable tenants and landlords.

A number of other welfare reforms that will affect homeless people across the UK fit within a general ‘localisation’ policy agenda, which seeks to pass from central to local government responsibility for dealing with households in financial crisis. This pertains in particular to the locally distributed enhanced Discretionary Housing Payment funds,<sup>39</sup> intended to ameliorate the worst impacts of mainstream Housing Benefit cuts, and the abolition of key elements of the Social Fund and its replacement with new discretionary local welfare schemes. In England, local authorities are to be provided with some

35 Welsh Government (2013) *Analysing the Impact of the UK Government's Welfare Reforms in Wales – Stage 2 Analysis*. Cardiff: Welsh Government. <http://wales.gov.uk/docs/dcells/report/130218wr-stage2-analysis-en.pdf>

36 Beatty, C & Fothergill, S. (2013) *Hitting the Poorest Places Hardest: The Local and Regional Impact of Welfare Reform*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University. [http://www.shu.ac.uk/research/cesr/sites/shu.ac.uk/files/hitting-poorest-places-hardest\\_0.pdf](http://www.shu.ac.uk/research/cesr/sites/shu.ac.uk/files/hitting-poorest-places-hardest_0.pdf)

37 HM Treasury (2013) *Budget 2013, HC 2013*. London: The Stationary Office.

38 Merrick, N. (2013) ‘Universal Credit: ‘Carefully selected’ tenants struggling to cope with direct payments’, *24dash*, 6th February: [http://www.24dash.com/news/universal\\_credit/2013-02-06-Universal-Credit-Carefully-selected-tenants-struggling-to-cope-with-direct-payments](http://www.24dash.com/news/universal_credit/2013-02-06-Universal-Credit-Carefully-selected-tenants-struggling-to-cope-with-direct-payments)

39 Discretionary Housing Payments are top-up Housing Benefit payments to close or eliminate the gap between a household’s Local Housing Allowance entitlement and the rent being demanded by their landlord. Local authorities have been provided with an increase in their budgets for Discretionary Housing Payments in order to ameliorate the impact of the Local Housing Allowance in some cases. The Welsh share of the Discretionary Housing Payment budget is very small (see Chapter 4).

limited government funding, which they may use at their discretion to either fill the gap left by the abolition of those centralised provisions, or to otherwise provide selective additional support to households where they deem it to be appropriate. In Scotland, local authorities will undertake these new responsibilities in the context of a Scottish Welfare Fund established, with additional funds, by the Scottish Government.<sup>40</sup> In contrast, Wales has decided to use its devolved funding, of £10 million a year for the next two years, to set up a centralised scheme for Wales as a whole, partly to avoid concerns about a 'postcode lottery'.<sup>41</sup> In adopting this approach, the Welsh Government is giving local government a lesser role in attempting to mitigate the negative effects of welfare reforms than will be true in England and Scotland.

Also relevant here is the decision to exclude Council Tax Benefit from the new Universal Credit regime. Instead, from 2013/14, local authorities in England, and the Scottish and Welsh Governments, have been charged with devising their own schemes in the context of a 10% reduction in the financial support for their new Council Tax Benefit schemes.<sup>42</sup> However, the Welsh Government has now provided £22 million to prevent any reduction in levels of Council Tax Benefit entitlement in Wales in 2013/14, matching similar provisions made in Scotland.<sup>43</sup>

## Emerging statistical trends on homelessness in Wales

The emerging statistical patterns on both 'visible' and 'hidden' forms of homelessness in Wales appear – insofar as one can tell from the data available – similar to those in England, but considerably less pronounced. These more muted Welsh homelessness trends probably reflect a somewhat less pressured housing market context than in (parts of) England. Nonetheless, the underlying drivers of homelessness appear to be on an upward trajectory in Wales, with the situation very likely to deteriorate as UK welfare reform kicks in. Overall, the data available on homelessness in Wales is substantially more limited than that available in England and Scotland.

### Trends in visible homelessness

*Rough sleeping* is monitored in Wales only on an occasional basis. The Welsh Government co-ordinated national rough sleeper counts in March 2007 and March 2008, with 138 and 124 rough sleepers enumerated across the country in these counts respectively. In both years, the largest single concentration was in Cardiff where 26 rough sleepers were enumerated on each occasion. There are anecdotal reports of a recent rise in rough sleeping in Cardiff and elsewhere in Wales, but no means of verifying these accounts statistically.

After a sharp decline between 2004/05 and 2009/10, associated with the widespread adoption of more pro-active preventative approaches by Welsh local authorities, *statutory homelessness* applications and acceptances have subsequently trended upwards in Wales, but more modestly and

<sup>40</sup> Scottish Government (2012) 'Protecting Scotland's poorest', *Scottish Government Press Release*, 21st October: <http://www.scotland.gov.uk/News/Releases/2013/03/scottish-welfare>

<sup>41</sup> Welsh Government (2012) 'Welsh Social Fund Contract Awarded', *Welsh Government Press Release*, 15th November: <http://wales.gov.uk/newsroom/housingandcommunity/2012/6764429/?lang=en>

<sup>42</sup> Adam, S. & Browne, J. (2012) *Reforming Council Tax Benefit*. York: JRF. <http://www.jrf.org.uk/sites/files/jrf/council-tax-reform-summary.pdf>

<sup>43</sup> Welsh Government (2013) 'Minister delivers vital support for Council Tax Benefit claimants', *Welsh Government Press Release*, 17th January: <http://wales.gov.uk/newsroom/localgovernment/2013/council-tax-benefits/?lang=en>; Scottish Government (2012) 'Council tax to be protected', *Scottish Government Press Release*, 19th April: <http://www.scotland.gov.uk/News/Releases/2012/04/counciltax19042012>

less consistently than seen in England. Applications in 2012 were up by 3% on the previous year and stood 19% higher than in 2009/10 – the low point in the cycle. Conversely, acceptances actually fell back by 8% in 2012, although remaining 8% higher than in 2009/10. Rising statutory homelessness *applications* are consistent with the finding that cases of actual or threatened homelessness dealt with by Citizens Advice in Wales increased by 43% in the three years to 2011/12, with a particularly large rise in cases associated with private rental arrears. Interestingly, with respect to both statutory homelessness and Citizens Advice homelessness cases, most of the increase occurred between 2009/10 and 2010/11.

The profile of statutorily homeless households appears relatively stable overall in Wales, though there is a continued growth in both the relative and absolute importance of institutional release (overwhelmingly from prison) as an immediate cause of homelessness, prompting calls for review of the automatic priority need status of this group as part of the ongoing comprehensive review of the Welsh statutory homelessness system (see above).

While much of the anxiety surrounding recessionary impacts on homelessness focuses on repossessions consequent on rent and mortgage arrears, these factors continue to account for only a very small proportion (5%) of all statutory homelessness cases in Wales, as elsewhere in the UK. This finding is in keeping with the perception of key stakeholders that most repossessed home owners in particular are able to find

at least an interim solution to their housing problems via family and friends, or by securing a private tenancy. It also follows from the, as yet, unexpectedly low level of repossessions which have taken place in the current housing market downturn.

### Trends in hidden homelessness

The number of *concealed households*<sup>44</sup> has been fairly static in Wales, with a certain decline in 2010 partially reversed in 2012. In 2012 there are an estimated 91,000 households containing at least one concealed single household, involving 119,000 individuals. This is in addition to approximately 10,000 concealed lone parent/couple families. There has been some slowing down in new household formation in Wales, particularly in the 25-34 group, mainly because of affordability and access problems, although this is less marked than in England. Recent fluctuations probably reflect changes in the private rented sector supply and, most recently, ‘double dip’ recession and welfare benefit changes.

After a long-term decline, there has been an increase in the number of *sharing households*<sup>45</sup> in Wales over the last two years, probably reflecting the impact of constrained access to housing following the 2007 credit-crunch and the subsequent recession. The decline, and then subsequent rise, of this indicator has tracked trends in the UK, but at a slightly lower level. In 2012 there were about 16,000 households sharing in Wales (1.2% of all households). Extending the Shared Accommodation Rate to 25-34 year olds may further increase the number of households sharing accommodation in Wales, but with the strong demand

<sup>44</sup> ‘Concealed households’ are family units or single adults living within other households, who may be regarded as potential separate households that may wish to form given appropriate opportunity.

<sup>45</sup> ‘Sharing households’ are those households who live together in the same dwelling but who do not share either a living room or regular meals together. This is the standard Government and ONS definition of sharing households, which is applied in the Census and in household surveys. This means that many people who are ‘flatsharers’ in the common usage of the term, or who are ‘sharing’ in the sense of being subject to the Shared Accommodation Rate, as well as many students, are not ‘sharing households’ in this sense, mainly because they have a common living room (including larger kitchens) and/or they share some meals. In the current analysis, such groups are considered ‘concealed households’. In practice, the distinction between ‘concealed’ and ‘sharing’ households is a very fluid one.

pressures on a limited supply of shared accommodation,<sup>46</sup> it seems likely that many of those affected will become 'concealed households' instead.

*Overcrowding*<sup>47</sup> affected around 26,000 households (2.0%) in Wales in 2010. While there is no trend data available on overcrowding in Wales, it appears to be much more common in social renting.

### **The homelessness monitor: Tracking the impacts on homelessness in Wales going forward**

Looking forward, the next three years is a crucial time period over which the intensifying homelessness impacts of the recession are likely to be severely exacerbated by the UK Government's radical welfare reforms. At the same time, housing market pressures, while still less acute than those experienced in England, are continuing to worsen in Wales, with severely constrained access to home ownership for first time buyers, which in turn is increasing demand for both of the rental sectors.

As well as tracking headline trends on homelessness till 2015, we will also attempt to ascertain the profile of those affected by both visible and hidden forms of homelessness, and whether there is any evidence of a change in this as the impacts of recession and welfare reform are played out over the next few years.

The evidence provided by this Homelessness Monitor over the next three years will provide a powerful platform for assessing the impact of economic and policy change on some of the most vulnerable people in Wales.

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<sup>46</sup> Centre for Housing Policy, University of York (2011) *Unfair Shares: A Report on the Impact of Extending the Shared Accommodation Rate of Housing Benefit*. London: Crisis. <http://www.york.ac.uk/media/chp/documents/2011/unfairshares.pdf>

<sup>47</sup> 'Overcrowding' is defined here according to the most widely used official standard – the 'bedroom standard'. Essentially, this allocates one bedroom to each couple or lone parent, one to each pair of children under 10, one to each pair of children of the same sex over 10, with additional bedrooms for individual children over 10 of different sex and for additional adult household members.



## About Crisis

Crisis is the national charity for single homeless people. We are dedicated to ending homelessness by delivering life-changing services and campaigning for change.

Our innovative education, employment, housing and well-being services address individual needs and help homeless people to transform their lives. We measure our success and can demonstrate tangible results and value for money.

We are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

We have ambitious plans for the future and are committed to help more people in more places across the UK. We know we won't end homelessness overnight or on our own. But we take a lead, collaborate with others and together make change happen.

## Get in touch

**Crisis head office**  
66 Commercial Street  
London E1 6LT  
Tel: 0300 636 1967  
Fax: 0300 636 2012

[www.crisis.org.uk](http://www.crisis.org.uk)

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## Homelessness ends here