



Together
we will end
homelessness

The homelessness monitor: Wales 2017

Suzanne Fitzpatrick, Hal Pawson, Glen Bramley, Steve Wilcox, Beth Watts and Jenny Wood, Institute for Social Policy, Housing, I-SPHERE, Institute for Social Policy, Housing and Equalities Research, Heriot-Watt University; City Futures Research Centre, University of New South Wales

September 2017



The homelessness monitor

The homelessness monitor is a longitudinal study that provides an independent analysis of the impact on homelessness of recent economic and policy developments across the UK. The key areas of interest are the homelessness consequences of the post-2007 economic recession, and the subsequent recovery, as well as welfare reform and cuts. Separate reports are produced for each UK nation. This year's Wales report monitors the impact on homelessness of the slow pace of economic recovery and the effects of welfare and housing reform and analyses key trends from the baseline account of homelessness established in 2012 up until 2017. It also highlights emerging trends and forecasts some of the likely changes, identifying the developments likely to have the most significant impacts on homelessness in Wales.

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About Crisis UK

Crisis is the national charity for 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 are determined campaigners, working to prevent people from becoming homeless and advocating solutions informed by research and our direct experience.

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Disclaimer: All views and any errors contained in this report are the responsibility of the authors. The views expressed should not be assumed to be those of Crisis, the Joseph Rowntree Foundation or any of the key informants who assisted with this work.

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Acronyms

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			DWP	Department for Work and Pensions
			EAP	Emergency Assistance Payments
			EHS	English Housing Survey
			ESA	Employment and Support Allowance
			FEANTSA	European Federation of National Organisations Working with the Homeless
			FSA	Financial Services Authority
			GDP	Gross Domestic Product
			GVA	Gross Value Added
			HB	Housing Benefit
			HMO	House in Multiple Occupation
			IB	Incapacity Benefit
			JSA	Jobseeker's Allowance
			LA	Local Authority
			LFS	Labour Force Survey
			LHA	Local Housing Allowance
			OBR	Office for Budget Responsibility
			ONS	Office for National Statistics
			PIP	Personal Independence Payments
			PRS	Private Rented Sector
			RCCs	Regional Collaborative Committees
			RS	Rough Sleeping
			RSL	Registered Social Landlord
			RTB	Right To Buy
			SAR	Shared Accommodation Rate
			SMI	Support for Mortgage Interest
			SP	Supporting People
			SPPG	Supporting People Programme Grant
			SRS	Social Rented Sector
			TA	Temporary Accommodation
			UC	Universal Credit
			WLGA	Welsh Local Government Association

Foreword

The last Homelessness Monitor for Wales in 2015 noted that it was a critical time for homelessness policy. In the two years since the last report was published, the Housing (Wales) Act 2014 has been enacted and the findings in this report show very clearly what the impact has been.

The overwhelming consensus to emerge from this new Welsh Monitor is that the new statutory homelessness framework ushered in by the act has had an array of positive impacts. The Housing (Wales) Act 2014 has helped to reorient the 'culture' of local authorities towards a more preventative, person-centred and outcome focused approach which has meant a much-improved service response to single homelessness.

The official statistical returns bear this out with almost two-thirds of households threatened with homelessness having it prevented and two-fifths of homeless households being relieved of homelessness.

While it is clear that the new approach is successfully preventing homelessness for many, challenges remain. Rough sleeping is rising in Wales and it is universally recognised across the local authorities and stakeholders that rough sleepers have benefited least from the recent legislative changes. There is growing recognition that something needs to be done.

Moreover, there are a substantial proportion of homeless applicants that fall out of the system for failure to cooperate and there are still homeless people (mostly single and 'non-priority') who remain without a solution after all three 'stages' of statutory intervention.

These combined with the challenges of recent and forthcoming welfare changes, in particular the extension of Shared Accommodation Rate, mean there is anxiety amongst local authorities and stakeholders about how the legislative progress made might be undermined by wider structural issues.

It is still early days for the new legislative framework. Criticisms of it focus on its implementation and acknowledge that it is still a 'work in progress' rather than any substantial objection. As such, we will continue to carefully monitor the impact of these changes, particularly their effect on homelessness trends, to ensure policy and practice in Wales is informed but also to ensure lessons learnt can be shared more widely across the rest of the UK.



Jon Sparkes
Chief Executive, Crisis



Campbell Robb
Chief Executive, Joseph Rowntree Foundation

Executive Summary

Key points

The Homelessness Monitor series is a longitudinal study providing an independent analysis of the homelessness impacts of recent economic and policy developments in Wales and elsewhere in the UK.¹ This update report provides an account of how homelessness stands in Wales in 2017, or as close to 2017 as data availability allows.

Key points to emerge from the 2017 update report for Wales are as follows:

- There is an overwhelming consensus that the new statutory homelessness framework ushered in by the Housing (Wales) Act 2014 has had an array of positive impacts, including re-orientating the 'culture' of local authorities towards a more preventative, person-centred and outcome-focussed approach, and engendering a much better service response to single homeless people in particular.
- In 2016/17, almost two thirds (62%) of households assessed as 'threatened with homelessness' (5,718 of 9,210) had had their homelessness successfully prevented, according to official statistical returns, while a 41 per cent success rate (4,500 of 10,884) was recorded by local authorities in homelessness relief cases – i.e. resolution of actual homelessness (as opposed to interventions to prevent homelessness occurring)
- As expected, and hoped, the number of priority need households assisted under the new 'duty to secure accommodation', activated only after prevention and/or relief efforts have failed, is much lower than statutory homeless 'acceptance' levels under the pre-2015 system. There were only 1,611 such households owed the full rehousing duty recorded in 2015/16 (around a third of the number of 'acceptances' in 2014/15), albeit this figure rose to 2,076 in 2016/17.
- However, the gradual downward trend in temporary accommodation placements seen in the period 2012-2015 has been recently reversed. The most recent 12-month period

¹ Parallel Homelessness Monitors are being published for Scotland, England and Northern Ireland. All of the UK Homelessness Monitor reports are available from <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/homelessness-monitor/>

saw placements rising by 7 per cent. Given the expectation that a strengthened emphasis on up-front prevention under the new statutory regime would lead to reduced 'inflow', this is somewhat contrary to what had been anticipated, and may reflect the intensifying structural pressures and growing 'footfall' noted below.

- Even under this new, much more inclusive, Welsh statutory model, there is a substantial cohort of homeless applicants for whom local authority offers of assistance fail to yield a resolution to their housing crisis (though some may manage to find their own resolution). The key group here involves households judged legally homeless but whose problems are 'unsuccessfully relieved' and who are then deemed 'non-priority' cases ineligible for 'full rehousing duty' under Section 75.² In 2016/17 this group numbered 1,233.
- There is particular concern about cases which fall out of the system specifically due to 'non-cooperation', given that this is a key innovation in the Welsh legislation, and has, in amended form, been taken over into the Homelessness Reduction Act 2017 in England. In 2016/17 486 of 9,210 Section 66 'eligible and threatened with homelessness' cases (5%) and 615 of 10,884 Section 73 'eligible and homeless' cases (6%) had duty discharged a result of 'non-cooperation'.
- The Transitional Funding Grant made available to local authorities to implement the new legislation was generally felt to have been sufficient, but much emphasis was placed on the need for this to continue beyond its original end date of March 2018.
- Supporting People funds have been relatively protected in Wales and

remain ring-fenced. Attempts to re-orientate these funds towards more effectively supporting the homelessness prevention agenda were felt to have been at least partially successful, but many key informants felt that further improvements in commissioning practices were required.

- There has been an undisputed recent rise in rough sleeping in Wales, and though the precise scale of this increase is unclear, it seems likely to fall in the range of a 16 per cent to 30 per cent uplift as compared with 2015. A policy announcement from the Welsh Government on rough sleeping is imminently expected.
- The Housing Act (Wales) 2014 and Renting Homes (Wales) Act 2016 introduced a number of measures that give Wales a more distinctive set of housing policies. In particular the 2014 Act enabled the refinancing of the council housing sector, and provided powers for the licensing and regulation of private landlords and their agents. A further Bill has now been introduced to abolish the right to buy.
- Concerns expressed in the last Monitor that the Renting Homes (Wales) Act 2016 would undermine the already flimsy security of tenure enjoyed by private tenants in Wales have been laid to rest as proposals to remove the six month moratorium on 'no fault' evictions were subsequently abandoned by the Welsh Government.
- The Welsh Government met its own target of providing 10,000 additional 'affordable' dwellings over its four year term; but still fell short of the higher, independently assessed, level of the numbers required.

- Successive UK Government welfare reforms will take over £1 billion annually out of the pockets of low income households in Wales by 2020/21. They have a disproportionate impact in areas of Wales that have suffered from long term industrial decline.
- The recent lowering of the total benefit cap will significantly extend its impact in Wales, with the numbers affected increasing more than fivefold (to some 4,000) by 2020/21. The greatest individual losses, however, will be incurred by the households already subject to the cap – an additional £6,000 a year (or £4,800 in the case of single people).
- The 'Bedroom Tax' had a disproportionate effect in Wales, initially affecting 35,700 social sector tenants, but by February 2017 this number had fallen to 29,500. Its impacts were eased, to an extent, by the very full use of Department for Work and Pensions Discretionary Housing Payment budgets, as well as deployment of additional funding provided by the Welsh Government.
- The forthcoming extension of Local Housing Allowance caps to social tenants will have a wide-ranging impact in Wales, with particular concerns about the impact on young single people, and older households deemed to be under-occupying, as well as the arrangements to be made in respect of supported accommodation.
- Almost all Welsh local authorities responding to our 2017 local authority survey believed that homelessness in their area had been exacerbated by post-2010 welfare reform, with the extension of the Shared Accommodation Rate of Local Housing Allowance to 25-34 year olds most commonly identified as especially damaging. Overwhelming anxiety was expressed about the potential

homelessness impacts of the ongoing roll-out of Universal Credit, with the removal of the 'automatic' entitlement to Housing Benefit of 18-21 year olds also highlighted as specific cause of concern.

The economic and policy context for homelessness in Wales

While the UK economy has now recovered well beyond pre-credit crunch levels, the Welsh economic downturn was more severe, and recovery has lagged behind England and Scotland, with the Welsh economy only recovering to pre-credit crunch levels in 2015. Moreover average full time earnings in Wales are 12 per cent lower than for the UK as a whole, and are lower than in Scotland and all of the regions of England.

House prices in Wales remain a little below 2007 levels, but due to lower interest rates and modest cash increases in earnings affordability has eased. However, despite the Help to Buy scheme access to low deposit mortgages remains problematic. Affordability is also a more acute issue in Cardiff, Ceredigion and Pembrokeshire. Levels of mortgage arrears and repossessions have declined steadily since 2009, and are only a very minor contributor to homelessness. There are, however, concerns about the future impact of higher interest rates, and the future reduced support for home owners under the Support for Mortgage Interest and Universal Credit schemes.

The private rented sector doubled in size over the last decade in Wales (to 15% of all dwellings), and two fifths of all tenants are now in receipt of Housing Benefit. While there have been small year on year variations in levels of social sector lettings over the last decade, there has been a marked decline in the proportion of those lettings allocated to homeless households since 2012/13 – falling to around 18 per cent of all lettings

² This section of the 2014 Act is the nearest equivalent to Section 193 of the pre-2015 legislation under which homeless applicants are subject to a series of tests to assess whether they are deemed 'unintentionally homeless and in priority need'.

to new tenants in the last three years, as compared with the recent norm of around a quarter (and 22% on the most recent figures in England, 37% in Scotland). The reasons for this extraordinarily low level of allocations, which predates changes to the homeless legislation in Wales, remains obscure.

Latest household projections suggest that housing demand will continue to grow strongly over the medium and longer term in Wales: in the decade years from 2014, household growth is now projected to average some 7,000 per annum. This is only marginally above the new build level achieved over the past two years, although output remains well below the average level over the decade before pre-credit crunch. While the Welsh Government has exceeded its own target of providing 10,000 additional social and affordable dwellings over the five years to 2015/16, this still falls far short (by some 3,000 units annually) of the independently assessed level of the numbers required.

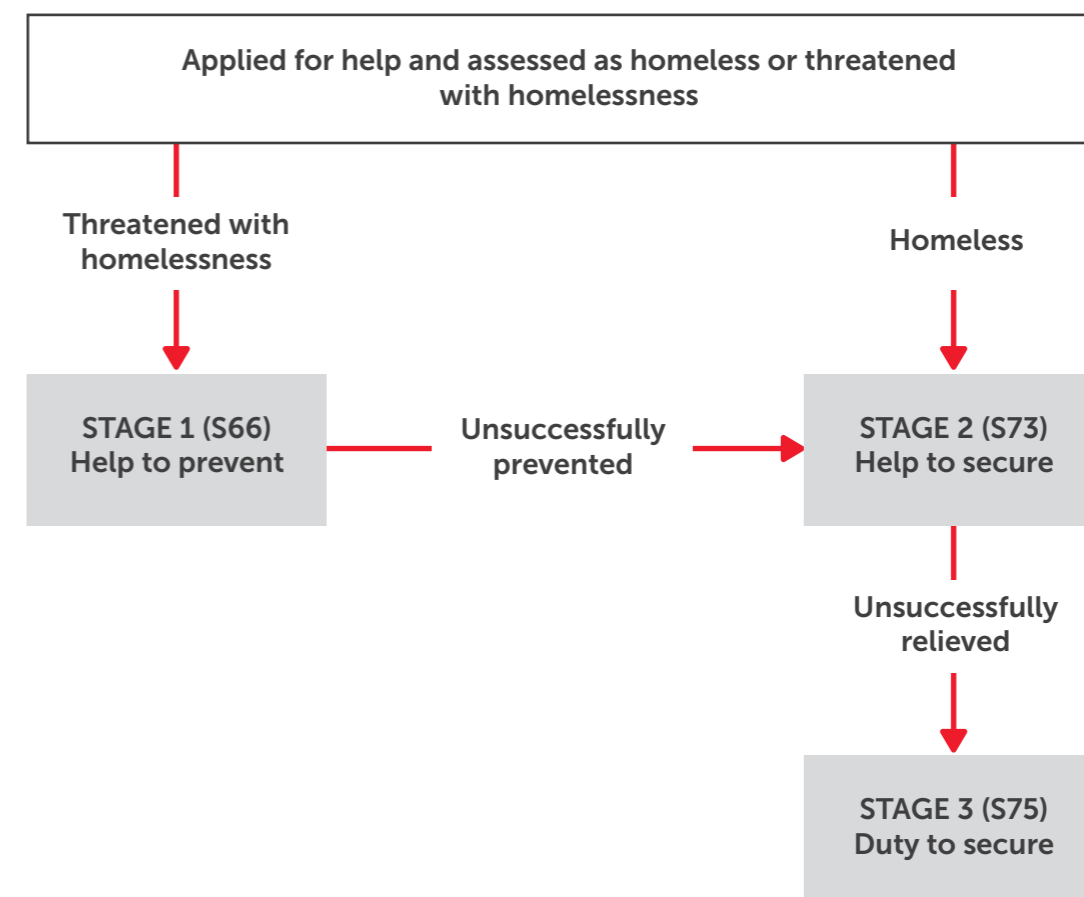
The Housing Act (Wales) 2014 introduced a number of measures that give Wales a more distinctive set of housing policies. In particular the Act enabled the refinancing of the council housing sector, and provided powers for the licensing and regulation of private landlords and their agents. A further Bill has now been introduced to abolish the right to buy.

Concerns expressed in the last Monitor that the Renting Homes (Wales) Act 2016 would undermine the already flimsy security of tenure enjoyed by private tenants in Wales have subsequently been allayed, with proposals to remove the six-month moratorium on 'no fault' evictions abandoned by the Welsh Government before the legislation was passed.

However, from the perspective of the Monitor, the most significant aspect of the 2014 Act is its homelessness provisions. Based on the Welsh Government-funded 'Mackie Review' published in 2012³, these place 'priority need blind' duties on local authorities to "take reasonable steps" to "help to prevent homelessness" (Section 66) and to "help to secure accommodation" for those already homeless (Section 73) (with these new duties generally referred to as the Stage 1 'prevention' and Stage 2 'relief' duties respectively). For those who are unintentionally homeless and in priority need, a 'Stage 3' (Section 75) 'full statutory duty' to secure suitable accommodation then arises in the event that prevention and/or relief efforts fail. Crucially, though, applicants who "unreasonably fail to cooperate" with the prevention or relief assistance, or refuse a suitable offer of accommodation, may not progress to Stage 3.⁴ From 2019 local authorities will have a duty to provide accommodation for intentionally homeless families and 16 and 17 years olds unless they have previously been found to be intentionally homeless in the past five years.

Figure 1 Welsh homelessness legislation

Process under the Housing (Wales) Act 2014



The homelessness provisions of the 2014 Act were just coming into force as the last Homelessness Monitor Wales was being written up, in April 2015,⁵ but initial indications were that the new framework enjoyed a considerable measure of goodwill across both statutory and voluntary sectors.⁶ These encouraging early findings are strongly reinforced by this year's report, which finds that the new regime has been a conspicuous success in several key, interrelated, respects.⁷ First, it seems to have effected a genuine reorientation on the

part of local authority Housing Options services towards earlier and more effective preventative interventions. Second, it has brought about a radical improvement in the service response offered to single homeless people. Third, it has provided a spur to positive 'culture change' on the part of both local authorities, who are said to be providing a more supportive and person-centred environment for applicants, and also external agencies, like Shelter Cymru, who now have a less confrontational relationship with local authorities. What is particularly

3 Mackie, P., Fitzpatrick, S., Stirling, T., Johnsen, S. & Hoffman, S. (2012) *Options for an Improved Homelessness Legislative Framework in Wales*. Cardiff: Welsh Government.

4 Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice', *European Journal of Homelessness*, 11(1): 81-107.

5 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: Wales 2015*. London: Crisis.

6 See also: Mackie, P. (2014) 'The Welsh Homelessness Legislation Review: Delivering Universal Access to Appropriate Assistance?' *Contemporary Wales*, 27(1): 1-20; Shelter Cymru (2015) *A Brand New Start: Homelessness and the Housing (Wales) Act*. Cardiff: Shelter Cymru.

7 See also Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice', *European Journal of Homelessness*, 11(1): 81-107.

striking is the extent to which all of the key stakeholders we interviewed and surveyed – local authorities, other statutory sector partners, voluntary sector providers, and independent commentators – were agreed on these core positive points.

Several factors may be identified as accounting for the apparent overall success of the ‘Welsh model’ to date. First, the principles of the framework itself appeared to command broad support, being based on an initial collaborative research project,⁸ and subject to a period of intense political and policy lobbying, before finding final form in the Act itself.⁹ Second, the additional resources made available by the Welsh Government in the Transitional Funding Grant are widely, if not universally, accepted as having been sufficient (though there is now much concern about these funds potentially ceasing in March 2018). Third, the ‘co-production’ and flexible approach being taken to the drafting and review of the Code of Guidance,¹⁰ and the cross-sectoral delivery of the accompanying training programme, has helped to foster a sense of joint endeavour and purpose across a wide range of stakeholders.

Criticisms of the new homelessness regime thus tend to be ones of implementation, or remarks about ‘work in progress’, rather than objections of substance or principle. Examples include concerns about excessive paperwork generated by the multi-stage process; insufficiently tailored and pro-active ‘reasonable steps’ to prevent homelessness in some areas;¹¹ the variable quality and

deployment of Personal Housing Plans by local authorities; and the modest progress made thus far in encouraging a deeper level of partnership working with other public bodies. Cutting across each of these points is an acknowledgement that the ‘culture change’ required to successfully implement the new statutory model is inevitably a long-term process, and may in some instances require a degree of staff turnover, as well as retraining, to be fully realised. Thus while there remain concerns about unevenness in service outcomes *between* local authorities,¹² the stronger sense was of variability *within* local authorities that will take some time to resolve.

While concern that the ‘failure to co-operate’ provisions may be used by local authorities as a new gatekeeping or rationing device is potentially a more structural concern with the revised regime (see further below), anxiety over this seems relatively muted for now, with stakeholders seeming content to monitor developments over time before coming to a firm view. More broadly, there is regret that a not inconsiderable number of homeless people (mostly single and ‘non-priority’) still find themselves without a solution after all three ‘stages’ of statutory intervention are exhausted (again see below), although at the same time there is ready acknowledgment that the ‘offer’ to single homeless people is nonetheless far superior to that under the previous system.

Another benign aspect of the policy context in Wales, as acknowledged by

many key informants, is the relative protection that has been afforded to the (still ring-fenced) ‘Supporting People’ funding programme to date. While improvements in local authority commissioning practices were called for from several quarters, and the hoped for alignment between Supporting People services and homelessness prevention agenda still seems to be taking shape,¹³ it appears that the availability of these funds has allowed for an expansion in at least some forms of supported accommodation provision in recent years. This is in sharp contrast to the contraction in provision seen in England.¹⁴

However, a much more negative aspect of the policy context for homelessness in Wales is the ongoing implementation of welfare reform, with successive UK Government decisions taking over £1 billion out of the pockets of low income households in Wales annually by 2020/21. As elsewhere in the UK, these welfare cuts have the most profound impacts in those parts of Wales that have suffered long term industrial decline and already face high levels of entrenched poverty and disadvantage. The ‘Bedroom Tax’ in particular had a disproportionate impact in Wales, initially affecting 35,700 social sector tenants, although by February 2017 this number had fallen to 29,500. Its effects were eased, to an extent, by the very full use of Discretionary Housing Payment budgets, as well as via deployment of additional funding provided by the Welsh Government.

Taken in the round, both local authority survey responses and stakeholder interviews indicate a more varied, and probably less acute picture, of the homelessness impacts of welfare reform in Wales to date than that reported in England. Nonetheless

almost all Welsh local authorities responding to the 2017 survey believed that homelessness in their area had been exacerbated by post-2010 welfare reform, with the extension of the Shared Accommodation Rate to 25-34 year olds most often singled out as especially damaging, though benefit freezes, benefit sanctions, and caps on both Local Housing Allowance and overall household benefits were highlighted too.

Looking to the future, there was overwhelming anxiety expressed by Welsh local authorities about the potential homelessness impacts of the ongoing roll-out of Universal Credit, especially the arrangements for the housing element to be paid to the claimant, with the removal of the ‘automatic’ entitlement to Housing Benefit of 18-21 year olds also repeatedly highlighted as a matter of concern (this is estimated to potentially impact on some 10,000 18-21s across GB as a whole; but separate figures for Wales are not available.) The recent lowering of the total benefit cap introduced will significantly extend its impact in Wales, with the numbers affected increasing more than fivefold (to some 4,000) by 2020/21. The greatest individual losses, however, will be incurred by the households already subject to the cap – an additional £6,000 a year (or £4,800 in the case of single people). The extension, from April 2019, of Local Housing Allowance caps to social tenants will have particularly wide-ranging impacts in Wales, given its relatively low private sector rents, with young single people subject to the very low Shared Accommodation Rate worst affected. Uncertainty also remains about the arrangements to be made in respect of supported housing schemes once these caps apply, with no detail yet available on how the additional funding provided to support vulnerable

8 Mackie, P., Fitzpatrick, S., Stirling, T., Johnsen, S. & Hoffman, S. (2012) *Options for an Improved Homelessness Legislative Framework in Wales*. Cardiff: Welsh Government.

9 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: Wales 2015*. London: Crisis.

10 Welsh Government (2016) *Code of Guidance for Local Authorities on the Allocation of Accommodation and Homelessness 2016*. Cardiff: Welsh Government. <http://gov.wales/topics/housing-and-regeneration/services-and-support/managing-social-housing/allocate/?lang=en>

11 Shelter Cymru (2016) *Reasonable Steps: Experiences of Homelessness Services Under the Housing (Wales) Act 2014*. Cardiff: Shelter Cymru.

12 Mackie, P., Thomas, I. & Bibbings, J. (2017) ‘Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice’, *European Journal of Homelessness*, 11(1): 81-107.

13 Stirling, T. (2015) *Evaluating the Contribution the Supporting People Programme makes to Preventing and Tackling Homelessness in Wales – Feasibility Study*. Cardiff: PPIW.

14 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2017) *The Homelessness Monitor: England 2017*. London: Crisis.

people in supported housing will be distributed by the Welsh Government.

Trends in homelessness in Wales

Rough sleeping

There has been an undisputed recent rise in rough sleeping in Wales, in the context of broad agreement that the new legislative framework has done less to improve the situation for this group than other homeless households. A 2016 survey enumerated 313 rough sleepers across Wales, compared with 240 in 2015. The Welsh Government and other stakeholders warn that at least part of this apparent increase could result from more comprehensive coverage rather than from a real rise in rough sleeping,¹⁵ meaning that it is probably appropriate to conclude that the incidence of rough sleeping in Wales in late 2016 represented an increase of up to 30 per cent as compared with 2015. The real underlying change may be more akin to the 16 per cent increase in national rough sleeper numbers enumerated in England in the twelve months to autumn 2016.¹⁶

However, there was little doubt in the mind of any stakeholders that there had been at least some 'genuine' increase in rough sleeping over the past couple of years in Wales. The reasons for this were not entirely clear, but amongst the possible explanations offered were an increase in EEA nationals (ineligible for mainstream welfare benefits), welfare reform (especially benefit sanctions), and budget cuts to support services. Several interviewees speculated that there may be a link with the removal of 'automatic' priority need for ex-prisoners in the new legislation.¹⁷

This expansion in the number of rough sleepers in Wales has become a politically salient issue, with a major policy announcement imminently expected at the time of writing, possibly heralding some sort of national strategy with a Housing First component. A national Rough Sleepers Working Group is due to make recommendations on national policy in summer 2017.

Statutory homelessness

The vast majority of local authority respondents to our 2017 survey (17 out of 19) reported that the overall flow of people seeking homelessness assistance in their area had increased over the past two years; in most cases this increase was said to have been 'significant' rather than 'slight'. The rising service user 'footfall' was attributed in part to the publicity surrounding local authorities' widening homelessness responsibilities, but also to underlying dynamics associated with the welfare reform and housing market pressures noted above.

The encouraging picture painted above with regards to the effectiveness of the new statutory homelessness regime is largely, though not wholly, supported by the official statistical returns, with almost two thirds (62%) of households assessed as 'threatened with homelessness' in 2016/17 reported as having had this successfully averted, while a 41 per cent success rate was recorded by local authorities in 'homelessness relief' cases.

Also as expected, and hoped, the number of priority need households assisted under the new 'duty to secure accommodation', activated only after prevention and/or relief efforts have failed, is very much lower than

statutory homeless 'acceptance' levels were under the pre-2015 system. Thus, only 1,611 such priority households were recorded in 2015/16 – around a third the number of 'acceptances' enumerated in 2014/15. Given that the new legislation was bedding-in during 2015/16, the accuracy of statutory homelessness data for this year is, however, subject to some qualification. Consequently, while the published statistics show that households deemed unintentionally homeless and in priority need rose by 29 per cent in 2016/17 (to 2,076) not too much should be read into this observation at this stage.

At the same time, the gradual downward trend in temporary accommodation placements, seen in the period 2012-2015, also appears to have recently reversed. The most recent 12 month period saw placements grow by 7 per cent. Given the expectation that a strengthened emphasis on up-front prevention under the new statutory regime would lead to reduced 'inflow', this is somewhat contrary to what had been anticipated, and may reflect the intensifying structural pressures and growing 'footfall' noted above.

In 2016/17, negotiation/legal advocacy and assistance to resolve rent arrears were the most common methods deployed by local authorities in attempts to retain a household's existing accommodation and thus prevent homelessness occurring. Among the much larger number of actions focused on obtaining new accommodation for homeless/at risk households, the largest categories (each involving 33% of cases) involved facilitating access to private rental,¹⁸ or social rental housing.

Loss of rented housing accounted for the largest share (34%) of the 2016/17 'threatened with homelessness'

caseload, but a smaller proportion of those households found to be actually homeless (26%). This may imply a relatively high success rate for prevention activities targeted on people at risk of losing an existing tenancy.

Even under this new, much more inclusive, Welsh statutory model, there is still a substantial cohort of homeless applicants for whom local authority offers of assistance fail to yield a resolution to their housing crisis (though some may manage to find their own resolution). The key group here involves households judged legally homeless but whose problems are 'unsuccessfully relieved' and who are then deemed 'non-priority' cases ineligible for 'full rehousing duty' under Section 75. In 2016/17 this group numbered 1,233, which is a slight reduction on the 1,344 number recorded on 2015/16.

Appreciable numbers of eligible households also have their cases closed on the grounds that assistance was refused, that they 'failed to co-operate' or had their application ended for 'other reasons'. Around a fifth of applicants assisted as threatened with homelessness (under Section 66), and a similar proportion of applicants assisted as actually homeless (under Section 73), 'fall out' of the system this way. Overall, in 2016/17 the actual numbers involved here were 1,872 of the 9,210 Section 66 'threatened with homelessness' cases and 2,385 of 10,884 'actual homelessness' cases.

There is particular concern about cases which fall out of the system specifically due to 'non-cooperation', given that this is a key innovation in the Welsh legislation, and has, in amended form, been taken over into the Homelessness Reduction Act 2017 in England. In 2016/17, 5 per cent of Section 66 'eligible and

¹⁵ Welsh Government (2017) *National Rough Sleeper Count, November 2016 – Experimental Statistics*. Cardiff: Welsh Government <http://gov.wales/docs/statistics/2017/170201-national-rough-sleeper-count-november-2016-experimental-statistics-en.pdf>

¹⁶ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2017) *The Homelessness Monitor: England 2017*. London: Crisis.

¹⁷ See also Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice', *European Journal of Homelessness*, 11(1): 81-107.

¹⁸ See also Mackie et al (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice', *European Journal of Homelessness*, <http://www.feantsa.org/download/article-4592410342917616893.pdf>

threatened with homelessness' cases (486 in total) and 6 per cent of Section 73 'eligible and homeless' cases (615 in total) had duty discharged a result of 'non-cooperation'. This means that in this second year of the new legislative regime, the incidence of 'non-cooperation case closures' fell as compared with 2015/16 – from 8 per cent to 5 per cent as regards Section 66 cases and from 11 per cent to 6 per cent as regards Section 73 cases. Nonetheless, these are non-trivial numbers that will require careful surveillance over the next few years to assess the impact of these new provisions designed to facilitate an appropriate balance between the rights and responsibilities of both local authorities and homeless applicants.

Hidden homelessness

People may be in a similar housing situation to those who apply to local authorities as homeless, that is, lacking their own secure, separate accommodation, without formally applying or registering with a local authority or applying to other homelessness agencies. Such people are often referred to as 'hidden homeless'. A number of large-scale/ household surveys enable us to measure some particular categories of potential hidden homelessness: *concealed households*;¹⁹ households who are *sharing* accommodation;²⁰ and *overcrowded* households.²¹ Not everyone living in these situations will be homeless, but these phenomena are indicative of the kinds of housing pressures that may be associated with hidden homelessness.

We estimate that there were 120,000 households in Wales in 2016 containing at least one concealed single household, involving 154,000 individuals. This is in addition to approximately 13,000 concealed lone parent/couple families containing nearly 30,000 individuals. The incidence of potential concealed households has been relatively stable over the medium term in Wales, and now appears lower than that for the rest of the UK.

In contrast, the incidence of sharing households appears to have increased recently in Wales, with a rate that is now higher than for the UK as a whole. In 2016, approximately 2.3 per cent of households in Wales were sharing (about 30,000 households), compared with 2.0 per cent across the whole UK. Sharing is most common for single person households, and for this group appears to have increased from 4.6 per cent to 9.1 per cent between 2014 and 2016. Sharing is particularly concentrated in private renting, and to a lesser extent social housing, and is rare in the owner occupier sector.

Overcrowding has increased to quite a pronounced extent since 2003 in England, from 2.4 per cent to 3.0 per cent of all households, reversing previous declining trends. In Wales there is no consistent trend data over the longer time period, but data from the 'Understanding Society' survey can be used to look at crowding for three periods between 2009 and 2014.²² This indicates that rates in Wales are noticeably lower than GB overall, and that there has been a moderate decline

over this period. These patterns may reflect a lower level of pressure in the housing market and fewer minority ethnic and immigrant households.

Conclusions

This is undoubtedly the most positive of all of the Homelessness Monitors we have published to date, reporting on the apparent success of a major innovation in homelessness law, policy and practice that seems, so far at least, to have made a genuine difference to the experiences and outcomes for many homeless people. Nonetheless, there remain a range of matters of potential concern going forward. These include the many detailed areas of practice to be 'ironed out' in the new statutory homelessness framework in Wales, and careful monitoring of issues such as the implementation of 'non-cooperation' provisions, the numbers of single people in particular experiencing 'unsuccessful interventions', and attempts to address growing levels of rough sleeping, is required. It will also be important to gauge whether the apparent upturn in the numbers of households 'accepted' as being owed the full duty to be secured accommodation, and in the use of temporary accommodation, are aberrations in a generally downward trend, or mark the start of new direction of travel in the official statistics.

We can look forward to the outcome of the official evaluation of the new legislation in informing these debates, and we will also have the opportunity to revisit and assess the situation in Wales once more in this current Homelessness Monitor Series running to 2021. Hopefully we will continue to find Wales offering a positive model of innovative and collaborative practice, capable of illuminating constructive ways forward for the rest of the UK.

¹⁹ '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.

²⁰ '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. In practice, the distinction between 'sharing' households and 'concealed' households is a very fluid one.

²¹ '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.

²² We have not been able to exactly match the bedroom standard calculation in our analysis of the Understanding Society dataset.

Introduction

1. Introduction

1.1 Introduction

This study provides an independent analysis of the homelessness impacts of recent economic and policy developments in Wales. It considers both the consequences of the post-2007 economic and housing market recession, and the subsequent recovery, and also the impact of the welfare reforms implemented by the post-2010 Westminster Governments, as well as the effect of relevant Welsh Government policies and other major developments such as Brexit.

This third Welsh Homelessness Monitor report provides an account of how homelessness stands in Wales in 2017 (or as close to 2017 as data availability allows), and analyses key trends in the period running up to 2017. It focuses in particular on what has changed since we published the second Homelessness Monitor for Wales in 2015. Readers who would like a fuller account of the longer-term history of homelessness in Wales should consult with the first Homelessness Monitor Wales report published in 2013.²³ Parallel Homelessness Monitors are being published for other parts of the UK.

1.2 Definition of homelessness

A wide definition of homelessness is adopted in this study, and we consider the impacts of relevant policy and

economic changes on all of the following homeless groups:

- 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 being currently or imminently without accommodation.
- ‘Hidden homeless’ households – that is, people who may be considered homeless but whose situation is not ‘visible’ either on the streets or in official statistics. Classic examples would include households living in severely overcrowded conditions, 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 potential hidden homelessness are amenable to statistical analysis and it is these elements that are focused upon in this study. This includes ‘overcrowded’ households, and also ‘concealed’ households and ‘sharing’ households.

1.3 Research methods

Three main methods are employed in this longitudinal study.

First, relevant literature, research and policy documents are reviewed.

Second, we undertake in-depth interviews with a sample of key informants from across the statutory, voluntary and academic sectors in Wales, including those working directly with homeless families, single people and young people. Sixteen key informants participated in these interviews in 2017 (see Appendix 1 for topic guide).

Third, we undertake statistical analysis 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.

Fourth, and for the first time in Wales we have conducted a bespoke online survey of Welsh local authorities. This survey was undertaken in the period March-April 2017. Local authority contacts were sent an email introducing the research and inviting online participation. After some follow-up work, 19 of the 22 authorities (86%) submitted a response. See Appendix 2 for details.

1.4 Causation and homelessness

All of the Homelessness Monitors are underpinned by a conceptual framework on the causation of homelessness that has been used to inform our interpretation of the likely impacts of economic and policy change.²⁴

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. 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, international comparative research, and the experience of previous UK recessions, suggests that housing market trends and policies have the most direct impact on levels of homelessness, with the influence of labour market change more likely to be lagged and diffuse, and strongly mediated by welfare arrangements and other contextual factors. The centrality of poverty, especially childhood poverty, to the generation of homelessness is now firmly established.²⁵

The individual vulnerabilities, support needs and ‘risk taking’ behaviours implicated in some people’s homelessness are themselves often, though not always, also rooted in the pressures associated with poverty and other forms of structural disadvantage. 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 financial circumstances. Thus, deteriorating economic conditions in Wales could also be expected to generate more ‘individual’ and ‘interpersonal’ vulnerabilities to homelessness over time.

1.5 Structure of report

Chapter 2 reviews the current economic context and the implications of housing market developments for homelessness in Wales. Chapter 3 shifts focus to the impacts of policy developments under both the post-2010 UK Government, especially its welfare reform agenda, and the

²³ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. and Watts, B. (2012) *The Homelessness Monitor: Wales 2012*. London: Crisis.

²⁴ For a more detailed account of this conceptual framework please consult with Chapter 2 in the first Homelessness Monitor for Wales: Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. and Watts, B. (2012) *The Homelessness Monitor: Wales 2012*. London: Crisis.

²⁵ Bramley, B. & Fitzpatrick, S. (forthcoming) ‘The social distribution of homelessness in the UK: Who is most at risk?’, *Housing Studies*

Welsh Government, particularly its housing, homelessness and related policies. Chapter 4 provides a fully updated analysis of the available statistical data on the current scale of and recent trends in homelessness in Wales, focusing on the four subgroups noted above. All of these chapters are informed by the insights derived from our qualitative interviews with key informants conducted in 2017. In Chapter 5 we summarise the main findings of this year's report.

Economic factors

2. Economic factors that may impact on homelessness in Wales

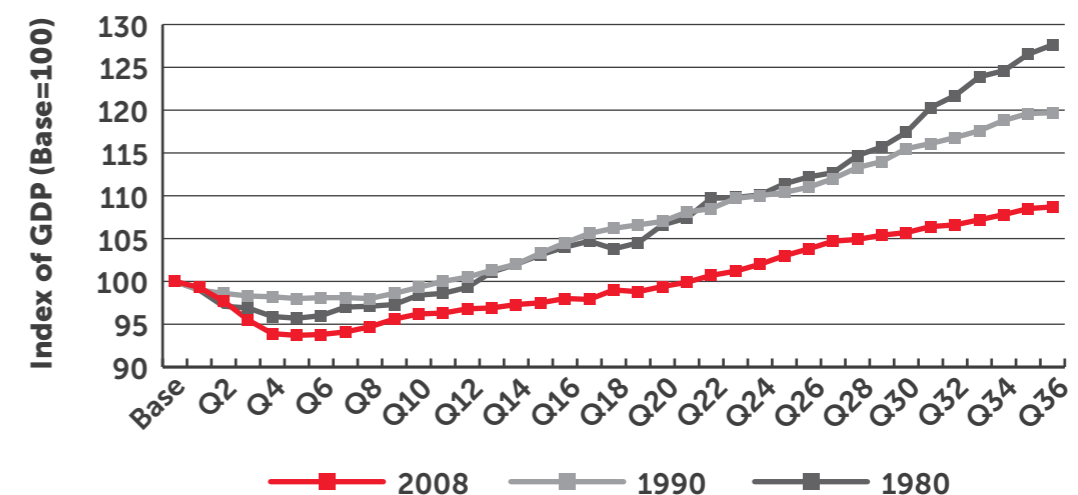
2.1 Introduction

This chapter reviews recent economic and housing market developments in Wales and analyses their potential impact on homelessness. After discussing the broader economic context, we focus on developments affecting access to each of the three main tenures, and then Welsh local authority responses on the ease with which they can access housing in order to discharge their homelessness duties.

2.2 The broader economic context

While we have now seen four years of consistent gradual recovery in the UK economy following the 2007 credit crunch downturn, and UK Gross Domestic Product (GDP) is now well above 2007 levels, there are considerable doubts about future economic prospects given the uncertainties about the UK's trading position in the light of the decision to leave the European Union, and quite probably the European single market.

Figure 2.1 UK economic recovery continues but future now less certain



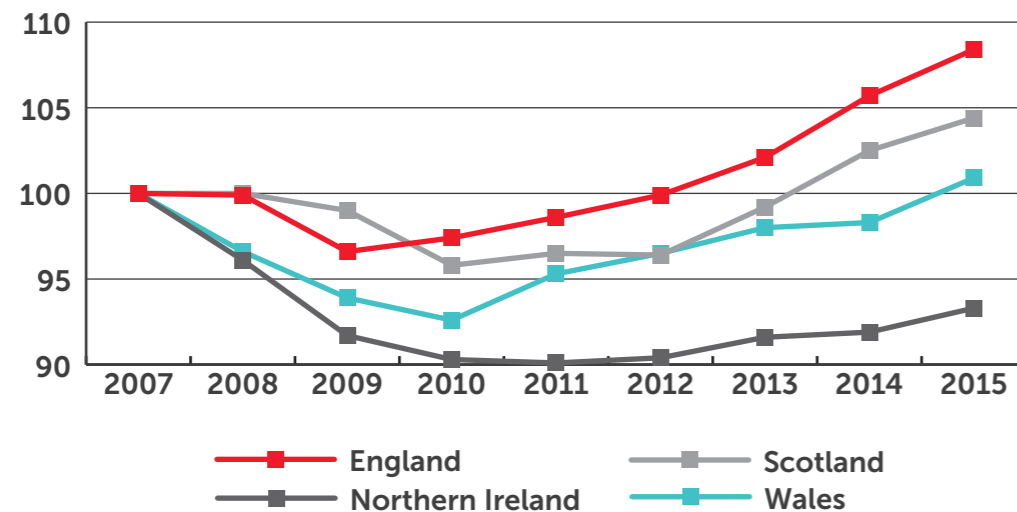
Source: Computed from ONS Quarterly GDP data (ABMI)

While the economy initially fared reasonably well in the immediate aftermath of the Brexit vote there are now signs of a slowdown, and the uncertainties over the future UK trading position are expected to have a negative impact on economic growth in the next few years. There is growing evidence that companies with strong economic links to the EU trading block are considering their options about the best location for some, if not all, of their future business. The latest forecast by the Office for Budget Responsibility (OBR) is for GDP growth of no more than 2.0 per cent a year over the 5 years to 2021,²⁶ however that forecast is made with an acknowledgement of the greater than usual uncertainty as a result of the UK's decision to leave the EU.

Within that context, claimant unemployment is forecast to rise slightly over the period, but to remain well below the million mark. However UK average earnings are not now forecast to recover to 2007 levels until 2022.

Figures for the Welsh economy are currently only available up to 2015, and are for work place based gross value added (GVA), rather than the wider and more inclusive concept of gross domestic product (GDP). However, on that measure the figures show that over the eight years to 2015 the Welsh economy shrank more substantially than in England and Scotland, and by 2015 was still only some 1 per cent higher in real terms than in 2007.

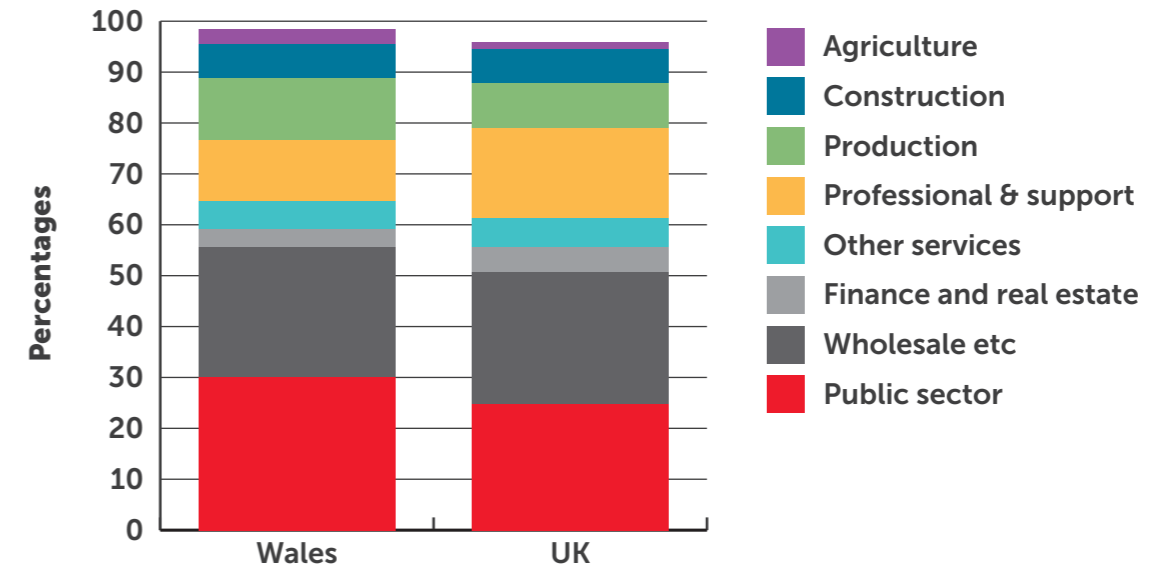
Figure 2.2 Changes in real gross value since 2007



Source: Workplace based GVA converted to 2015 values using GDP deflator – Economy, ONS website

²⁶ Office for Budget Responsibility (2015) *Economic and fiscal outlook, March 2015*. London: The Stationary Office.

Figure 2.3 Workplace employment in Wales in 2015



Source: Workplace employment in Wales, 2001 to 2015, Statistics for Wales Statistical Bulletin

Prospects for Wales are also shaped by the particular structure of the Welsh economy. As Figure 2.3 shows Wales has an above average level of employment in the public sector compared to the UK as a whole, and also shows a rather larger proportion of employment in the production and agricultural sectors, albeit the latter is still small, accounting for just 3.5 per cent of all employment in Wales.

One of the obvious consequences of that employment structure is that the Welsh economy is disproportionately disadvantaged by the public expenditure cuts now in train. While the distribution of those cuts between services is subject to decisions by the Welsh Government, their overall expenditure plans and policies are fixed by the budgetary framework and financial settlements provided by the UK Westminster government. The difference in the employment structure in Wales also means that the impact of Brexit – in whatever form it

might take – would be different to the impact on the rest of the UK.

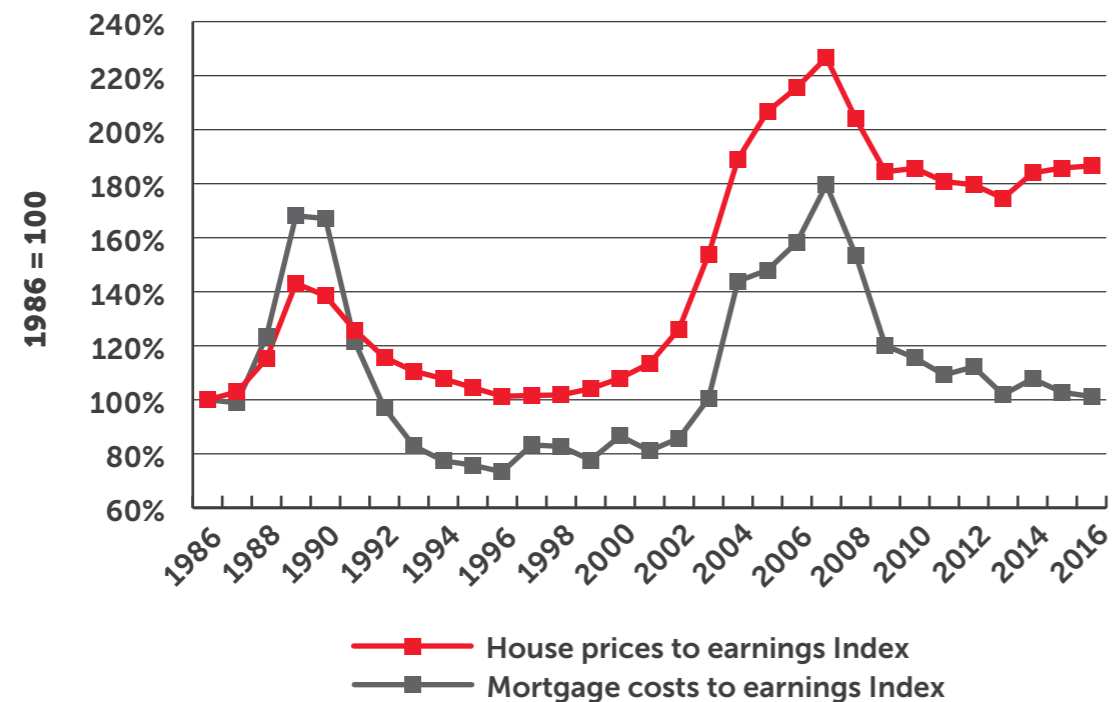
Wales is further characterised by low levels of pay and household incomes, compared to the rest of the UK. Indeed, average full-time earnings in Wales in 2016 were 12 per cent lower than for the UK as a whole, and lower than in Scotland and all of the regions of England.²⁷ Gross disposable household incomes per head in 2016 were 15 per cent lower than for the UK as a whole, and again lower than in all parts of the UK other than Northern Ireland, and the North East region of England.²⁸

2.3 Access to home ownership

Housing affordability improved in the early 1990s but began to deteriorate from 1997 onwards, and more sharply after 2004. Much of the improvement in affordability was based on the substantial reduction in interest rates after 1990, linked to the long period of low inflation resulting both from UK government policy and favourable international economic conditions.

²⁷ Office for National Statistics (2014) *Annual Survey of Hours and Earnings, 2016 Results*. London: ONS. Place of work based earnings.

²⁸ Office for National Statistics (2016) *Regional Gross Disposable Household Income 1997 to 2014*. London: ONS.

Figure 2.4 Housing market affordability in Wales

Indexes based on all full time earnings and ONS mix adjusted average house prices

As can be seen in Figure 2.4 the combination of prolonged economic growth, and low interest rates, led to a sharp rise in house prices relative to earnings after 1997. While other factors, such as the growth in investment in the private rented sector (PRS), also played some part in the rise in house prices, that impact was softened for home buyers by the lower post-1990 levels of interest rates.²⁹

Nonetheless affordability, measured in terms of average mortgage costs as a proportion of average full-time earnings, had by 2007 risen to much the same level as in 1990; at the peak of the last housing market 'boom'.

Figure 2.4 is based on the new Office for National Statistics (ONS) series 'mix adjusted' house prices, rather than simple average prices. This is now fully mix adjusted and provides a much better indication of house price movements over time than series that do not adjust for the changes

in the mix of dwellings (in terms of size, location etc) sold in one year compared to another. This new series shows that even in 2016 house prices in Wales remained a little (1.3%) below 2007 levels. Figure 2.4 also shows that once account is taken of the modest rise in earnings since 2007, and the further reductions in interest rates, affordability for home buyers has eased significantly.

However, while housing affordability has improved since 2007, access to home ownership has become more problematic for would-be first time buyers in this period, as the reduced flow of mortgage funds and regulatory pressures have drastically reduced the availability of mortgage products allowing purchase with low or no deposit.³⁰ Pre-2007 it had been the norm for nearly three decades for more than a half of all first time buyer mortgages to have a loan to value ratio of 90 per cent or over, and for

about a third to have a loan to value ratio of 95 per cent or over. The sharp reduction in the availability of low deposit mortgages post-2007 has in effect created a 'wealth barrier' to homeownership for aspiring first time buyers – estimated by the Council of Mortgage Lenders (CML) to be excluding some 100,000 potential purchasers each year in the UK.³¹

Partly as a result of the UK governments Help to Buy policies there was some marginal easing in the availability of low deposit mortgages for first time buyers since 2009, but Financial Services Authority (FSA) data on low deposit mortgages for all home buyers show that even by the fourth quarter of 2014, low deposit mortgages were still only around a third of the level in 2007, as a proportion of all mortgage advances.³² Moreover, this constraint for would-be first time buyers looks set to be locked in by a future tighter regulatory framework for mortgage lenders that will extend beyond the current dislocation of the market. In effect, this is equivalent to a reversion to the constraints on mortgage availability in the years before the deregulation of the mortgage markets in the early 1980s.

At the UK level, both mortgage arrears and repossessions rose sharply after 2007. However, these increases were far less marked than those triggered by the early 1990s recession. Also, potential claims for possession issued to the courts actually started to increase after 2003 (Figure 2.5), as rising affordability ratios left more recent buyers exposed to unmanageable changes of circumstances, while there were no effective market or regulatory pressures on lenders to exercise 'forbearance'. However, the arrears numbers rose

more sharply in response to the credit crunch and recession in the immediate post-2007 years.

In practice, however, the combination of falling interest rates and lender forbearance has since held down the proportion of high arrears cases resulting in repossession. Lenders have been strongly encouraged by the UK Government to exercise forbearance, and this has been reinforced by court protocols and the availability of advice to people with mortgage debt problems on court premises. As a result both arrears and possessions have steadily fallen back every year since 2009, and now stand at the lowest level for over 25 years. Nonetheless there continue to be concerns that levels of arrears and repossessions could rise when interest rates start to rise. There are also concerns about the limitations of the Support for Mortgage Interest (SMI) scheme. The temporary provisions enabling SMI claims to be made without having to wait for nine months after the initial welfare benefit claim have now ended, and from 2018 SMI will only take the form of a recoverable loan rather than a benefit. Moreover it is already the case that as Universal Credit is rolled out so SMI will cease to be available to households working less than 16 hours a week; instead they will simply be entitled to a higher rate of earnings disregard (or 'work allowance'), entirely unrelated to the level of their mortgage liabilities. Even with the work allowance the UC regime will provide a lower level of support for home owners in low paid work when compared to the current tax credit regime.³³

²⁹ Wilcox, S. & Williams, P. (2009) 'The Emerging New Order', in *UK Housing Review 2009/2010*. Coventry: CIH.

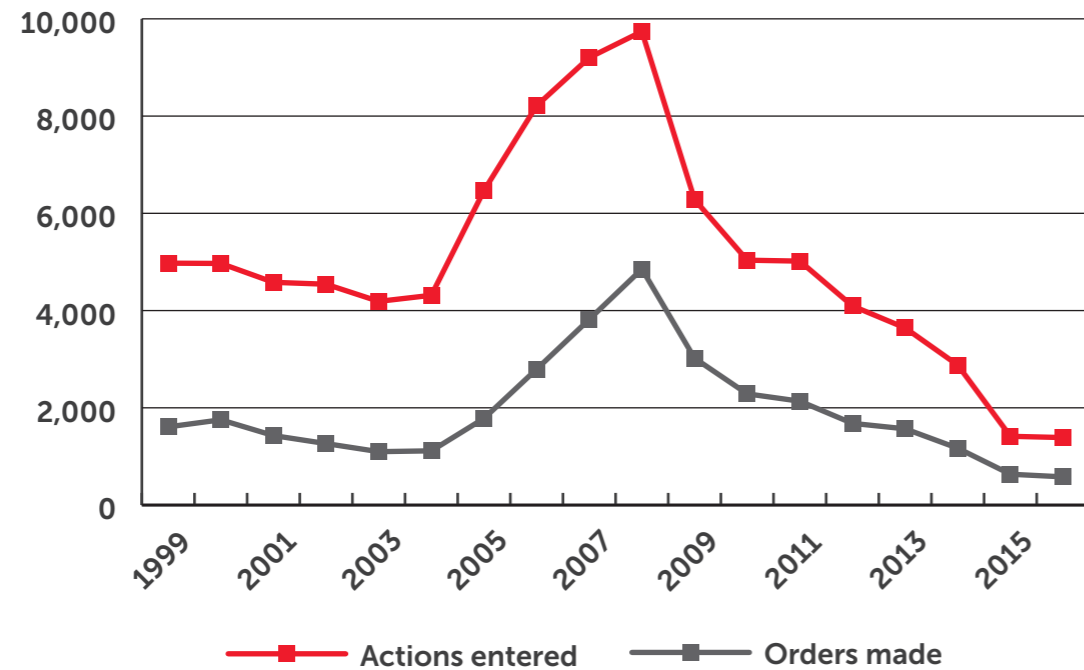
³⁰ Pawson, H. & Wilcox, S. (2011) *UK Housing Review Briefing Paper*. Coventry: CIH.

³¹ Council of Mortgage Lenders (2013) 'Helping the bank of mum and dad', *CML News and Views*, 5th June: <http://www.cml.org.uk/news/533/>

³² See Table 2.3.3 in: Wilcox, S., Perry, J., Stephens, M & Williams, P. (2015) *UK Housing Review 2017*. Coventry: CIH.

³³ Whitehead, C., Wilcox, S. & Williams, P. (forthcoming), *The Vanishing Safety Net for Home Owners (Provisional Title)*. Council for Mortgage Lenders.

Figure 2.5 Declining levels of court actions for mortgage repossession in Wales



Source: HM Courts and Tribunal Service Statistics

At the same time, it is important to bear in mind that mortgage arrears account for a vanishingly small proportion of statutory homelessness acceptances in Wales, as indeed is the case in all parts of the UK.³⁴

2.4 Access to private rented housing

The private rented sector (PRS) has doubled in size in Wales over the last decade (to 15% of all dwellings),³⁵ and now fulfils an important and active role in providing accommodation for households at all income levels. The improved supply of private rented dwellings has brought a welcome flexibility to the wider housing market, and has also provided an alternative source of accommodation for households unable to secure housing in either the social rented or home owner sectors (albeit that the PRS may not be their preferred tenure). While a robust longer term time

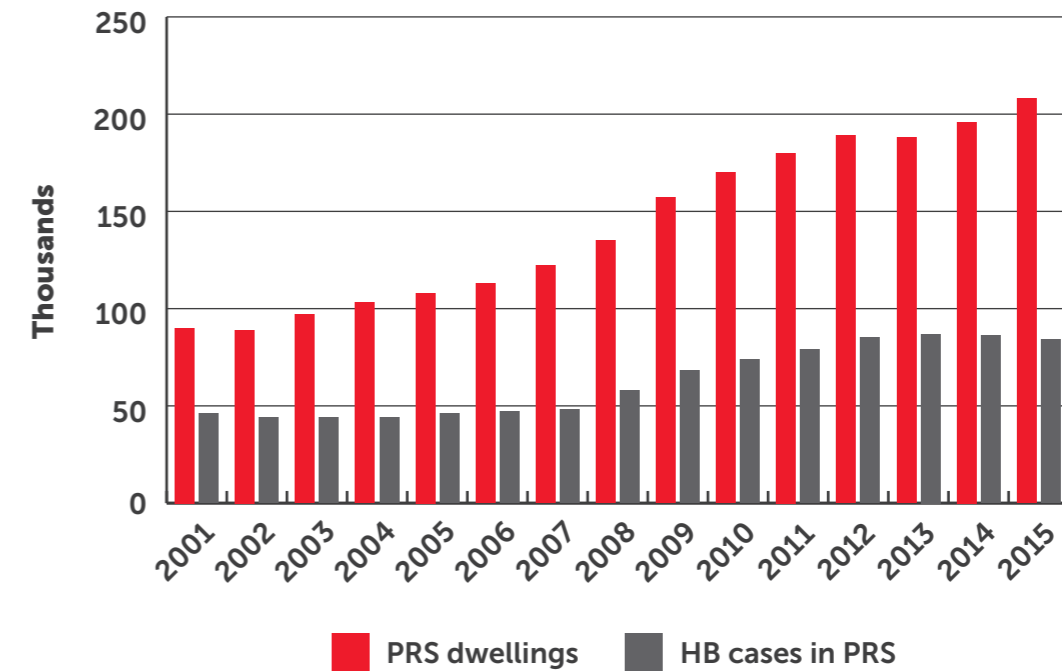
series on private rents in Wales is not available, the latest Welsh Government data shows that average private rents in Wales ranged from £422 per month for a one bedroom dwelling, up to £768 per month for a four bedroom dwelling, and from £400 to £575 per month (for a two bedroom property) in different parts of Wales.³⁶ We do have reliable data on the numbers of low income private renters in receipt of Housing Benefit (HB), and those numbers have grown rapidly in recent years, and particularly since 2006. By 2015, there were over 85,000 HB claimants resident in the sector in Wales, accounting for over 40 per cent of all private tenants. The impact of the Local Housing Allowance (LHA) reforms on PRS supply and rent levels, and issues arising from the limited data available on Universal Credit claimants are discussed in Chapter 3 below.

³⁴ See <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/homelessness-monitor/>

³⁵ See Table 17 in: Wilcox, S., Perry, J., Stephens, M & Williams, P. (2017) *UK Housing Review 2017*. Coventry: CIH.

³⁶ Welsh Government (2016) *Private Sector Rents for Wales, 2015*. Cardiff: Welsh Government

Figure 2.6 Rapid growth of private rented sector



Data for Wales (estimated HB figure for 2008). UKHR for stock data; DWP website for HB data.

One important factor in the growth of the PRS is the competitive advantage that investors have enjoyed by virtue of access to interest only mortgages, which involve far lower monthly costs than the repayment mortgages that are now virtually obligatory for home buyers. The result is that investors can more than cover their mortgage interest costs with a typical rent, while in contrast a potential buyer would need to incur repayment mortgage costs in excess of a typical rent.³⁷ The impact of this regulatory factor is illustrated in Figure 2.7 which compares the costs of renting and buying in Wales (based on median rents and house prices for each size of dwelling). However it must be noted that the revised tax arrangements that now apply to landlords, including increased stamp duty costs for new purchases and a restriction on the tax deductible for mortgage interest,³⁸ will to some extent offset that regulatory advantage.

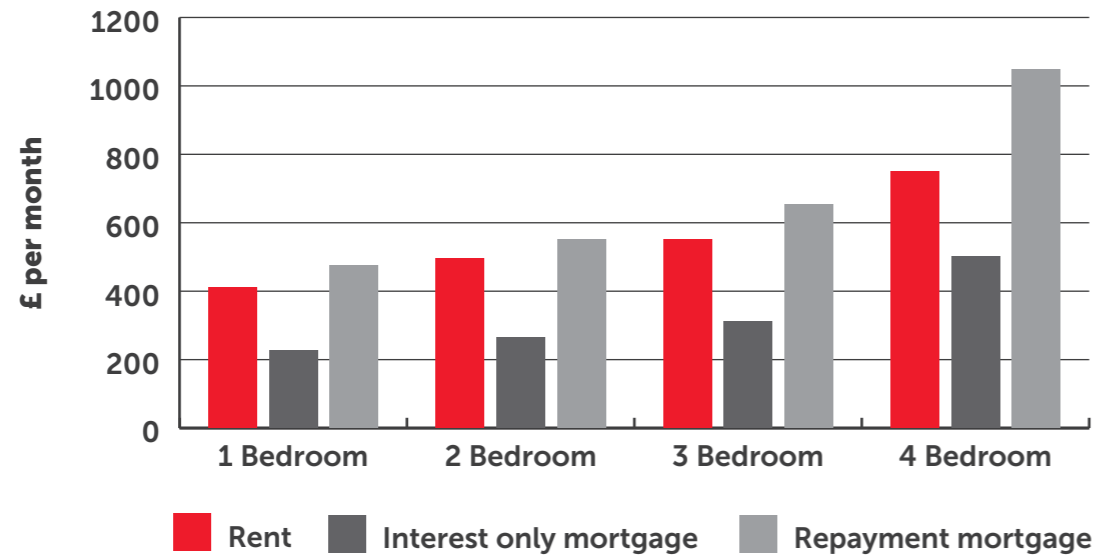
While in Wales the existing stamp duty regime is due to be replaced by a new 'Land Transaction Tax', it has already been indicated that higher rates of that tax will be applied to buy to let and second homes, in effect mirroring the higher rates for stamp duty now in place.³⁹ Wales has also introduced legislation to provide revised regulatory provisions for private landlords and some (relatively minor) changes to the security of tenure arrangements for private tenants (The Rented Homes (Wales) Act 2016) (see also Chapter 3).

³⁷ Wilcox, S., Perry, J., Stephens, M & Williams, P. (2017) *UK Housing Review 2017*. Coventry: CIH

³⁸ Wilcox, S., Perry, J., Stephens, M & Williams, P. (2017) *UK Housing Review 2017*. Coventry: CIH

³⁹ Welsh Government (2017) *Land Transaction Tax, 24 May 2017*. Welsh Government website.

Figure 2.7 Costs of renting and buying in Wales



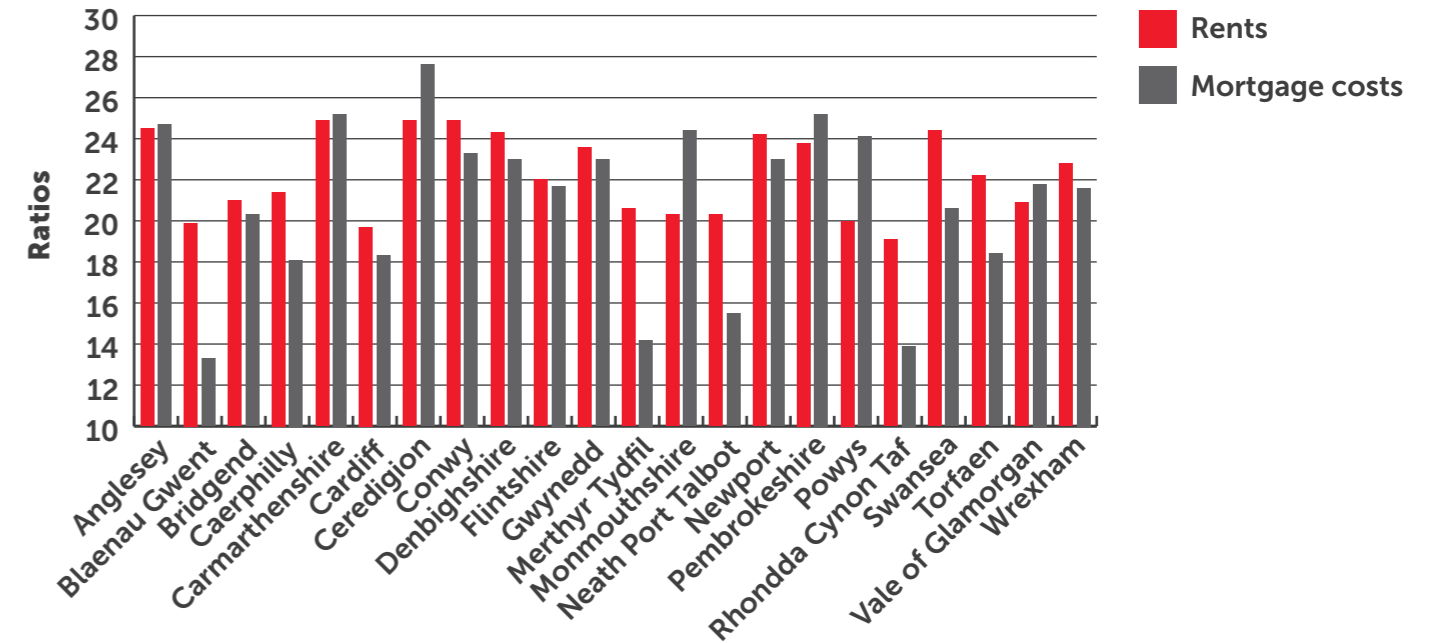
2015 Regulated Mortgage Survey House Prices, Welsh Government Private Rents

It must also be recognised that the variations in private rents and house prices across Wales do not entirely follow the same pattern. While in most areas the costs of a repayment mortgage are greater than private rents,⁴⁰ in a few areas (predominantly those that have suffered from the decline of their traditional industries) the costs of house purchase are much lower, as can be seen in Figure 2.8. The figure also shows that in most parts of Wales both two bedroom rents and lower quartile house prices are relatively affordable for those with average full-time earnings, only in Cardiff, Ceredigion and Pembrokeshire do mortgage costs (based on a 95% repayment mortgage) exceed 25 per cent of average earnings.⁴¹

40 The figure does not make an entirely like for like comparison of rents and mortgage costs, as local authority level house prices by size of dwelling are not readily available.

41 While the figure is based on lower quartile prices this to some extent reflects the finding that some two fifths of all first time buyers purchase at or below lower quartile prices. It must also be recognised that while the figure is based on individual full-time earnings, in practice the majority of first time buyers are dual income households.

Figure 2.8 Rent and mortgage cost to earnings ratios

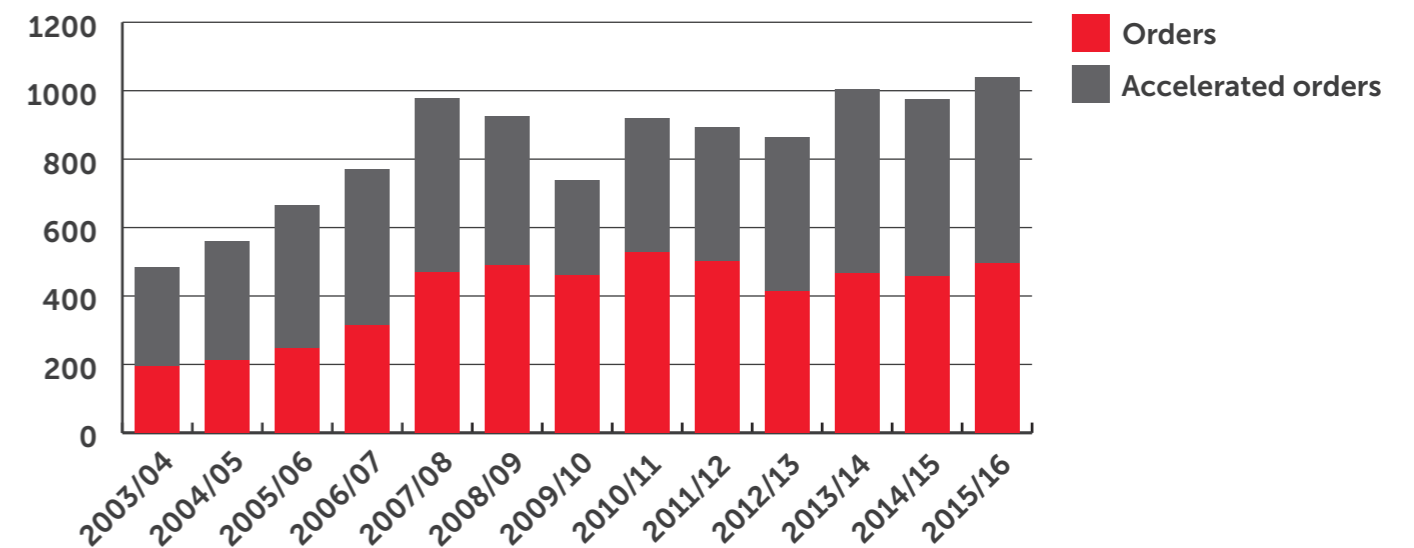


Based on Lower Quartile House Prices (Q3 2016), 2 Bedroom Median rents (2015) and Median Earnings (2016)

There has been a rise in levels of private landlord court orders since 1994; but over the two and a bit decades from 1990 to 2014, the total level of private landlord orders (including accelerated orders in respect of Assured Shorthold Tenancies) have risen less rapidly than

the growth in the size of the sector. Moreover while there have been some year on year fluctuations in levels of private landlord orders, despite further rapid growth in the sector, the numbers of actions in 2015/16 were only marginally higher than they were eight years earlier (see Figure 2.9).

Figure 2.9 Private landlord possession orders



Sources: Welsh Government Statistical Article (Orders), Ministry of Justice (Accelerated Orders).

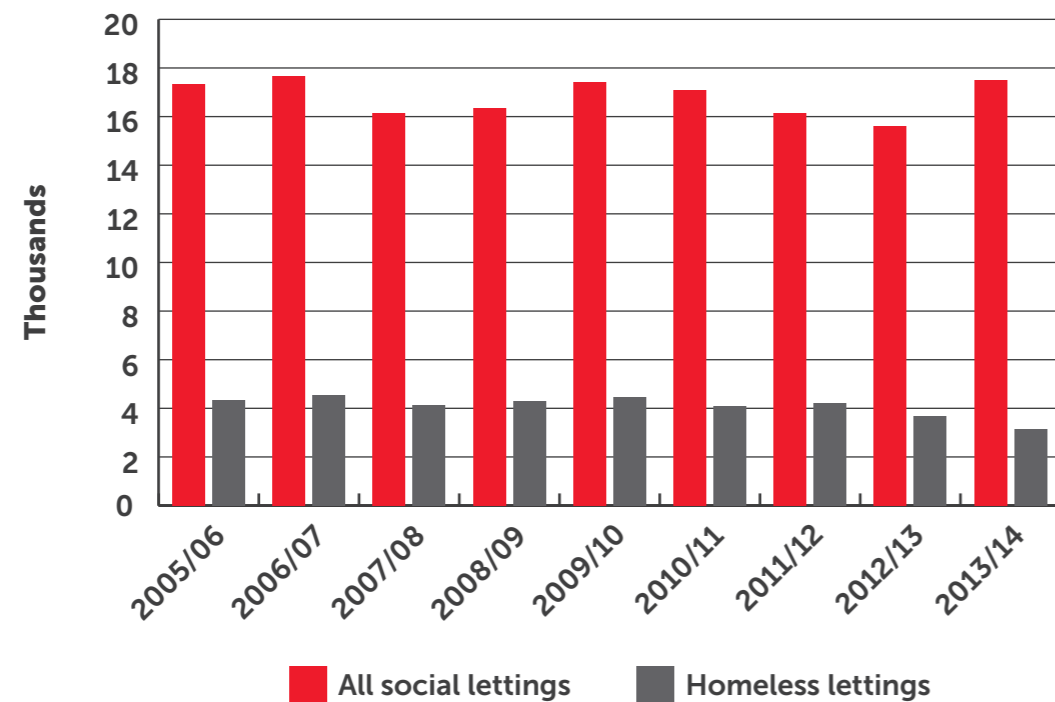
2.5 Access to social housing

Post-1990 saw a substantial rise in the availability of social sector lettings, with local authority lettings to new tenants rising by 37 per cent in the period 1990-1998.⁴² This came about partly as a result of UK Government action to increase investment in new social sector housing as part of its response to the housing market collapse, and partly because increased private sector affordability also enabled more social sector tenants to move out to buy, thus increasing the availability of 'relet' properties in the social sector.

However, there was not a similar pattern in the availability of social sector lettings post-2007, at least until 2013/14 (see Figure 2.10). Stimulus investment approved for 2008/09 and

2009/10 contributed to a minor upturn in social housing availability in the period to 2010/11, but subsequently investment levels fell back towards pre-credit crunch levels. (For a further discussion of investment in the supply of new affordable housing see below.) In addition constraints of the deeper and longer economic downturn, and the limitations on the availability of mortgage finance, did not facilitate voluntary moves out of the sector that would lead to a substantial rise in the levels of available social sector relets. Moreover, mainly due to the long-term effect of the right to buy, levels of council relets have been much lower than they were at the time of the early 1990s recession (even after taking account of the impact of stock transfers).

Figure 2.10 Social lettings levels recover, but lettings to homeless households fall



Source: Stats Wales. Lettings figures are for new tenants only and exclude transfers and exchanges.

⁴² Wilcox, S. (2000) *Housing Finance Review 2000/01*. Coventry & London: CIH & CML.

There was a sharp rise in levels of lettings to new tenants in the social rented sector in 2013/14. A small part of that rise was a result of a rise in levels of social landlord court orders for possession. However since then levels of lettings have again eased down, albeit remaining higher than in the two years prior to 2013/14.

There is a much clearer downward trend over the decade in the numbers of those lettings made available to homeless households. In the years to 2011/12 lettings to homeless households consistently ran at something over 4,000 a year; but since then they have declined to only just over 3,000 a year since 2013/14. Over the preceding eight years about a quarter of all lettings to new tenants were made to homeless households, but in the last three years the proportion has fallen to around 18 per cent. This compares to 22 per cent in England, and a far higher percentage (37%) in Scotland with its much wider homelessness duties.⁴³

The reasons for this trend are not altogether clear, but the suggestion was made in the last Welsh Monitor that more restrictive 'affordability' checks being imposed by certain social landlords may be restricting the access of some homeless people – particularly younger households affected by welfare cuts – to social housing. Certainly some local authority (LA) key informants felt that housing associations interviewed in 2017 felt that the 'duty to cooperate' imposed on housing associations by the new homelessness legislation in Wales (see Chapter 3) was weaker than they would have liked it to be:

"...if I was a chief executive of a housing association, I would take one glance and go,

'Well there we are, we're not expected to do anything... Yes, so I would like to see that being strengthened... if it was stronger, they would have to change their allocations policies. ... how can you close a list? How can you possibly close a list because you can't?... Yes, so you're not determining housing need at all, the way they're at the moment and the way we're set up is we rely on them housing people directly as well.... I think if the legislation could change in some way it would be to firm up on making sure housing associations are more accountable.'
(Statutory sector key informant, 2017)

While 2013 did see a marked rise in levels of social landlord court orders, they were still some way below the levels of the decade prior to 2010, and in 2014 they began to fall. Levels of repossession actions taken against social tenants also rose in 2013/14, and increased further in 2014/15, before easing back in 2015/16, although they remained at over 900 for the third year running.⁴⁴

Levels of social sector rent arrears also fell between 2009/10 and 2012/13, before a marked rise in 2013/14 took them back to 2009/10 levels, and they have subsequently remained around that level. Altogether almost a third of all social sector tenants (72,905) were in arrears at the end of March 2016; and some 2 per cent had arrears of more than

⁴³ Wilcox, S., Perry, J., Stephens, M & Williams, P. (2017) *UK Housing Review 2017*. Coventry: CIH.

⁴⁴ Welsh Government (2016) *Mortgage and Landlord Possession Actions taken in the County Courts of Wales, 2015/16*. Welsh Government.

13 weeks.⁴⁵ The role of welfare reforms in the rise of social sector rent arrears is discussed in Chapter 3.

2.6 Overall housing demand and supply

Latest household projections suggest that housing demand will continue to grow strongly over the medium and longer term: in the decade years from 2014, household growth in Wales is now projected to average some 7,000 per annum.⁴⁶ This is only marginally above the new build level achieved over the past two years, although output remains well below the average level over the decade before pre-credit crunch (of some 9,000 dwellings per annum).

Though the balance between house building and household formation levels are well recognised as an important factor in terms of long term pressures on house prices, in the immediate future house price rises are likely to be limited by both modest and uncertain prospects for economic growth and continuing constraints on the availability of low deposit mortgages. While demand for investment in private rented housing is likely to continue, given the competitive advantages that buy to let investors enjoy relative to first time buyers,⁴⁷ the upward pressures this places on house prices is likely, at least to some extent, to be offset by the eventual impact of a return to somewhat higher interest rates.

2.7 Local authority views on access to housing for homeless households

We asked Welsh local authorities to comment on the ease with which they could access housing in order to discharge their homelessness duties. Results suggest that private tenancies are somewhat more challenging to

procure than social tenancies for homeless households in Wales (see Appendix 2, Table 6), with 12 out of 19 responding Welsh local authorities reporting at least some degree of difficulty in gaining access to such tenancies, albeit that in only three cases (16%) was it reported to be 'very difficult' (as compared with half (49%) of all English local authorities asked a similar question in 2016).⁴⁸

Explaining the constraints around the availability of (self-contained) private tenancies, respondent comments highlighted the challenges posed by Local Housing Allowance restrictions (see Chapter 3) throughout Wales, as well as the restricted supply of suitable properties in rural Wales in particular:

"Lack of affordable properties, unwillingness of landlords to accept LHA, lack of properties in particular areas in the county."
(Rural LA respondent, 2017)

"... whilst numbers of [PRS] units are relatively healthy... affordability ... presents a challenge. Our LHA rates rarely meet the rental charges for available properties with most of our customers having to pay top ups of at least 10 per cent when trying to access PRS. Many local agents won't entertain applicants on benefits and even some of our "go to" agents and landlords of years gone by ...[have become] more stringent and selective. Many of these landlords and

agents are now insisting on Guarantors thus creating additional barriers to the PRS."
(Rural LA respondent, 2017)

"The rents paid by Housing Benefit at the LHA rates are well below what most landlords wish to attain and rents are therefore unaffordable in many cases. Landlords are also unwilling to take the risk in letting to individuals on a low income and given the increase in the regeneration and development in the city, landlords have been able to let accommodation to working individuals more readily, further excluding some from the PRS market."
(Urban LA respondent, 2017)

The relatively low proportion of social lets in Wales allocated to homeless people has been remarked upon above, and almost half of responding LAs (8 out of 19) expressed some degree of difficulty in obtaining social housing tenancies for homeless people. Explanatory comments from LAs focused both of issues of overall supply and, in some cases, on the allocation policies of housing associations:

"We believe that [name of LA] has the lowest level of general needs social housing of all 22 LA areas when looking at proportion of all homes. We have a large amount of sheltered but this isn't where our homelessness pressures are."

(Rural LA respondent, 2017)

"The Authority [has no] Common Housing Register and therefore ... no control over allocations. It is strongly felt that RSLs will cherry-pick clients and those with the most complex needs are left excluded from such tenancies because of debt, former tenancy issues, convictions, antisocial behaviour etc."
(Other LA respondent, 2017)

Consistent with responses to the comparable question addressed to local authorities in England, Welsh authorities reported that accessing shared housing - as is increasingly required by welfare reform restrictions on Housing Benefit allowances for under 35s (see Chapter 3) - was often highly problematic in the PRS, with such provision virtually non-existent in the social sector (Appendix 2, Table 6).⁴⁹

"Sharing is a completely untested form of tenancy with our social housing providers. There is much reticence to this option, and where we have explored house sharing, the social providers want schemes underwritten by the LA to insure against loss, damage, management issues."
(Valleys LA respondent, 2017)

45 Statistics for Wales (2017) *Social housing vacancies, lettings and rent arrears, 2015-16*. Cardiff: Welsh Government.

46 Welsh Government (2017) *UK Local Authority Household Projections (2014-based)*. Welsh Government.

47 Wilcox, S., Perry, J. & Williams, P. (2015) *UK Housing Review*. Coventry: CIH

48 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2017) *The Homelessness Monitor: England 2017*. London: Crisis. Appendix 2, Table 3b.

49 See also Clarke, A. & Heywood, A. (2016) *Feasibility Study of the Prospect of Developing a Viable Housing Model for those entitled only to access the Shared Accommodation Rate*. <http://www.cchpr.landecon.cam.ac.uk/Projects/Start-Year/2016/Shared-Accommodation-Wales/Final-Report>

“There isn’t any [shared social housing]!”
(Urban LA respondent, 2017)

“There is competition with students to find suitable shared [private rental] housing that makes it more difficult to house homeless clients.”
(Urban LA respondent, 2017)

“Very few [private] landlords in the county have shared tenancies.”
(Rural LA respondent, 2017)

Unsurprisingly, then, single people under 35 were the group that Welsh local authorities most frequently found difficult to accommodate (Appendix 2, Table 7). Almost all Welsh local authorities indicated that it was ‘somewhat’ or ‘very’ difficult to rehouse all of the relevant age bands between 18 and 34 years old.

“For single clients aged 18 to 34 the challenge for settled accommodation is securing affordable rents due to the impact of the LHA rate for shared accommodation as shared accommodation is in short supply.”
(Urban LA respondent, 2017)

While for single people over 35 the difficulties seemed not quite as acute, nonetheless 13 of the 19 responding authorities expressed some measure of difficulty in rehousing this group. Limitations applicable to this older cohort of single people may be more a reflection of the availability of small-size dwellings as much as rent-paying capacity:

“Family sized accommodation is far more available than single household accommodation.”
(‘Other’ LA respondent, 2017)

“Single person accommodation in very short supply.”
(Valleys LA respondent, 2017)

Strikingly, even greater problems were reported in accommodating 16 and 17 year olds, with 11 authorities reporting this as ‘very difficult’ and another six as ‘somewhat difficult’, in a reversal of the position in England.⁵⁰

By some margin, the least frequently problematic group, as reported by local authorities, was small families with one or two children, with no councils reporting that this group were ‘very difficult’ to accommodate, and only three authorities reporting that they were ‘somewhat difficult’. This appears to be partly a matter of available dwelling supply, as well as the fact that this group has been less severely affected by post-2010 benefit cuts (see Chapter 3). For larger families with three or more children, on the other hand, 16 out of 19 local authorities indicated that they faced accommodation challenges, with supporting comments making clear that this was an issue of stock profile as well as welfare restrictions:

“Lack of large properties for families as most of large properties are used for students.”
(Rural LA respondent, 2017)

“We only have a small amount of [4-bed plus] social housing ... average waiting time for those accessing this small pool

of properties is approx. 4 years so this isn’t an option for those at risk of homelessness. PRS has previously been the only option for these households but this type of property is less available than ever and more costly... well above our 4 bed LHA rate. This presents a massive risk for the Authority as we have duties to these customers but [little if] any accommodation to assist them ...”
(Rural LA respondent, 2017)

“General lack of stock for large families and single persons within the borough.”
(Valleys LA respondent, 2017)

Local authority respondents overwhelmingly envisaged that it will become even harder to discharge homelessness duties over the next 2-3 years. This was the general expectation with respect to all groups other than smaller families with children (Appendix 2, Table 7). Respondent explanations indicated that the ongoing implementation of welfare reform was the principal root of their anxiety (see Chapter 4), but that there were also housing market and other contextual factors at play:

“...benefit cap, restriction on 2 children in terms of Tax Credits, removal of housing costs for 18-21 year olds, freeze on benefits, Universal Credit, removal of direct payments to landlords, lack of [new homelessness legislation] transitional funding from the Welsh Government which has helped tremendously

in terms of securing private rental properties, increasing costs of securing private lets (agency fees, referencing fees, bonds, requirement to have a guarantor).”
(Rural LA respondent, 2017)

“Some landlords who had chosen to rent their properties out are now telling us that as the market for sale is picking up, they are looking to sell properties (quite common with our single unit landlords)... some changes in taxes for landlords over last couple of years make it a less attractive proposition. Finally, many landlords are massively concerned about the risks associated with Universal Credit.”
(Rural LA respondent, 2017)

“General demand for single person accommodation will rise and given the changes to social rents in April 2019, shared accommodation will be the only option for people, leaving then the accommodation choices for many extremely limited. General accommodation in the PRS will become more problematic to secure given the welfare reform changes and risks that landlords in the PRS sector will be unwilling to take.”
(Urban LA, 2017)

⁵⁰ Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2017) *The Homelessness Monitor: England 2017*. London: Crisis. Appendix 2, Table 5.

2.8 Key points

- While the UK economy has now recovered well beyond pre-credit crunch levels, the Welsh economic downturn was more severe, and recovery has lagged behind England and Scotland, with the Welsh economy only recovering to pre-credit crunch levels in 2015. Moreover average full time earnings in Wales are 12 per cent lower than for the UK as a whole, and are lower than in Scotland and all of the regions of England.
- House prices remain a little below 2007 levels, but due to lower interest rates and modest cash increases in earnings affordability has eased. However, despite the Help to Buy scheme access to low deposit mortgages remains problematic. Affordability is also a more acute issue in Cardiff, Ceredigion and Pembrokeshire.
- Levels of mortgage arrears and repossessions have declined steadily since 2009, and are only a very minor factor in homeless acceptance levels. There are, however, concerns about the future impact of higher interest rates, and the future reduced support for home owners under the Support for Mortgage Interest and Universal Credit schemes.
- The private rented sector doubled in size over the last decade (to 15% of all dwellings), and two fifths of all tenants are in receipt of HB. Nowhere do average two bedroom rents exceed 25 per cent of average full-time earnings; but only in four local authority areas do they fall below 20 per cent of average full time earnings.
- While there have been small year on year variations in levels of social sector lettings over the last decade, there has been a marked decline in the proportion of those lettings allocated to homeless households since 2012/13 – falling to around 18 per cent of all lettings to new tenants in the last three years, as compared with the recent norm of around a quarter.
- Social sector rent arrears rose sharply in 2013/14, and have subsequently remained at similar levels. Almost a third of all social sector tenants (72,905) were in arrears at the end of the 2015/16; 2 per cent had arrears of more than 13 weeks. Social landlord court actions also rose in 2013, but have since fallen back to the lowest level this century. However, for the third year running, repossessions against social sector tenants remained at over 900 in 2015/16.
- Latest household projections suggest that housing demand will continue to grow strongly over the medium and longer term: in the decade years from 2014, household growth in Wales is now projected to average some 7,000 per annum. This is only marginally above the new build level achieved over the past two years, although output remains well below the average level over the decade before pre-credit crunch.
- Stock profile constraints and welfare reform restrictions mean that Welsh local authorities report greatest difficulty in rehousing homeless single people under 35 and larger families with children. They overwhelmingly anticipate increased difficulties in accommodating these groups over the next two-to-three years as a result of the ongoing implementation of welfare reform, as well as housing market and other contextual developments.

Government policies

3. Westminster and Welsh Government policies potentially impacting on homelessness in Wales

3.1 Introduction

Chapter 2 considered the homelessness implications of the post-2007 economic downturn and subsequent recovery, this chapter now turns to review policy developments that might be expected to affect homeless groups and those vulnerable to homelessness. It covers both areas of policy devolved to the Welsh Government and National Assembly for Wales (homelessness, housing and related policies) and areas of policy reserved to Westminster and therefore the responsibility of the UK Government (welfare reform).

3.2 Homelessness policies in Wales

In the first Homelessness Monitor for Wales we reviewed the history of homelessness policies in Wales across our four key subgroups.⁵¹ Here we focus on significant recent developments in homelessness

policies which relate to the major changes to the statutory homelessness system in Wales ushered in by the Housing (Wales) Act 2014, and also developments with regard to 'Supporting People' and access to supported accommodation, and on rough sleepers.

Statutory homelessness and the Housing (Wales) Act 2014

As discussed in previous Homelessness Monitors for Wales, the 'Mackie' review of the homelessness legislation, commissioned by the Welsh Government and completed in 2012, formed the basis of the homelessness provisions of the Housing (Wales) Act 2014.⁵² This 'Welsh model' has subsequently heavily influenced the development of the recently passed

51 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2012) *The Homelessness Monitor: Wales 2012*. London: Crisis.

52 Mackie, P. (2014) 'The Welsh Homelessness Legislation Review: Delivering Universal Access to Appropriate Assistance?', *Contemporary Wales*, 27(1): 1-2; Mackie, P. (2015) 'Homelessness Prevention and the Welsh Legal Duty: Lessons for International Policies', *Housing Studies*, 30(1): 40-59.

Homelessness Reduction Act 2017 in England.⁵³

The Mackie review set out to address what were viewed as two key weaknesses in the existing legislation in Wales (and in England). First, that a growing emphasis on preventative ('housing options') interventions sat uncomfortably alongside the statutory system, leading to concerns about both unlawful 'gatekeeping' and inconsistency in practice across Wales. Second, that very often no 'meaningful assistance' was made available to non-statutory homeless people, especially single homeless men.⁵⁴ The review proposals for a 'housing solutions' model of change, that would see the primary focus of LA duties switch to more flexible preventative interventions,⁵⁵ were incorporated almost wholesale into the Welsh Housing White Paper published in May 2012,⁵⁶ alongside a commitment to remove the 'intentionality' test for households with children by 2019.

The Housing (Wales) Act 2014 received Royal Assent in September 2014, with the key homelessness provisions coming into force in April 2015. A detailed account of the new homelessness system was provided in the last Homelessness Monitor Wales, and see also the flow chart of duties presented in Chapter 4 (Figure 4.3). But in brief, the main planks of the Mackie/White Paper proposals remained intact, and in particular the strengthened 'priority need blind' duties on LAs to "take

reasonable steps" to "help to prevent homelessness" (Section 66) and to "help to secure accommodation" for those already homeless (Section 73) (with these new duties generally referred to as the Stage 1 'prevention' and Stage 2 'relief' duties respectively). For those who are unintentionally homeless and in priority need, a 'Stage 3' (Section 75) 'full statutory duty' to secure suitable accommodation then arises in the event that prevention and/or relief efforts fail. Crucially, though, applicants who "unreasonably fail to cooperate" with the prevention or relief assistance, or refuse a suitable offer of accommodation, may not progress to Stage 3.⁵⁷ The intentionality test also remains at Stage 3, but LAs are able to decide whether to 'opt in' to applying the test to none, some or all of the priority need groups. From 2019 LAs will have a duty to provide accommodation for intentionally homeless families and 16 and 17 years olds unless they have previously been found to be intentionally homeless in the past five years.

The homelessness provisions of the 2014 Act were just coming into force as the last Homelessness Monitor Wales was being written up, but initial indications were that the new framework enjoyed a considerable measure of goodwill across both statutory and voluntary sectors.⁵⁸ Certainly, prioritizing preventative interventions and bringing them within the main statutory framework seemed to command overwhelming support from our key informants

at that time.⁵⁹ There was a broad welcome, too, for the significant extension in the entitlements of single homeless applicants, albeit there was disappointment in parts of the voluntary sector that proposals for a (priority need blind) duty to provide 'somewhere safe to stay' for all applicants were abandoned in the light of fierce opposition from the Welsh Local Government Association (WLGA).⁶⁰ The Code of Guidance,⁶¹ issued just as the legislation came into force, appeared to have been well received,⁶² which some key informants attributed to the 'co-production' model used in developing it. A training programme for frontline staff funded by the Welsh Government, and jointly delivered with Shelter Cymru and WLGA, was also perceived to have been a success. Concerns and challenges focused, as one might expect, on the resourcing of the new duties, and also on the scale of the culture change required.

With the Housing Wales Act 2014 having had two years to 'bed in' by the time of our 2017 LA survey, the research team considered this an opportune moment to gauge local authority staff views on the impacts of the new legislation on homelessness practice. The Welsh Government has commissioned an independent longitudinal evaluation of the outcomes of the new legislation, but the first interim report is not yet

available (due out in August 2017). Shelter Cymru, with support from the Oak Foundation, have already published a report called "Reasonable Steps", based on the experiences of 50 homelessness service users interviewed across six LAs between May and August 2016.⁶³ This qualitative data was subsequently incorporated into a journal article recently published by Pete Mackie and Ian Thomas from Cardiff University, together with Jennie Bibbings from Shelter Cymru, which also drew on analysis of the official homelessness data and interviews with service providers, to review the first year of implementation of the new system.⁶⁴ Their findings indicated that the new legal framework had successfully reorientated the Welsh system towards homelessness prevention, and engendered a much improved service for single people, albeit that variations in service outcome remained across Wales, and outcomes for single people still tended to be poorer than for families with children (see also Chapter 4).⁶⁵ Crucially, interviews with service managers and with homeless people who had sought help under the new administrative arrangements "repeatedly highlighted the supportive and caring nature of the assistance being provided", which was said to contrast sharply with experience under the previous system.⁶⁶

53 Fitzpatrick, S. (2017) The Homelessness Reduction Act 2017: An Historic Step Forward for Single Homeless People, *I-SPHERE blog*, 27th April: <https://i-sphere.org/2017/04/27/the-homelessness-reduction-act-2017-an-historic-step-forward-for-single-homeless-people/>

54 Mackie, P. (2014) 'The Welsh Homelessness Legislation Review: Delivering Universal Access to Appropriate Assistance?', *Contemporary Wales*, 27(1): 1-20; Mackie, P. (2015) 'Homelessness Prevention and the Welsh Legal Duty: Lessons for International Policies', *Housing Studies*, 30(1): 40-59.

55 Mackie, P., Fitzpatrick, S., Stirling, T., Johnsen, S. & Hoffman, S. (2012) *Options for an Improved Homelessness Legislative Framework in Wales*. Cardiff: Welsh Government.

56 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>

57 Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice', *European Journal of Homelessness*, 11(1): 81-107.

58 Shelter Cymru (2015) *A Brand New Start: Homelessness and the Housing (Wales) Act*. Cardiff: Shelter Cymru.

59 Mackie, P. (2014) 'The Welsh Homelessness Legislation Review: Delivering Universal Access to Appropriate Assistance?' *Contemporary Wales*, 27(1): 1-20.

60 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: Wales 2015*. London: Crisis.

61 Welsh Government (2015) *Code of Guidance for Local Authorities on the Allocation of Accommodation and Homelessness*. Cardiff: Welsh Government. <http://gov.wales/topics/housing-and-regeneration/services-and-support/managing-social-housing/allocate/?lang=en>

62 Welsh Government (2015) *Consultation – Summary of Responses. Code of Guidance for Local Authorities on the Allocation of Accommodation and Homelessness*. Cardiff: Welsh Government. <http://gov.wales/docs/desh/consultation/150501-code-of-guidance-to-la-consultation-summary-of-responses-en.pdf>

63 Shelter Cymru (2016) *Reasonable Steps: Experiences of Homelessness Services Under the Housing (Wales) Act 2014*. Cardiff: Shelter Cymru.

64 Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice', *European Journal of Homelessness*, 11(1): 81-107.

65 Ibid. See also: Shelter Cymru (2015) *A Brand New Start: Homelessness and the Housing (Wales) Act*. Cardiff: Shelter Cymru.

66 Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice', *European Journal of Homelessness*, 11(1): 81-107, p. 92

Consistent with this, the balance of responses to our online survey of Welsh LAs strongly indicate a generally positive experience of the revised homelessness system to date (see Appendix 2, Table 4). Thus, large majorities of participants felt that the new regime had resulted in:

- More effective homelessness prevention (16 out of 19 respondents)
- More effective use of the private rented sector (14 out of 19 respondents)
- A positive 'culture change' to a more person-centred approach in housing options services (18 out of 19 respondents).

While there was less unanimity regarding the legislation's impact on, for example, handling cases where issues of intentional homelessness or local connection were at play, prompted to summarise their views in the overall impact of the new legislation participants voiced overwhelmingly positive sentiments. For most it was seen as a welcome spur to an enhanced, more pro-active and more customer-focussed service:

"The Act has had a positive effect. Earlier intervention has led to less clients becoming homeless."
(Valleys LA respondent, 2017)

"It has given more of an opportunity to work with people who we may have not have helped previously thus reducing homelessness in the county."
(Rural LA respondent, 2017)

"[Personal Housing Plans] have had a positive effect for customers and transitional funding has assisted us greatly."

(Rural LA respondent, 2017)

Many LAs emphasised the additional 'leverage' that the new legislation had given them in their dealings with relevant partners:

"The awareness of changes in legislation amongst partners has helped us to foster new and improved relationships with other council departments and external partners and work towards a more collaborative approach to managing and mitigating homelessness."
(Rural LA respondent, 2017)

In a just a few cases such sentiments were qualified by concerns about inadequate staffing resources or the inability to secure sufficient quantities of affordable housing:

"Due to the now very heavy caseloads ... work remains crisis-led. We are trying to address this but need significant resources, I feel if full time officers have more than a caseload of 35, this Act cannot be delivered. Current caseloads average 50."
(Rural LA respondent, 2017)

"We are assisting more people now than under the previous legislation. However, there is still a lack of affordable accommodation in the area; therefore I feel we do not have sufficient resources for the Act to have a positive impact on everyone, particularly those not owed a final duty."
(Valleys LA respondent, 2017)

Providing further support for these survey results, our key informants also expressed strongly positive sentiments about the new legislation:

"The local authority workers that I speak to enjoy delivering this legislation more than they do previous legislation because it's more solution-focussed and it's more outcome-focussed. Broadly, my impression of working in Wales, is that it's positive."
(Independent key informant, 2017)

"Local authorities are really recognising that it's not about saying 'It's not my responsibility, that's another department', but having that corporate responsibility, so that's a lot better."
(Voluntary sector key informant, 2017)

The benefits of the culture change prompted by the 2014 Act were emphasised across the board:⁶⁷

"We've certainly seem a lot of differences internally in the homelessness sector... in the way that we all work together...we've seen a lot of good practice coming out of local authorities, clearing past arrears, paying court fees, getting people set up in PRS, and sometimes just unexpected things that people need to get set up, and they've been willing to use that money

⁶⁷ See also Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice', *European Journal of Homelessness*, 11(1): 81-107.

⁶⁸ *ibid.*

in whatever way is necessary."
(Voluntary sector key informant, 2017)

"...more people have been able to be helped and sooner and helped to stay in their home... So, that's a huge impact... It's meant that we can help a much wider range of people... young, single people, who, ordinarily, may have not got any or very little service, I think, even for them, you can see from the stats that that's much more positive now. There is more help; more people being helped through the new legislation."
(Statutory sector key informant, 2017)

At the same time there was also recognition that this was a long-term process, and that there was a way to go to make practice more consistent:⁶⁸

"I think we're still learning. We talk a lot about culture shift and culture change and that is still happening. We're not there yet, I would say. There's still a way to go with caseworkers, support workers, with the wider staff within local authorities and other agencies, to understand what the duties mean and what the duties mean."
(Statutory sector key informant, 2017)

While there remain concerns about unevenness in service outcomes between LAs in Wales,⁶⁹ the stronger sense was that of variability in practice within LAs that will take some time to resolve.

"... there's good and bad in all the councils, good and bad practice... you've got some people [in Housing Options teams] who are really plugged into the new way of working, and actually get a lot more satisfaction from it, and really enjoy it. You've got other people, particularly those who've been there for many years, who just aren't feeling it anymore, and who just see the legislation as another burden, when they already had high caseloads, now they're even higher. I've had so many honest conversations with people over the last few months about this, because they all hold their hands up and say, 'Yes, it's really difficult getting the right people into these roles' and 'yes we've had quite a lot of churn in staff, since the legislation changed.' That is starting to improve things but it's still an ongoing process."

(Voluntary sector key informant, 2017)

It was also noted that this culture change extended to relevant voluntary

organisations like Shelter Cymru⁷⁰

"...as part of their commitment to changing the way they work in relation to the 2014 act. They [Shelter Cymru] developed, I think they're called memoranda of understanding with local authorities to say, 'We'll work with you.' Obviously they're still an independent advice organisation. They can still challenge... [but]... trying to make that relationship less confrontational... it wasn't just the local authorities that were changing, there was this kind of collective view."

(Independent key informant, 2017)

The *'Reasonable Steps'* report mentioned above highlighted an apparent over-reliance on PRS access in LA responses under the new regime, and an under-utilisation of other interventions like money advice and benefits advice and mediation.⁷¹ This perspective was echoed in the key informant below's sense that certain LAs had not as yet moved far enough in the direction of pro-actively assisting applicants:⁷²

"...there is quite a lot of minimal 'reasonable steps' it seems, happening at the moment, particularly for non-priority households, particularly in some of the

larger, busier housing options services. Quite a lot of people are getting turned away with a really minimal level of assistance, sometimes it doesn't look as if people are getting any more than they would get under the old advice and assistance duty... one council... everybody was just being given a PRS list, and told off you go, even for some priority need households."
(Voluntary sector key informant, 2017)

Another key theme was ensuring appropriate and consistent deployment of the new 'non co-operation' provision by LAs:⁷³

"...we're always concerned that this non-cooperation element is going to turn into the new gate-keeping... I'm not saying that's definitely happening, but there is some... inconsistency [in] practice."
(Independent key informant, 2017)

There was a widespread consensus that the implementation of 'Personal Housing Plans' was an area where there was much learning still to be done:⁷⁴

"...we're getting mixed feedback about how useful they are... in terms of the perceptions of service users around the

implementation of some of the legislative changes... I think we've got to look again at the flexibility around personalised housing plans, and making sure that we get those right for individual circumstances, so that people have got something that they feel is useful to them, rather than a tick box exercise... Work in progress I think would be my view on that!"

(Statutory key informant, 2017)

Asked which aspects of the new regime posed the most significant implementation challenges, two issues were pre-eminent in LA survey participants' open-ended responses: the challenge of finding private tenancies affordable to service users in the light of welfare reform (see Section 3.3 below); and the formalisation of preventative activity and its attendant demands in terms of additional 'paperwork'.⁷⁵

"It is strongly felt that the new Act is extremely process driven which greatly detracts from the prevention work. Officers are required to spend far too much of their time carrying the out the administration elements of the Act."

(Other LA respondent, 2017).

"The whole process involved is extremely complex and takes a

69 Ibid.

70 See also: Shelter Cymru (2015) *A Brand New Start: Homelessness and the Housing (Wales) Act*. Cardiff: Shelter Cymru.

71 Shelter Cymru (2016) *Reasonable Steps: Experiences of Homelessness Services Under the Housing (Wales) Act 2014*. Cardiff: Shelter Cymru.

72 See also Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice, *European Journal of Homelessness*, 11(1): 81-107.

73 See also: See also: Shelter Cymru (2015) *A Brand New Start: Homelessness and the Housing (Wales) Act*. Cardiff: Shelter Cymru.

74 See also: Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice, *European Journal of Homelessness*, 11(1): 81-107; Shelter Cymru (2016) *Reasonable Steps: Experiences of Homelessness Services Under the Housing (Wales) Act 2014*. Cardiff: Shelter Cymru.

75 See also: Mackie, P., Thomas, I. & Bibbings, J. (2017) 'Homelessness prevention: reflecting on a year of pioneering Welsh legislation in practice, *European Journal of Homelessness*, 11(1): 81-107.

significant amount of staff time and resources to record what is being done and ensuring that letters/notifications etc are sent to individuals. This detracts from the practical work around homeless prevention to the detriment of the public seeking assistance.”

(Urban LA respondent, 2017)

These issues also arose in key informant interviews, but some felt that LA complaints on this account were a little overplayed:

“...the letters that are going out to people are quite time consuming for the council to produce, they’re not very well understood by the client... but you do need to have some kind of written backup for all this stuff, otherwise you can’t enforce people’s rights.”

(Voluntary sector key informant, 2017)

Widespread concerns were expressed by LA survey respondents about the potential ending of the Transitional Funding Grant in March 2018, and key informants tended to share the general sense that the monies had been adequate to date but required to be extended beyond the originally intended three-year envelope:

“I think generally the budgets have been sufficient, but they need to be for longer... even though there are huge benefits in the legislation... I don’t think culture change happens overnight, and also new things happen. The benefit...changes, for example...It’s getting harder and harder.”

(Independent key informant, 2017)

“It has impacted on resources but, fortunately, we’ve had funding up to now, to mitigate that; the transitional funding. Because, [the legislation’s implementation] obviously, not cost neutral yet...”

(Statutory sector key informant, 2017)

Another ‘implementation challenge’ issues mentioned by some LA respondents related to ‘*managing the expectations of service users, who expect to be allocated into a social house, rather than accept the PRS*’ (Valleys LA respondent, 2017). Other LA respondents, however, felt that the Act had helped with the delicate process of balancing client rights and responsibilities:

“... client [engagement] is now central and this has helped reinforce to the client the requirement to be fully signed up to the process.”

(Rural LA respondent, 2017)

“More partnership working with clients encouraging... clients to take ownership and help resolve their homeless issue.”

(Urban LA respondent, 2017)

The growing challenges to implementation posed by the wider structural context, especially welfare reform, was raised time and again by key informants (see Section 3.4 below):

“Successful beginnings [for the new legislation], but quite

a lot of hard work ahead, both to maintain the progress that’s been made, but also to further develop that approach, and to face up to the challenges that other changes like welfare reform are throwing up. Nothing stays the same, we’re not in control of some of those decisions in Wales and the changes to the benefits system are having a real impact on some households in fairly fragile conditions.”

(Statutory sector key informant, 2017)

Confirming general expectations, a large majority of LA respondents (15 of 19) considered that single homeless people had gained most from the new framework (see Appendix 2, Table 5). Interestingly, though, most respondents also thought that families with children had benefited from the new approach (14 out of 19) – albeit that they were more likely here to believe that the positive impact had been ‘mild’ rather than ‘strong’. The group least likely to be considered to have benefited substantially from the new framework was rough sleepers, as is discussed further below.

The administrative data on the homelessness prevention, relief and rehousing activities of Welsh LAs under the new regime are analysed in Chapter 4.

Supporting People Funding and Supported Accommodation

As was reported in the first Welsh Homelessness Monitor published in

2013, the distribution of Supporting People (SP) monies was, at that time, a considerable area of anxiety. As in Scotland and England, SP funding is devolved to LAs in Wales. Unlike in Scotland and England,⁷⁶ however, these funds remain ring-fenced within LA Revenue Support Grant.⁷⁷ In response to voluntary sector concerns following the devolution of SP funds to LAs, the Welsh Government set up six multi-sectoral ‘Regional Collaborative Committees’ (RCCs) to advise LAs,⁷⁸ and when we undertook the first Homelessness Monitor in 2013 there had been some considerable disquiet around their functioning.⁷⁹ By 2015, there seemed to be much less anxiety surrounding the distribution of SP funding, and all parties seemed content to see these funds remain ring-fenced. A sense of gratitude that SP budgets had not experienced the same fate as those in England pervaded all discussions of this topic in 2017:

“We’ve got effective protection at Welsh Government level for a Supporting People fund, which has been in effect for the last two or three years, and people have lobbied hard to achieve that... I think there’s been an acceptance of the role of regional collaborative committees, and how those work with local authorities and that’s not to say that everybody universally loves them, but they’ve managed to work with them... people have appreciated that the architecture that’s there has

⁷⁶ Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis; Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor Scotland 2012*. London: Crisis.

⁷⁷ Welsh Government (2012) *Supporting People Programme Grant (SPPG) Guidance*. Cardiff: Welsh Government.

⁷⁸ Welsh Government (2013) *Regional Collaborative Committees*. Cardiff: Welsh Government.

⁷⁹ Marrin, K., Hudson, H., Miller, N., Smith, M. & Bibbings, J. (2014) *Independent Review of the Supporting People Programme Transition Year: Final Report*. Cardiff: Welsh Government.

been important in terms of the protection, for the funding, and also getting the message about the importance of support services..."

(Statutory sector key informant, Wales)

At a policy level, there has been an attempt to focus relevant elements of the SP budget more closely on homelessness prevention and on the aims of the 2014 legislation.⁸⁰ While the devolution of the funding from the Welsh Government to LAs was viewed by some statutory key informants as having been successful in bringing about improved efficiency and focus, and greater alignment with homelessness prevention objectives, other observers felt that there was a long way to go on this front in Wales:

"There really is a very, very varied picture out there. There's a lot of experience of contract management and monitoring, but there's not much experience, I think in Wales, of commissioning. There are some notable exceptions and some fantastic commissioners...[But] People are risk adverse. Local authorities are risk adverse about taking on providers and saying, 'Actually, we're going to put this out for tender.'
(Independent key informant, 2017)

"I think there's a lot that Wales could learn from England..."

because of the loss of that ring-fencing, because of the loss of that national programme, it's made English local authorities innovate... We've not seen that innovation in Wales, so while keeping the national programme for Wales and keeping the ring-fence, it is a positive but in other ways it stops them from innovating."
(Independent key informant, 2017)

On the provider side, too, concern was expressed about commissioning practices, but from a very different angle:

"We've seen a lot of poor re-tendering of services, where it's unclear how transparent the process is, where cost has been the key driver rather than quality services, and I wonder what the impact will be of that in 24, 36 months really, in terms of people who we're just churning round and round and round the system, rather than having the support they need for as long as they need it... Some people have seen poor practice in some areas of the sector and have then assumed that happens everywhere, like deliberate bed-blocking or institutionalising of people, that sort of thing, and thinking that everybody does it."
(Voluntary sector key informant, 2017)

This provider also had an interesting take on what could be perceived as 'inefficiency' in SP commissioning:

"...there were a certain amount of surpluses around those contracts that enabled organisations to develop added value services... [we] have always used the surpluses from the contracts that we have to run the day centre... the people responsible for the SP budgets quite rightly say, 'If we have SP money we need to make sure it's spent on SP services', and that's fine but that's looking at the world through a toilet roll to a certain extent because what they're going to miss out on is a lot of the added value services that homelessness organisations have provided off the back of contracts that were lucrative in the past."
(Voluntary sector key informant, 2017)

Responses to our 2017 survey of LAs suggest that, interestingly, there has been some growth in the provision of specialist support and/or accommodation over the past few years in Wales (Appendix 2, Table 8). This is most marked in relation to provision for young people aged 16-17, where was reported that in more than half of areas local facilities or services had expanded over the past seven years, while in none was it said to have been reduced. Almost as many areas reported an expansion in supported provision for young people aged 16-24, people with drug or alcohol problems and again none reported a contraction in such provision. There was a more mixed picture with

regard to prison leavers, survivors of abuse, and people with mental health problems, but the overall balance still tended to be favourable.

This pattern contrasts strongly with the equivalent results from our 2016 survey of English local authorities⁸¹ with the number of English local authorities reporting diminished provision was greater than the number referencing increases across most groups. This was particularly marked with respect to services and/or accommodation for people with drug problems, alcohol problems or mental health problems, and seems likely.

While part of the explanation for this apparent contrast may be that there was little or no specialist provision for many of these groups in many Welsh authorities in 2010, it also seems likely that the relative protection of the SP budget in Wales lies behind these, on the face of it, encouraging results.

That said, forthcoming devolution of supported housing funding to LAs (see Section 3.4 below) was viewed with a degree of trepidation as it was felt by some that the recent changes in temporary accommodation funding had been poorly handled in Wales:

"The Welsh government have actually made a big mess of the transition from temporary accommodation management fee to a grant system that replaces it... they could've done what England's done, which is said it's ring-fenced for the purpose of homelessness, but you can be quite flexible within that definition. Wales had the opportunity to determine its own pathway through that devolved fee, and it didn't do

⁸⁰ See: Stirling, T. (2015) *Evaluating the Contribution the Supporting People Programme makes to Preventing and Tackling Homelessness in Wales - Feasibility Study*. Cardiff: PPIW. Shelter Cymru (2016) *Reasonable Steps: Experiences of Homelessness Services Under the Housing (Wales) Act 2014*. Cardiff: Shelter Cymru.

⁸¹ Appendix 2, Table 6 in Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2017) *Homelessness Monitor: England 2017*. London: Crisis

that. It didn't engage its local authorities stakeholders... It needs to do something different very quickly, so it can give some structure and guidance around what works best."

(Statutory sector key informant, 2017)

Rough Sleepers

As was reported in the first Welsh Homelessness Monitor that there had been little by of national policy development on rough sleepers in Wales, and certainly no equivalent of the English and Scottish Rough Sleepers Initiatives, albeit specific local projects had been introduced.⁸² The Mackie Review team recommended that 'verified' rough sleepers be added to the list of households considered to be in priority need – a proposal that became especially relevant in the light of the post-White Paper dropping of the 'somewhere safe to stay' provision from the new legislative framework (see above). While this proposal appears to have been given serious consideration at one point, it was not included in the 2014 Act.

As discussed in Chapter 4, there has been a widely publicised recent rise in rough sleeping statistics in Wales, that is significantly larger than that reported in England. While the possible reasons for this increase are also discussed in the next chapter, particularly relevant here was the sense that there was perhaps a 'missed opportunity' under the new legislative framework to do more for the most vulnerable groups who may experience rough sleeping:

"...even though we have really good preventative legislation in Wales under the Housing Act... the legislation isn't designed to tackle those very

complex, very difficult, very, very confusing cases that do exist, and it's those people who are going to be through the cycle of homelessness and rough sleeping."

(Voluntary sector key informant, 2017)

"...our fantastic new legislation doesn't seem to be being effective for people that [are] actually homeless... obviously the wider welfare reform agenda, and austerity in general might be playing an issue. I know that there have been increases in England as well, although they haven't been as dramatic as they have been in Wales.... people sometimes don't like the emergency accommodation that's on offer, so some of the hostels... are quite scary environments, and quite often people say, 'Well I'd rather sleep on the streets than go in there because it's really dodgy.'..."

(Voluntary sector key informant, 2017)

Consistent with this, in our 2017 survey of LAs, it was notable that rough sleepers were the group least likely to be thought to have experienced an improved service response as a result of the implementation of the 2014 Act; a view that was endorsed by our key informant interviewees. Only six LAs (less than a third of respondents) thought that this group were better served under the new arrangements. However, many of those who deemed

the Act 'neutral' in this respect (13 respondents in total) represented rural councils and explained their answer here partly by noting that rough sleeping was a rare occurrence in their locality. Others cited pre-existing commitments to active engagement with the rough sleeper problem or argued that recently enhanced rough sleeper service provision could be attributed to other factors such as 'gateway provision'.

Various key informants noted that rough sleeping had become a politically live issue, and we were led to believe that a major policy announcement was imminent at the time of writing. When asked what more could be done to address rough sleeping, several highlighted the relative lack of Housing First provision in Wales at present but also a 'real appetite' for positive developments in this regard going forward:

"There is a project in North Wales... and there's another couple of projects, they don't call themselves Housing First, but they do operate in that similar harm reduction way. Other than that there is very little, and I know that Welsh Government is getting more interested in looking at what we could do around Housing First in Wales... obviously it's a difficult time to talk about new supported accommodation projects, with all the funding uncertainties moving forward, but there is more awareness about Housing First now, so maybe that could be part of the solution."

(Voluntary sector key informant, 2017)

"I know there's a lot of interest in Housing First in Wales and a real desire... [But] I worry about just having a few kind of projects dotted around the place because I think it needs a real...change in the whole system. It needs proper engagement with health, and health professionals actually embedded in the wrap-around support teams, not housing people referring people to health things... So I think we've got an opportunity to craft a Welsh approach to Housing First that really does have that engagement of health and represents a change in systems."

(Independent key informant, 2017)

But there were also some notes of caution:

"Absolutely, they should... invest... in [Housing First], but that shouldn't be seen as... – 'We need Housing First and nothing else' – because that's not right. We still need hostels for people who aren't ready or can't get in there because they're already full, but equally we need stuff a lot earlier upstream, where we're doing significantly more with children who are in school and at risk, or who are not in school at all."

(Independent key informant, 2017)

⁸² Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: Wales 2012*. London: Crisis.

“Yes, Housing First is supported absolutely in principle in Wales, but getting local authorities and people to commission services on that model is very difficult, because they already have in-built staircase models, they’ve already got the hostel, temporary accommodation, social housing model, that’s what they’re used to, that’s what they work with.”
(Voluntary sector key informant, 2017)

A specific issue raised by several key informants related to provisions in the Renting Homes (Wales) Act 2016, not yet in force, that allow for the short-term exclusion of people from supported accommodation with little or no notice. Some felt that these could inadvertently contribute to street homelessness as it is unclear who should take responsibility for accommodating those excluded during these periods.

3.3 Housing policies in Wales

Housing policy in Wales has not to date been as distinctively different to English policy as has been the case in Scotland. Under the initial devolution arrangements from 1999, the range of powers available to Wales were far more limited than those available to Scotland, as it continued to be tied to primary legislation laid down by the Westminster Parliament, and had to seek specific derogation to gain additional powers beyond the scope of the regulatory powers available through existing legislation.

However, the UK Government has more recently devolved wider powers to the Welsh Government, providing it with much greater scope to amend

the operation of housing and other legislation within Wales. It has already used those powers to provide a new basis for regulating housing associations, and to amend the operation of the right to buy (RTB),⁸³ and 2014 saw the introduction of the Housing (Wales) Act, which included important new provisions in respect of homelessness (see above).

The 2014 Act also laid the basis for a fundamental reform of the financial arrangements for the council housing sector, which in April 2015 brought to an end the requirement to transfer annual ‘surpluses’ to HM Treasury (following on from the similar change made in England in 2012). However in order to do that councils had to take on an additional debt (of the order of £1 billion), and it will be a little while before they will be in a position to effectively exercise the greater freedoms they now have to plan and finance future expenditure and investment programmes.

The Welsh government also introduced a policy framework that should, over time, bring some consistency to levels of social sector rents both within and between the council and housing association sectors, while leaving individual landlords in full control over the details of their rent setting policies. However that policy is now under review.

Following consultations the Welsh Government has also now introduced a Bill to abolish the right to buy,⁸⁴ following on from its 2015 reforms which included reducing the maximum discount to £8,000. While the long term costs of the right to buy as it initially operated are well established, the economic case for abolition of the right to buy at the much lower levels

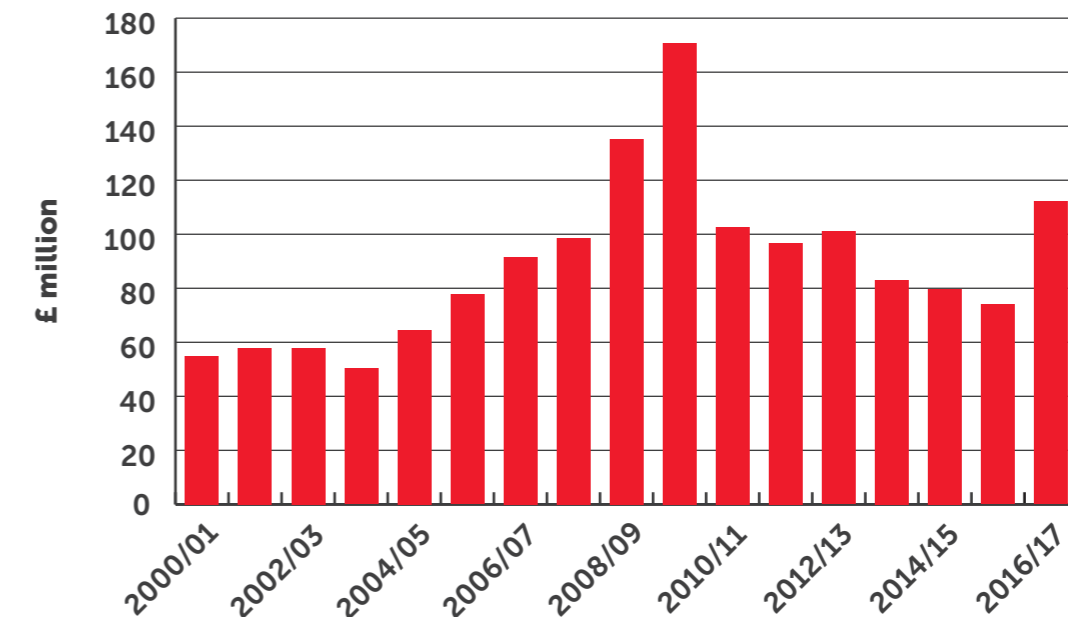
of discounts that have applied over the last decade is much weaker.⁸⁵

While the Welsh Government is now making use of its far wider housing powers, those additional powers have come into play at the same time as the Welsh Government has found its overall budget squeezed by the UK government’s austerity measures. The overall Departmental Expenditure Limit (DEL) budget for the Welsh Government has been cut by 11 per cent in real terms since 2010/11, and is set for a further 2 per cent cut by 2019/20.⁸⁶

Within those constraints the Welsh government did substantially increase

investment levels in new affordable housing in 2008/09 and 2009/10, but since then investment has fallen (see Figure 3.1), albeit to a much lesser degree than is the case in England.⁸⁷ However following a supplementary budget allocation investment is now set to increase to £112 million in 2016/17. It should also be noted that since 2013/14 the Welsh government has been providing an additional form of revenue grant, of some £4 million a year, to finance the additional provision of some 1,000 new affordable dwellings by 2016.

Figure 3.1 Investment in new affordable housing



Sources: UK Housing Review Table 76; Welsh Government 2nd Supplementary Budget 2016-17

83 Welsh Government (2011) The Housing (Wales) Measure 2011. Cardiff: Welsh Government. <http://wales.gov.uk/topics/housingandcommunity/housing/publications/measure2011/?lang=en>

84 Welsh National Assembly (2017), *Abolition of the Right to Buy and Associated Rights Bill*.

85 Wilcox, S. (2017) *A Financial Evaluation of the Right to Buy*, in *UK Housing Review 2006/07*. Coventry: CIH.

86 Wilcox, S., Perry, J., Stephens, M & Williams, P. (2017) *UK Housing Review 2017*. Coventry: CIH.

87 Wilcox, S., Perry, J., Stephens, M & Williams, P. (2017) *UK Housing Review 2017*. Coventry: CIH.

Altogether the new supply of 'affordable housing' was 2,400 dwellings in 2015/16, up from just over 2,200 the previous year, and at broadly the same level achieved in 2013/14 and the three years from 2009/10 to 2011/12.⁸⁸ But within that wider total just 1,601 were new social rent dwellings provided by Welsh Registered Social Landlords (RSLs). While this was a marked increase compared to the previous three years, it was less than achieved in 2009/10 and 2010/11. The year also saw 451 intermediate rent dwellings provided by RSLs in Wales; this is much less than in 2014/15, but close to that in 2013/14. Over those three years the supply of intermediate rent dwellings accounted for about a quarter of all new RSL supply. However these dwellings are targeted at 'intermediate income' households, unlike in England where intermediate rent has now almost entirely replaced the supply of new social rent dwellings and provides for the same 'general needs' households as social rent. An increase in the supply of overall affordable homes is also planned for in 2016/17 and 2017/18 with over 6,000 additional affordable dwellings projected to be completed during those two years – even before taking account of the Welsh governments subsequent supplementary budget allocation of an extra £30 billion for affordable housing 2016/17.

On the wider supply figures the Welsh Government met (and indeed rather exceeded) its own target of developing some 10,000 new social and affordable homes over the five years to 2015/16. However, that target should be seen in the context of an independent estimate that some 3,500 additional 'non market' homes are required each year.⁸⁹ That said, this

latter figure is now somewhat dated, as it was based on the 2011 based household projections, which were quite a bit higher than the subsequent 2014 based projections (see Chapter 2 above). However even if that estimate is scaled down to mirror the new household projections it would still suggest an annual requirement of close to 3,000 additional non market homes each year.

Against that the Welsh Government has entered into a 'Housing pact' with Community Housing Cymru and the WLGA with a target of providing 13,500 new affordable homes over the four-year term of the Assembly.⁹⁰

Finally, concerns expressed in the last Monitor that the Renting Homes (Wales) Act 2016 would undermine the already flimsy security of tenure enjoyed by private tenants in Wales have subsequently been allayed, with proposals to remove the six-month moratorium on 'no fault' evictions abandoned by the Welsh Government before the legislation was passed.

3.4 Welfare reforms

The Coalition and Conservative governments have introduced a raft of welfare reforms over the last six years, many of which have direct implications for lower income households and their capacity to secure or retain accommodation in all sectors of the housing market. In this section we examine each of the key welfare reform measures in turn, covering both the earlier reforms introduced by the Coalition Government, and the subsequent reforms introduced by the (pre- and post-Brexit) Conservative Governments.

In total it has been estimated in research by Sheffield Hallam University

that by 2020/21 the annual losses to low income households arising from all these reforms will amount to £27.4 billion in Great Britain, of which £1.45 billion relates to Wales.⁹¹ Within that, the individual welfare reforms vary significantly in their spatial impact. The areas most affected are mainly to be found in the older industrial areas and the least prosperous seaside towns. This spatial analysis makes the point that the incidence of benefit dependency is related to regional economic and labour market structures and policies, and cannot be seen (or dealt with) through a narrow focus on work incentives and individuals attitudes to labour market participation.⁹²

However the Sheffield Hallam report was compiled ahead of the 2016 Autumn Statement, that abandoned plans for reforms to the Personal Independence Payments (PIP) scheme, and introduced amendments to ease the cuts to the Universal Credit regime. Despite these reforms this will still leave in place annual welfare losses in Wales well in excess of £1 billion by 2020/21, and across Great Britain as a whole annual losses of £25.3 billion.

The individual welfare reforms discussed in turn below are:

- Local Housing Allowances
- The benefit cap
- The 'bedroom tax'
- Discretionary Housing Payments
- Universal Credit
- Discretionary Assistance Fund

Alongside each of these specific welfare policy reform areas there is a more general freeze on most working age benefit rates for four years from 2016/17. This single measure is forecast to impact on some 430,000 households in Wales 2020/21, each of which will incur an average loss of some £200 a year.⁹³ This is by far the largest item financially of the welfare measures announced in the 2015 Autumn Statement and is expected to save the UK government just over £4 billion a year by 2020/21, of which £220 million relates to Wales.

Local Housing Allowance

Changes to the Local Housing Allowance (LHA) regime for private tenants led the way in the welfare reform agenda, and have been applicable to all new claimants since April 2011, and to all existing claimants for a period of between almost two to three years, dependent on their circumstances. The key initial changes were to set LHA rates based on 30th percentile market levels, rather than market medians, and to set maximum caps that further reduced LHA rates in inner London. While in 2013/14 those LHA rates were uprated by the lower of either inflation (CPI) or changes in market rents, subsequently in 2014/15 and 2015/16 they were be uprated by just 1 per cent. Going forward following a decision in the Summer 2015 Budget the LHA rates are now being frozen for four years from 2016/17. These reforms are of particular significance in the context of homelessness policies that have in recent years been placing more emphasis on households securing accommodation in the private rented sector (PRS) (see above and Chapter 2).

88 Welsh Government (2016) *Affordable Housing Provision in Wales, 2015/16, Statistics for Wales*. Cardiff: Welsh Government.

89 Holmans, A. (2015) *Future Need and Demand for Housing in Wales*. Cardiff: Public Policy Institute for Wales.

90 Community Housing Cymru (2017) *Housing Pact between Welsh Government, CHC and WLGA*. Community Housing Cymru.

91 Beatty, C. & Fothergill, S. (2016) *The Uneven Impact of Welfare Reform*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University.

92 Beatty, C. & Fothergill, S. (2016) *Jobs, Welfare and Austerity: How the Destruction of Industrial Britain casts a Shadow over present-day Public Finances*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University.

93 Beatty, C. & Fothergill, S. (2016) *The Uneven Impact of Welfare Reform*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University. The measures are for individuals for PIP, ESA and 18-21s; for all other benefits the measures are for households.

Administrative data on LHA claims is now available for the period to November 2016. These show that the number of LHA claimants continued to rise after March 2011, but at a much slower rate than in the five years prior to the LHA reforms. However, more recently numbers have begun to fall. In Wales as a whole the numbers of private tenants in receipt of Housing Benefit rose from 79,130 in March 2011 to 86,901 in February 2014, before falling back to 84,360 by November 2014, 81,142 by November 2015, 76,259 by November 2016, and 75,728 in February 2017. As a consequence the numbers of housing benefit claimants in the private rented sector are now much lower than they were when the LHA reforms were introduced in 2011.

While the working through of the lower LHA rate regime, and the further downward drift of LHA rates through CPI uprating will have contributed to the decline in LHA claimant numbers between February 2014 and November 2016, other factors are also involved. Of particular note is the gradual rolling out of the Universal Credit (UC) regime. While in November 2014 there were less than 300 people in receipt of UC in Wales, by November 2015 the numbers had risen to nearly 6,400, by November 2016 numbers had risen to almost 20,000, and by February 2017 numbers had risen to almost 21,000. Unfortunately there is very little detail available about the characteristics of those claiming UC, although it is known they are predominantly single people, as only in a small number of pathfinder areas has the scheme been so far extended to couples or households with children. There is, however, no data on the breakdown of household types, or the tenure or any other housing characteristics of UC claimants. While further data may become available in time there is no clear timetable, or clarity about

94 Reeve, K., Cole, I., Batty, B., Foden, M., Green, S. & Pattison, B. (2016) *Home: No Less Will Do: Homeless People's Access to the Private Rented Sector*, Sheffield Hallam University, Crisis https://www.crisis.org.uk/media/237166/home_no_less_will_do_crisis.pdf

what additional information might be included alongside the very basic data currently provided.

This limitation means that, from November 2014 onwards, it is now impossible to rely on administrative data alone to gauge the impact of the LHA reforms on the ability of lower income households to access accommodation in the PRS, as we do not know how many households in receipt of UC are in the private rented sector. In that context the responses from our survey respondents are now ever more important.

There has also been a substantial decline in the numbers of younger single households in receipt of Housing Benefit, following the extension of the (much lower) Shared Accommodation Rate (SAR) of LHA to single people aged 25 to 34. Between December 2011 and November 2014, single people aged under 35 in receipt of Housing Benefit in the PRS in Wales fell by some 2,100 (20%), and in the following two years fell by a further 2,235 (27%) to just 6,208, before making a slight recovery to 6,367 in February 2017. However, this is still 25 per cent lower than in November 2014. Again the roll out of UC, and the lack of available data on UC claimants, makes it impossible to use the administrative data to judge how far the more recent falls in the numbers of young single people in receipt of housing benefit in the PRS are a consequence of the low SAR levels, or of the roll out of UC. However the administrative data does clearly show the marked impact of the SAR policy in the period before November 2014, and this is reinforced by our survey respondents and other research conducted by Crisis.⁹⁴

The published Housing Benefit data also shows that the average payments made to private tenants have declined

since the new LHA regime was introduced. A number of factors have contributed to this, including the rise in the numbers of working claimants who receive partial, rather than 'full' Housing Benefit. However, one of the main findings of the Department for Work and Pensions (DWP) evaluation of the new LHA regime was that for existing claimants, only some 11 per cent of the reduction was attributable to landlord rent reductions, with the bulk of the reduced entitlement having to be met by the claimants. For almost a half this involved cutting back on other expenditures on household 'essentials', and nearly a third borrowed money from family or friends.⁹⁵

It should also be recognised that while the LHA reforms are now fully operational, there will be a further time lag before the long-term market responses to those reforms by claimants and landlords will be seen. Those responses will also be changing over time as the freeze in uprating LHA levels is set to further depress LHA rates relative to market rents.

LHA Limits and the social rented sector

Following the 2016 Autumn Statement LHA caps on housing benefit levels in the social rented sector will not now be introduced until April 2019. There are very considerable concerns about these provisions particularly, in respect of supported housing schemes. Those concerns are clearly articulated in a recent report by the House of Commons Communities and Local Government and Work and Pensions Committees.⁹⁶

The LHA caps will, however have a wider impact on social sector lettings in those parts of the country where

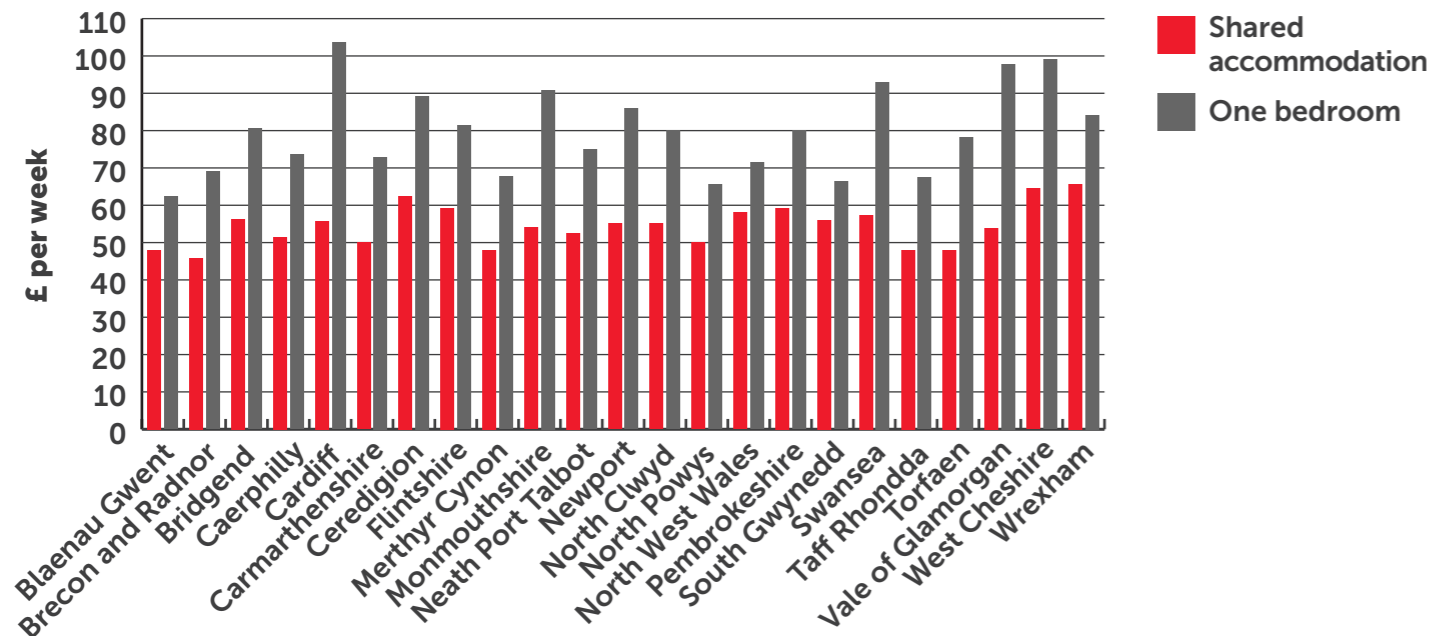
95 Beatty, C, Cole, I, Powell, R, Kemp, P, Brewer, M, Emmerson, C, Hood, A & Joyce, R (2014) *Monitoring the Impact of Changes to the Local Housing Allowance System of Housing Benefit: Final Reports*. London: DWP.

96 House of Commons Communities and Local Government and Work and Pensions Committees (2017) *Future of supported housing. First Joint Report of the Communities and Local Government and Work and Pensions Committees of Session 2016-17*, House of Commons.

there is no great difference between social and private sector rents. And because the LHA rates are based on the number of bedrooms a household is deemed to require, rather than the size of the dwelling, there is also a potential impact on 'under occupying' retired households that are not currently covered by the bedroom tax.

The potential scale of this issue can be seen from Figure 3.2, which shows the LHA rates for Welsh Broad Rental Market Areas (BRMAs) in 2017/18. These can be contrasted with average local authority net rents for one and two bedroom flats of £70.00 pw and £76.80 pw respectively, and average housing association net rents of £73.11 pw and £77.51 pw, in both cases as at 2016/17. In all BRMA areas the Shared Accommodation Rate (SAR), for single people under the age of 35, are below the level of average one bedroom rents for both local authorities and housing associations across Wales. Moreover there are many areas where the one bed LHA rate is also below average one and two bedroom net rents for local authorities and housing associations across Wales. Once the annual social sector rent increases for 2017/18 have been factored in, and account is taken of landlord service charges, the impact of the LHA caps will be even more extensive. Thereafter if the Welsh Government continues with its current policies for annual social sector rent increases the impact of the LHA caps will continue to strengthen.

Figure 3.2 LHA rates for Welsh BRMAs



Source : Welsh Government Local Housing Allowance Rates for 2017/18

For supported housing schemes it is now proposed that while the LHA caps will apply, some additional funding will be provided to support vulnerable people in supported housing schemes. Funding for this purpose will be provided to the Welsh Government from April 2019, but at this stage no details are available about how that funding will be structured and managed in Wales. As noted above, what has been viewed by some as the botched attempt of the Welsh Government to manage the recent changes to temporary accommodation have heightened anxiety that there be full consultation and planning on these supported accommodation changes.

There are considerable concerns about how these arrangements might impact on existing schemes, while the uncertainty about that impact is also a deterrent inhibiting the development of new schemes.

The benefit cap

The overall cap on welfare benefits was introduced in four local authorities

in April 2013, and was rolled out on a phased basis, so that since the end of September 2013 it has been operated across the whole of Great Britain. The cap – set at £350 per week for single people, and £500 for all other households – has been applied to out-of-work households below pensionable age, with a number of exemptions for households with disabilities.

However since the 7th November 2016 the benefit cap for out of work claimants has been lowered to £13,400 a year for single people and £20,000 for all other households, except in London where it has been lowered to £15,410 and £23,000 respectively. These lower limits will significantly increase the numbers of households impacted by the cap, especially outside London and other high rent areas.⁹⁷

In practice, the initial cap impacted on considerably fewer households than expected. Numbers fluctuate slightly from month to month, but for Wales

⁹⁷ Beatty, C. & Fothergill, S. (2016) *The Uneven Impact of Welfare Reform*. Sheffield: Centre for Regional Economic and Social Research, Sheffield Hallam University. The measures are for individuals for PIP, ESA and 18-21s; for all other benefits the measures are for households.

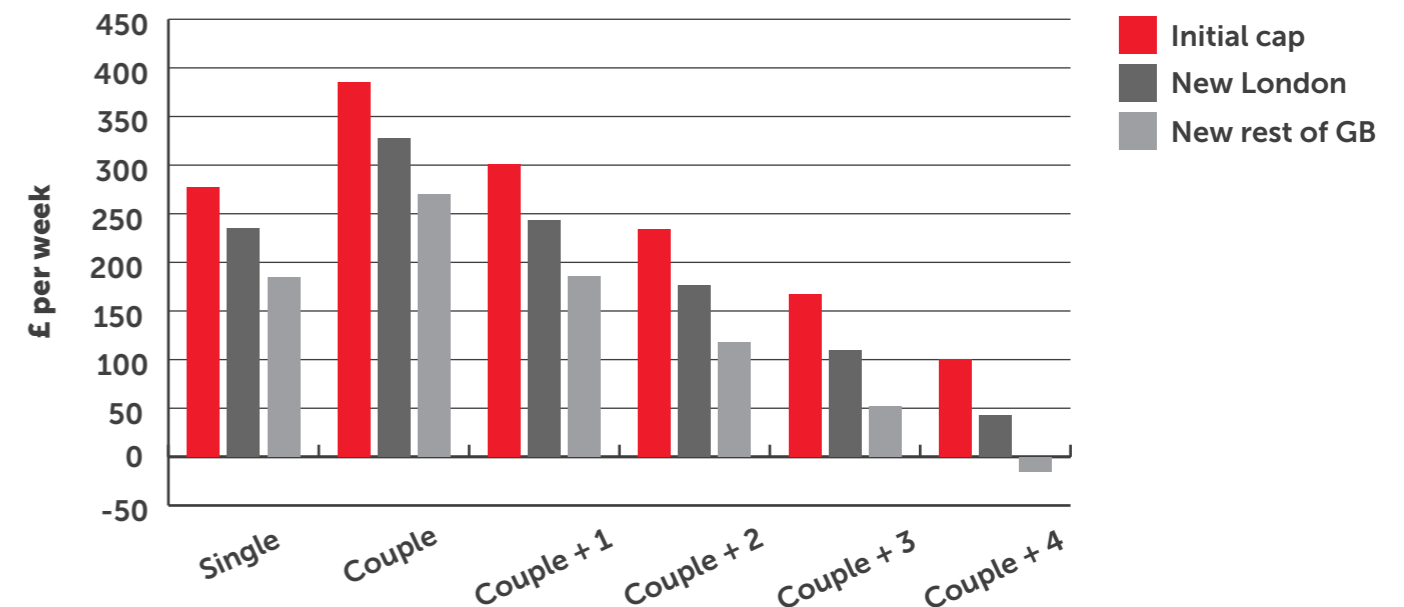
as a whole peaked at 828 in March 2014, and in November 2016 stood at 764.⁹⁸ Changes of circumstances have seen continuous monthly flows of households into and out of the benefit cap. In total, just over 2,500 households in Wales had been subject to the cap at some point, of which nearly 1,800 were no longer capped in November 2016. Of those, some 36 per cent ceased to be impacted as they were in work, and had an open Working Tax Credit claim. However, it is not clear how far the benefit cap, in itself, has contributed towards the move of impacted households into work, as changes in circumstances and moves in and out of often insecure and low paid employment is an established pattern for many low income households.⁹⁹

The households impacted nationally were more likely to be located in the

social (60%) rather than the private (40%) rented sector.¹⁰⁰ While there are far more out of work large families in the social rented sector, a greater proportion of the smaller numbers of those families in the private rented sector are caught by the benefit cap by virtue of the higher rents in the sector.

The lower benefit caps that have now been introduced will significantly extend its impact in Wales. The DWP Impact Assessment suggested that for Wales as a whole the numbers impacted by the lower cap would increase more than fivefold (to some 4,000) by 2020/21.¹⁰¹ The greatest individual losses, however, will be incurred by the households already subject to the cap – an additional £6,000 a year (or £4,800 in the case of single people).

Figure 3.3 Tightening of the maximum benefit cap



Difference between Cap and basic household Income Support rates.

⁹⁸ DWP (2016) *Benefit Cap: GB households capped to November 2016*.

⁹⁹ Green, A., Elias, P., Hogarth, T., Holmans, A., McKnight, A. & Owen, D. (1997) *Housing, Family and Working Lives*. Warwick: Institute for Employment Research, University of Warwick; Hills, J., Smithies, R. & McKnight, A. (2006) *Tracking Income: How Working Families' Incomes Vary Through The Year*. London: Centre for the Analysis of Social Exclusion, London School of Economics.

¹⁰⁰ Data extracted using DWP Stats-Explore.

¹⁰¹ DWP (2015) *Welfare Reform and Work Bill: Impact Assessment for the Benefit Cap*. London: DWP.

The extent of these losses, and the limited funds available to meet housing costs beyond basic welfare living allowances will clearly make it difficult if not impossible for many larger households to meet a rent anywhere, let alone in higher value areas, as illustrated in Figure 3.3. The potential for this policy to lead to homelessness for those households where movement into employment is not practical is all too clear:

“Benefit cap is huge. There’s a massive increase now in [LA]. There’s an extra 600 families going to be affected.”
(Statutory sector key informant, 2017)

“We’ve got large families in [LA]. We’ve got a lot of HMO accommodation. We’ve got a lot of larger families. We have traveller families. There’s a big travelling community. We have a lot of Eastern Europeans. They predominantly have large families. We’re finding all of that impacts.”
(Statutory sector key informant, 2017)

One specific issue raised by another key informant was the potential impact on youth homelessness:

“The benefit cap going down to £20,000 in some places I think will drive... larger families not being able to afford to keep their older teenagers. It’s poverty. Cut it whichever way we like, if you cannot afford to manage everything when you’ve got a hungry older teenager who’s taking up a lot

of room and a lot of money, then at a certain point... It may not be when they’re 16 or 17. It may be when they’re 19, but that’s going to mean, I think, some older teenagers are being asked to leave the family home because the family’s not able to accommodate them financially.”

(Independent key informant, 2017)

Another made a strong case for people who are homeless to be exempt:

“Clearly, the overall benefit cap is a driver of homelessness... people in TA should be exempt from the overall benefit cap, because it’s inhibiting local authorities’ ability to deliver their duties and to achieve the ambitions of the [homelessness] legislation... people homelessness duty – whether it be prevent or relieve it, or any other duty – should be except from the overall benefit cap for while they’re owed the duty and for six months afterwards to allow them to readjust. Get back on their feet, and stop a reoccurrence of homelessness from occurring.”

(Independent key informant, 2017)

The ‘Bedroom Tax’

Limits on the eligible rents for households in the social rented sector were also introduced in April 2013, based on the number of bedrooms the households are deemed to require by size criteria essentially derived

from the social survey ‘bedroom standard’ measure established in the 1960s. Officially these limits have been designated as the ‘Spare Room Subsidy’ limits, but they have been more widely referred to as the ‘Bedroom Tax’, and while that is not a technically accurate description of the measure, it is the terminology we use here as it is in common usage (and given that the official terminology is also both rather loaded, and rarely used outside of official circles). A discussion on the context in which the ‘Bedroom Tax’ was introduced can be found in earlier editions of the Monitor.¹⁰² While the ‘Bedroom Tax’ itself applies only to working age households, the introduction of LHA caps for social rented housing will – as the LHA rates are based on household size rather than the size of the dwelling occupied – potentially mean that equivalent constraints on eligible rents will extend to older households, particularly in areas where social rents are closer to private rents and LHA rates (see Figure 3.2 above).

As with the overall benefit cap, the actual numbers of households impacted by the ‘Bedroom Tax’ have proved to be some way below the levels estimated in the impact assessments. The May 2013 figures showed some 35,700 households subject to the size criteria limits across Wales as a whole. By November 2014 the numbers of tenants subject to the reductions in Wales had fallen by 14 per cent to some 30,900. In the following two years to November 2016 they fell by a further 8 per cent

to 28,500. However by February 2017 the number of tenants subject to the reductions rose to just over 29,460.¹⁰³

As with the monthly benefit cap figures, it must be recognised that these are net reductions and increases in the numbers of tenants impacted, with changes in household circumstances leading to some tenants becoming newly subject to the ‘Bedroom Tax’ each month (i.e. when a child ceases to be a dependant), at the same time as other households cease to be subject to the limits.

An analysis of the impact of the first nine months operation of the scheme found that of the households ceasing to be subject to the ‘Bedroom Tax’, some 10 per cent moved into smaller accommodation within the social rented sector, while some 2 per cent moved into the private rented sector.¹⁰⁴

A number of reports provided evidence on the early impacts of the bedroom tax, and some of the issues this has raised.¹⁰⁵ These, and the report for the DWP on the operation of the scheme over its first eighteen months,¹⁰⁶ all confirmed that the majority of impacted tenants did not consider themselves to be ‘over accommodated’. This is not surprising given that the ‘bedroom standard’ on which the ‘Bedroom Tax’ is based is out of touch with contemporary social values and practice.

The tightness of the size criteria inevitably resulted in a host of concerns about the circumstances

102 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: Wales 2015*. London: Crisis.

103 Department for Work and Pensions (2017) *Housing Benefit Caseload Statistics, May 2017*. Department for Work and Pensions.

104 DWP (2014) *Removal of the Spare Room Subsidy: Analysis of Changes in Numbers Subject to a Reduction in Housing Benefit Award*. London: DWP.

105 Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2014) *Evaluation of Removal of the Spare Room Subsidy: Interim Report*. London: DWP; Wilcox, S. (2014) *Housing Benefit Size Criteria: Impacts for Social Sector Tenants and Options for Reform*. York: JRF; Ipsos MORI (2014) *Impact of Welfare Reforms on Housing Associations: Early Effects and Responses by Landlords and Tenants*. <https://www.ipsos.com/sites/default/files/publication/1970-01/sri-housing-nhf-welfare-reform-2014.pdf>.

106 Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2015) *Evaluation of Removal of the Spare Room Subsidy: Final Report*. London: DWP.

in which additional bedrooms were needed, whether for disability or other medical reasons, or for carers of children of separated or divorced parents in circumstances wider than those recognised by the criteria. Despite two Supreme Court judgements that have made clear that in some circumstances disabled households do require an additional room, and that this cannot be left to be dealt with by Discretionary Housing Payments, the criteria are still very narrow.¹⁰⁷ This is aggravated by the criteria assumption that any bedroom can be shared by two children, regardless of how small it might be, or the age of the children.¹⁰⁸ A broader concern about the application of the size criteria is that in many areas there is a shortage of smaller social sector dwellings available for 'downsizing' transfers.

A landlord survey undertaken for DWP found that, after five months, only two fifths of the impacted tenants were making rent payments in full, two fifths were making good some part of the size criteria deductions, and one fifth were not making any payment to cover the shortfall.¹⁰⁹ A year later a half of all the impacted tenants were making rent payments in full, two fifths were making good some part of the shortfall, while just one in ten were not making any payments to cover the shortfall.¹¹⁰ The later report found that some three fifths of the impacted tenants were reducing spending on household essentials, while one in four had borrowed money, mainly from family or friends, to help manage the shortfall. It also found that by

that time nearly three in ten of the impacted tenants had made claims for Discretionary Housing Payments. These payments are discussed in the following section.

While these surveys found problematic levels of rent arrears, at the time they were undertaken these had not by that stage led to significant levels of legal actions or evictions. However, while other factors (and welfare reforms) are involved, there was a clear and marked increase in the numbers of social landlord possession actions from the third quarter of 2013 onwards. Total social landlord possession orders in Wales were 18 per cent higher in 2013/14 compared to the previous year, although they have since fallen back in 2014/15 and 2015/16¹¹¹ (see also discussion in Chapter 2).

Discretionary housing payments

Limited budgets for Discretionary Housing Payments (DHPs) have been made available to LAs to assist households affected by welfare reform, but as is inevitably the case with such discretionary provisions, they are difficult to administer, their application is patchy, and in the past budgets have often been underspent.¹¹²

However data for 2013/14 showed that overall DHP budgets for Wales in the year were slightly overspent, largely as a result of additional funding (of c£800,000) provided by the Welsh Government. Only five Welsh authorities did not make full use of their DWP DHP allocations, while fifteen spent above the level of their allocation. In total Welsh authorities

spent 106 per cent of their £7.3 million DWP allocation for DHPs.¹¹³ In 2014/15, and without any further support from the Welsh Government, they spent 104 per cent of their DHP allocations. As with the previous year the overall spend figure also takes account of additional self-funded spending by some authorities that more than offset the extent of underspending by other authorities.

In 2015/16 overall spending by Welsh authorities fell a little below the level of their DHP allocations (to 99%). Within that overall picture, nine Welsh councils spent beyond their DHP allocation (most notably Torfaen). Against that three councils spent less than ninety per cent of their allocation (Wrexham – 66%, Blaenau Gwent – 68% and Denbighshire – 82%).¹¹⁴

In Wales two thirds of total DHP spend in 2013/14 was on 'Bedroom Tax' cases, including households with disabilities living in specifically adapted accommodation. This is far more than the funds provided by DWP for the Bedroom Tax, and clearly many councils chose to use their discretion to apply more funds for these cases, and as a result less for other cases, such as LHA and benefit cap related cases.

In 2014/15 the DHP spend on 'Bedroom Tax' cases in England and Wales fell back to 45 per cent of the total DHP spend, but this was still 29 per cent more than DWP notionally allocated for those cases. Thus, if not to the same extent as in 2013/14, councils were still using their discretion to apply more funds to 'Bedroom Tax' cases, and as a result less for other cases, such as LHA and benefit cap related cases. While in 2015/16 the spend on 'Bedroom Tax' cases in

England and Wales was still 46 per cent of the total DHP spend, actual spend fell reflecting the reduction in the overall GB DHP allocation from £165 million in 2014/15, to just £125 million in 2015/16 (although this sum is set to rise again, see below). This outturn distribution of DHP spending is a further indication of the pressures resulting from the 'Bedroom Tax' policy.

In addition to the concerns about the minority of councils failing to make (more or less) full use of their allocations, concerns have also been expressed about some councils taking Disability Living Allowance (DLA) awards into account when making the income assessments for DHP eligibility, and as a result denying DHPs to some of the disabled households living in specifically adapted accommodation.¹¹⁵

The overall DWP budget for DHPs in 2016/17 has been increased to £150 million in 2016/17, but this is in the context of the further cuts to welfare benefits announced in the 2015 Summer Budget and Autumn Statement, and in particular the freezing of LHA rates and the lowering of the maximum benefit cap.

Most LA survey respondents (12) reported that their ability to make DHPs had 'helped greatly' in mitigating the homelessness impacts of welfare reform. The remainder believed that DHPs had 'helped slightly'.

The ongoing importance of DHPs in the prevention of homelessness was also emphasised by a range of key informants, but also their insecure nature:

"They're a sticking plaster, they're holding some situations together. Trying to imagine

107 Peaker, G. (2016) *With and Without Foundation – Bedroom Tax in Supreme Court*, Nearly Legal website.

108 Although if the children are over 10 and different sexes they are not required to share a bedroom. But again the size has no bearing on this provision.

109 Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2014) *Evaluation of Removal of the Spare Room Subsidy: Interim Report*. London: DWP.

110 Clarke, A., Hill, L., Marshall, B., Monk, S., Pereira, I., Thomson, E., Whitehead, C., & Williams, P. (2015) *Evaluation of Removal of the Spare Room Subsidy: Final Report*. London: DWP.

111 Welsh Government (2016) *Mortgage and Landlord Possession Actions taken in the County Courts of Wales, 2015-16*. Welsh Government.

112 Merrick, N. (2012) 'Councils underspend payments for struggling households by £8 million', *Guardian Professional*, 25th June: <http://www.theguardian.com/housing-network/2012/jun/25/discretionary-housing-payments-underspend>

113 DWP (2014) *Use of Discretionary Housing Payments: Analysis of Annual Financial and Monitoring Returns from Local Authorities*. London: DWP.

114 DWP (2016) *Use of Discretionary Housing Payments: Analysis of End of Year returns from Local Authorities: April 2015 - March 2016*. London: DWP.

115 Wilcox, S. (2014) *Housing Benefit Size Criteria: Impacts for Social Sector Tenants and Options for Reform*. York: JRF.

what things would be like if we didn't have Discretionary Housing Payments is pretty scary. The uncertainty I think that that creates about not knowing how long they're going to be available for and how much is going to be available and just not being sure about the sustainability of people's housing situations... That's a common theme ...moving from a situation where people had certainty, had security for life in those tenancies, to a situation where people's housing futures are less certain, and less secure." (Statutory sector key informant, 2017)

And the 'conditionality' that could be attached to their deployment:

"... we'll use them to help clients who are helping themselves. It's not an ever-ending pot so it should be used to resolve a problem. For example, when the 'Bedroom Tax' came in...if clients were willing to...register to downsize then while they were waiting for that offer to come through we could pay the DHP to meet the shortfall. Once they've moved they no longer need it, frees up the large property. They're in a property which is the size they need. Nobody's lost any money, and everything's fine. In terms of

people who are affected by the benefit cap... more often than not that's because of the size of their family. Whereas they can't reduce their family size... if they are willing to engage with our Into Work Services, help get themselves more ready to go into employment or with our money advice service, then we'll pay the DHP to help with their rental cap shortfall. As long as they're doing something to help themselves." (Statutory sector key informant, 2017)

An unevenness in practice was also highlighted:

"In some areas DHP is being used really quite innovatively, very flexibly... It is all about relationships, really, on the DHP front. How much does the housing benefit manager understand it and how much of a good relationship have they got with the homelessness manager, and that really influences how well the money is being spent." (Independent key informant, 2017)

Universal Credit

The Universal Credit (UC) regime combines several existing benefits, including Housing Benefit, and to radically simplify the structure of welfare benefits in the UK. A full account of the structural reforms was set out in earlier editions of the Homeless Monitor.¹¹⁶

The new regime is now operational nationally for single person claimants, but is only now beginning to be rolled out in a small number of areas for couple and family households. The overall timetable for rolling out the new regime was substantially – and repeatedly – deferred from original plans, not least due to difficulties in developing the IT system for a still complex scheme, where the detailed regulations and operational requirements for the scheme were not finalised until quite recently. Poor management and lack of cost controls in the development of the new regime have been severely criticised in two reports from the National Audit Office.¹¹⁷

It is still the case that the great majority of current UC claimants are single people, and it is only since November 2015 that UC has been available for families with children in a small number of areas. Even now UC is only available for new claims by couples and families with children in just over 125 Jobcentre areas.¹¹⁸ In theory the roll out for all new claimants is due to be completed by September 2018, with existing claimants being switched over to UC between 2019 and 2022. By the end of 2016 there were just over 20,000 people in receipt of UC in Wales.¹¹⁹

Concerns about the impact of the UC regime on rent arrears have been reinforced by the experiences of

the social landlords involved in the DWP direct payment demonstration projects. Over the eighteen months of the programme average rent payment rates across the projects were estimated to be 5.5 per cent lower than would have been the case without direct payments.¹²⁰ While rates of underpayment declined over the course of the operation of the projects, under payments were also erratic and difficult to predict (and therefore manage), reflecting the complexities and challenges of unforeseen circumstances on low income households' budgets.¹²¹

While the original UC regime would not, in itself, have involved any further reduction in benefit levels, it would have still involved gainers and losers relative to the current regimes, albeit that existing claimants would be provided with transitional protection.¹²² However the potential work incentive credentials of the UC regime have been undermined by the UC reforms announced in the Summer 2015 Budget. These involved, alongside other changes, a reduction in the permitted earnings levels before working claimants begin to be subject to a 'tapered' reduction in their entitlement.

While the pre-Brexit Conservative Government backtracked on its proposals for tax credit cuts in the 2015 Autumn Statement it confirmed

116 Section 4.3 in Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis.

117 National Audit Office (2013) *Universal Credit: Early Progress*. <http://www.nao.org.uk/wp-content/uploads/2013/09/10132-001-Universal-credit.pdf>; National Audit Office (2014) *Universal Credit: Progress Update*. <http://www.nao.org.uk/wp-content/uploads/2014/11/Universal-Credit-progress-update.pdf>

118 DWP (2016) *Jobcentre areas where couples and families can claim Universal Credit - 8th December 2016*. London: DWP.

119 DWP (2017) *Universal Credit Statistics: Claims, monthly starts and people on Universal Credit up to 9 March 2017*. London: DWP.

120 Hickman, P., Reeve, K., Wilson, I., Green, S., Dayson, C. & Kemp, P. (2014) *Direct Payment Demonstration Projects: Key Findings of the Programme Evaluation*. London: DWP.

121 Hickman, P., Kemp, P.A., Reeve, K. & Wilson, I. (2017) 'The Impact of the Direct Payment of Housing Benefit: Evidence from Great Britain', *Housing Studies*, <http://www.tandfonline.com/doi/full/10.1080/02673037.2017.1301401>

122 DWP (2012) *Universal Credit Impact Assessment*. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220177/universal-credit-wr2011-ia.pdf. Also see last year's edition of the Homeless Monitor (section 4.3) for further discussion of the Universal Credit scheme, and wider reductions in benefits expenditure over the last few years: Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2013) *The Homelessness Monitor: England 2013*. London: Crisis/JRF.

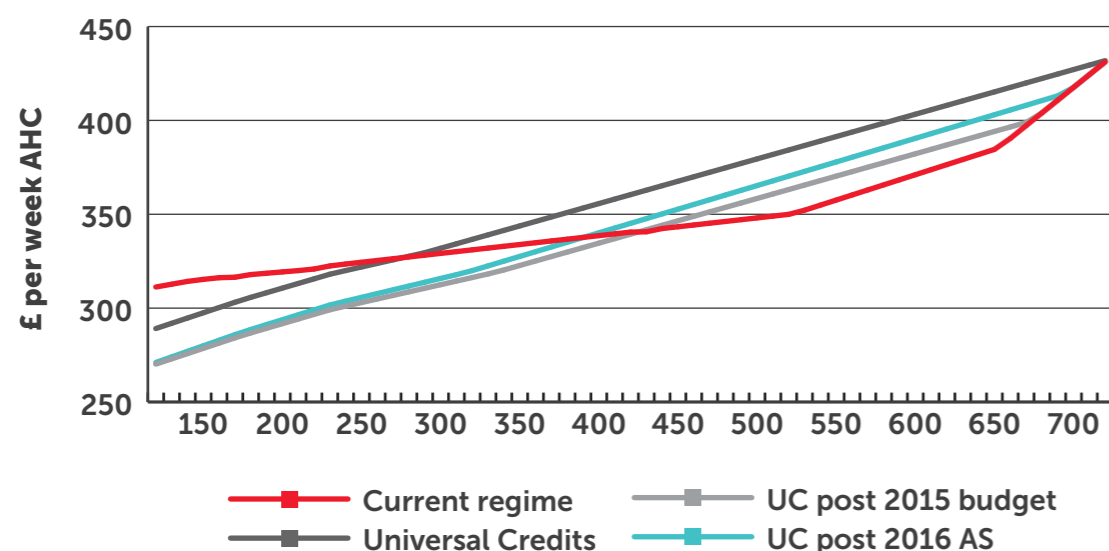
that the cuts to UC allowances would go ahead. The lower UC 'work allowances' came into effect in April 2016. The higher child allowance for a first child within UC allowances will be removed from April 2017. The 2016 Autumn Statement reform to partly offset those cuts by reducing the UC taper rate from 65 per cent to 63 per cent (also from April 2017) will only have a marginal impact for households in lower paid employment, as illustrated in Figure 3.4.

Figure 3.4 focuses on the case of a lone parent with two children. As can be seen for those earning less than £260 a week even the initial UC scheme would have left them worse off when compared to the existing tax credit and housing benefit regime. But with the cuts to the UC regime they would have been left worse off unless they earned more than £400 per week.

With the lower taper rate announced in the 2016 Autumn Statement they are still worse off unless they earn more than £370 per week. While the disadvantages are less pronounced for couples with children it is also the case that the lower taper rate does little to offset the impact of the cuts to the UC allowances that will remain in place.

The diminished work incentives offered to households in low paid work must also be seen in the context of the broader economic context, the rise in housing costs associated with the growth of private renting, and previous in work welfare benefit cuts, that have together resulted in record levels of poverty among members of working families.¹²³ The failure to include Council Tax benefit within Universal Credits also detracts from the simplification and incentive objectives for the scheme.

Figure 3.4 Impact of Universal Credit reforms on total net income after housing costs (AHC)



Lone parent with two children and £120 pw rent. Based on 2016/17 scale rates.

¹²³ Tinson, A., Ayrton, C., Barker, K., Born, B., Aldridge, H. & Kenway, P. (2016) *Monitoring Poverty and Social exclusion 2016*. York: JRF.

There was virtual unanimity amongst our LA survey respondents about the negative implications of Universal Credit for homelessness – 18 out of 19 respondents said that it would increase homelessness in their area (the remaining respondent did not know). Their concerns about the unfolding homelessness impacts of the roll-out of Universal Credit are exemplified by comments such as:

“Our clients are vulnerable and will struggle with the budgeting of a single payment. It will also discourage PRS landlords from taking tenants with a homeless background due to fear of rent arrears. For landlords there is no fast track process for them to access alternative payment methods. The six week delay will increase rent arrears and debt for our clients putting their tenancy at risk.”
(Urban LA respondent, 2017)

“...the ‘online’ aspect of the ... system [is expected] ... to hamper people’s abilities to manage their finances.”
(Valleys LA respondent, 2017)

“We have major concerns in this area - without significant support work to assist vulnerable people who may not manage money well, there is a real danger of tenancies being lost.”
(Rural LA respondent, 2017)

A similarly pessimistic outlook was apparent amongst both voluntary and statutory sector key informants:¹²⁴

“... we got direct access to housing benefit system here so we can look exactly what’s going on, and that really helps us. With Universal Credit that’s going to be taken away.”
(Statutory sector key informant, 2017)

“The fact that you’ve got to wait so long before getting your first payment, it just sets people up to fail, and there doesn’t seem to be any way around that. There doesn’t seem to be a way for the system to become more flexible. People are trying to understand alternative payment arrangements, and make sure that they’re put in place as much as possible, but the odds are stacked so much against people.”
(Voluntary sector key informant, 2017)

A key issue raised by many key informants was the removal of the ‘automatic’ housing benefit entitlement from 18-21s under Universal Credit.¹²⁵ This is estimated to potentially impact on some 10,000 18-21s across GB as a whole; but separate figures for Wales are not available. While some seemed pleasantly surprised by the concessions made on this policy, the practical challenges it posed were nonetheless emphasised:

¹²⁴ See also Protheroe, A., Mudd, J. & Fury, M. (2017) *The Experience of Universal Credit: A Tenants’ Perspective*. <http://chcymru.org.uk/comms/CHC-Cartref/2017/03/17/universal-credit-a-tenants-perspective/>

¹²⁵ Wilson, W., Keen, R. & Barton, C. (2017) *Housing Cost Element of Universal Credit: Withdrawing Entitlement from 18-21 Year Olds*. House of Commons Library, Number 06473, 10 April 2017.

"I think people are quite reassured by how wide the exemptions are definitely... The Welsh Government estimate is that around a thousand young people will be affected, and by the time the exemptions comes into play, you're looking at a much reduced number again, maybe even just two or three hundred possibly even. So we have started to suggest, ' Well why don't you maybe plug this gap Welsh Government' because we're not talking 20 odd million, like it would have been for the bedroom tax, and the cost of not accommodating them might end up being higher."

(Voluntary sector key informant, 2017)

"I think one of the biggest things that's hitting us, though, is the welfare reforms, the removal of housing benefit for under 21s. Although, having looked at the guidance, my sense is that there is quite a few loopholes and, actually, what I didn't realise until yesterday, is that if somebody has got a [homelessness] duty [owed to them]... they're exempt. So, if somebody comes in and we pick up a section 66 or a section 73 duty to them, then actually, they are exempt... But it's the proving of that. That just creates work and is bureaucratic, when

126 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: Wales 2015*. London: Crisis.

127 Blue Alumni Limited (2014) *Evaluation of the Discretionary Assistance Fund: Main Report*. Cardiff: Welsh Government.

we'd rather be doing away with bureaucracy, really, and making things easier."
(Statutory sector key informant, 2017)

"Although, obviously, there are loads of exemptions for the 18-year-olds to 21-year olds, it's still a ridiculous policy, and I think we're seeing, in terms of people that we support moving on into housing association properties, we're seeing housing associations potentially becoming more risk-averse, wanting payments up-front."
(Voluntary sector key informant, 2017)

The Discretionary Assistance Fund

The last edition of the Welsh Homelessness Monitor reported controversy over the operation of the Discretionary Assistance Fund (DAF), that replaced the discretionary Social Fund in Wales, in its first two years.¹²⁶ Concerns were raised over the perceived high administration costs and under allocation, which were addressed in an official evaluation.¹²⁷ This recommended simplifying the application procedure and providing more guidance; extending the range of goods and services included in awards; and introducing a greater variety of provision for those with special needs. An update on applications for DAF in October 2016 indicated that around 2,500 Emergency Assistance Payments (EAP) applications and 350 Individual Assistance Payments (IAP) are awarded each month. The two leading causes for EAP applications are delays in benefits and emergency/disaster.

For IAPs, leading causes are planned resettlement, and settling after a period of homelessness.¹²⁸

Since early 2015, concerns over the DAF have also been voiced in the National Assembly for Wales's inquiry into poverty.¹²⁹ They suggest the initial under spend has led the Welsh Government to reduce the size of the fund from an original £10.2 million to £8.38 million in 2015/2016 (the inquiry actually stated £7.23 million which was corrected by the Minister for Communities and Tackling Poverty in her response).¹³⁰ In the Committee's view, and supported by other evidence,¹³¹ the underspend is due to difficulties accessing the fund and a general lack of awareness of its existence rather than lack of need. The Inquiry recommended that the Welsh Government restore the original fund amount, and widen criteria for awards.

Notwithstanding the above concerns, there is general agreement that the DAF is a vital resource. The Welsh Government released an updated code of guidance for decision-makers in March 2016,¹³² and following a second competitive tendering exercise Northgate Public Services are now running the partnership with Family Fund and Wrexham County Borough Council until at least March 2020.¹³³ By and large our key informants had little to say on the DAF but this criticism offered by one hinted that some of the longstanding issues of access had not been entirely addressed:

"Getting carpets is nigh on impossible. We've had cases who've... applied for DAF on their own, been turned down and then they've applied for something else and they've been told we need confirmation from your support worker. So people are... after a support worker just to help them with a DAF, which I'm a little bit concerned about. I think the process has been quite drawn out as well, and difficult to get as well for individuals who are trying to access it. I know I've had some discussions with the Welsh Government about it because there was a bit of an underspend, I think, last year or they were not getting the number of referrals or applications in that they were expecting, so they were just trying to find out why. So I did send some anecdotal feedback from some of the staff... about individual cases."
(Statutory sector key informant, 2017)

128 Helen, R. (2016) DAF Update October 2016. Retrieved from http://chcymru.org.uk/uploads/events_attachments/DAF_update_October_2016.pdf

129 National Assembly for Wales Communities, Equality and Local Government Committee (2015) *Inquiry into Poverty in Wales: Poverty and Inequality*. Cardiff: National Assembly for Wales. Retrieved from <http://www.assembly.wales/laid%20documents/cr-ld10252/cr-ld10252-e.pdf>

130 Minister for Communities and Tackling Poverty (2015) *Written Response by the Welsh Government to the Report of the Communities, Equalities and Local Government Committee into Poverty and Inequality*. Cardiff: Welsh Government. Retrieved from <http://www.assembly.wales/laid%20documents/gen-ld10378/gen-ld10378-e.pdf>

131 Citizens Advice Bureau (2015). *Discretionary Assistance Fund*. Citizens Advice Cymru. https://www.citizensadvice.org.uk/Global/Migrated_Documents/corporate/daf-briefing-final.pdf

132 Welsh Government (2016) *The Discretionary Assistance Fund: Guidance for Decision Makers*. Cardiff: Welsh Government.

133 Welsh Government (2016) *Discretionary Assistance Fund for Wales*. Welsh Government. <http://gov.wales/topics/people-and-communities/communities/debt/discretionary-assistance-fund/?lang=en>

Overall LA views on the homelessness impacts of welfare reform

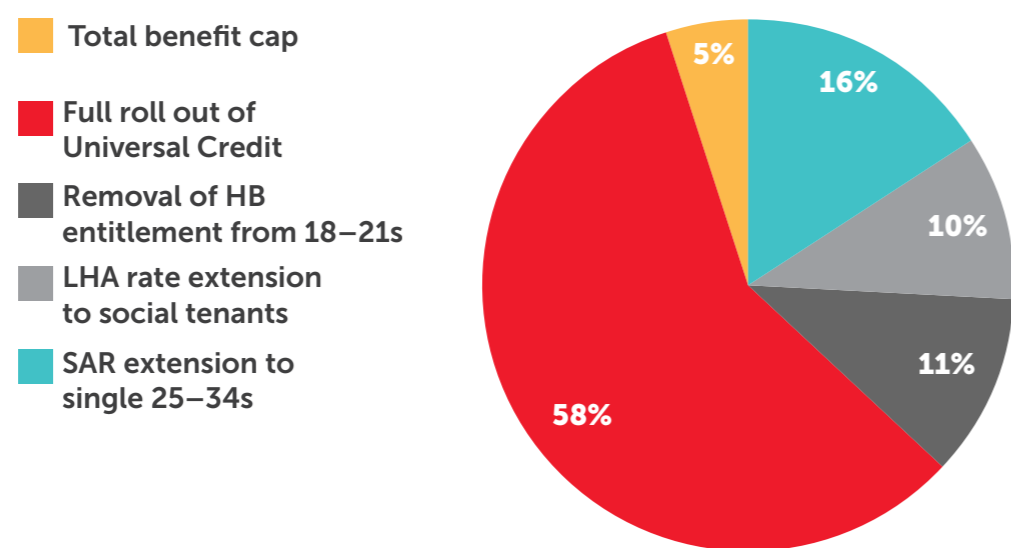
Almost all Welsh local authorities responding to the 2017 survey believed that homelessness in their area had been exacerbated by post-2010 welfare reform, the only exceptions being three non-urban authorities (see Appendix 2, Table 2).

There was, however, considerable diversity with regard to the welfare reform measure judged 'most significant' in inflating homelessness over the past few years. Nearly half of local authority respondents (seven) believed that the SAR extension to 25-34 age was the prime candidate here. However, one or more respondents plumped for each of five other benefit changes imposed during this period,

including the freeze on benefit levels, the 'Bedroom Tax', benefit sanctions, LHA caps and the total benefit cap (see Appendix 2, Table 3). This suggests a more varied, and probably less acute picture, than the very consistent geography of homelessness impacts of welfare reform reported in England.¹³⁴

However, every single respondent believed that homelessness pressures would be further intensified by welfare reforms currently being rolled out and/or anticipated over the next few years. Asked which particular change was likely to have the most significant impact in this respect, considerably over half of respondents identified the roll-out of Universal Credit as their greatest concern, reinforcing the very negative account given above – see Figure 3.5.

Figure 3.5 Perceptions on the single most significant emergent welfare reform measure likely to further exacerbate homelessness 2017–2020



Source: Local Authority Survey, 2017. Base: 19 local authority respondents

134 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2017) *The Homelessness Monitor: England 2017*. London: Crisis.

For some, it was the cumulative impact of the whole gamut of changes being rolled out that was the key concern:

“When we see the roll-out of Universal Credit which is on the horizon, when we see the changes for under-35s and 18 to 21-year-olds, that now feels like we’re approaching much more significant challenges than we’ve had up until now. It’s the cumulative effect I guess is the thing to be worried about all of those, fighting on a number of different fronts to try and come up with solutions for new groups of people who are going to be really challenged by that.”

(Statutory sector key informant, 2017)

“... it’s sometimes a bit difficult to find the solutions that we have to under the Welsh Housing Act when you’re confronted with these barriers about funding for suitable housing... 18 to 21 year olds, how the hell are we going to prevent homelessness for that client group in the next year or so?... We’ve got benefit cap coming in now, which previously the benefit cap only really impacted on those big families, with four plus kids, whereas now a couple with three kids virtually doesn’t get any housing help now. A couple with two kids will probably lose about half of their housing help. Okay, we’ve got discretionary housing

payments at the moment but they are discretionary. It’s not guaranteed funding year on year, and even people who’ve got secured tenancies now are facing severe financial problems and it’s not going to be easy. For me, that’s the biggest issue, is the conflict between Welsh national and UK national policies and agendas. We’ve got devolved powers, devolved issues in Wales but some of the things are beyond our control because they’re national.”
(Statutory sector key informant, 2017)

3.5 Key points

- There is an overwhelming consensus that the new statutory homelessness framework ushered in by the Housing (Wales) Act 2014 has had an array of positive impacts, including reorientating the ‘culture’ of LAs towards a more preventative, person-centred and outcome-focussed approach, and engendering a much better service response to single homeless people in particular. Areas where continuing improvements or monitoring were felt to be required included: paperwork burden associated with the new arrangements; variability in practice, both between and within LAs; appropriate use of the new ‘non-cooperation’ provisions; implementation of Personal Housing Plans; and an apparent over-reliance on PRS access options in the ‘reasonable steps’ deployed in some areas.
- The Transitional Funding Grant made available to LAs to implement the new legislation was generally felt to have been sufficient but much emphasis was placed on the need for this to continue beyond its original end date of March 2018.

- Supporting People funds have been relatively protected in Wales and remain ring-fenced. Attempts to re-orientate these funds towards more effectively supporting the homelessness prevention agenda were felt to have been at least partially successful, but many key informants felt that further improvements in commissioning practices were required.
- A recent sharp rise in enumerated rough sleeping in Wales has made this a salient political issue. There is significant interest in the expansion of Housing First models in Wales.
- The Housing Act (Wales) 2014 introduced a number of measures that give Wales a more distinctive set of housing policies. In particular the Act enabled the refinancing of the council housing sector, and provided powers for the licensing and regulation of private landlords and their agents. A further Bill has now been introduced to abolish the right to buy.
- The Welsh Government met its own target of providing 10,000 additional 'affordable' dwellings over its four-year term; but still fell short of the higher, independently assessed, level of the numbers required.
- The successive Westminster Government welfare reforms have been assessed to take over £1 billion out of the pockets of low income households in Wales. They will have a disproportionate impact in areas of Wales that have suffered from long term industrial decline.
- Lower LHA rates have slowed down the growth in the numbers of Housing Benefit claimants able to access the private rented sector, and increased average levels of 'shortfalls' between LHA awards and landlord rents. There has been a more marked impact on young single people only eligible for the much lower SAR allowances. The recent impact of these measures is more difficult to assess due to the inadequacy of the data available in respect of Universal Credit claimants.
- The lowered total benefit introduced will significantly extend its impact in Wales, with the numbers affected increasing more than fivefold (to some 4,000) by 2020/21. The greatest individual losses, however, will be incurred by the households already subject to the cap - an additional £6,000 a year (or £4,800 in the case of single people).
- The 'Bedroom Tax' initially impacted on 35,700 social sector tenants in Wales, but by February 2017 the numbers impacted had fallen to 29,500. The 'Bedroom Tax' has a disproportionate impact in Wales, and social landlords have a very limited supply of smaller dwellings to facilitate any significant level of transfers by impacted tenants.
- The impact of the 'Bedroom Tax' in Wales was eased, to an extent, by the very full use of DWP Discretionary Housing Payment budgets, as well as utilising additional funding provided by the Welsh Government. 'Bedroom Tax' cases account for two thirds of all DHP payments in Wales in 2013/14. Data for 2015/16 shows that Welsh councils as a whole continued to make full use of their DWP budget allocations for the year, despite the absence of any further Welsh Government support for their DHP expenditure after 2013/14, and three authorities spending less than 90 per cent of their allocations.
- The extension of LHA caps to the social sector rents eligible for housing benefit will have a wide-ranging impact in Wales, with particular concerns about the impact on young single people, and older households deemed to

be under-occupying, as well as the arrangements to be made in respect of supported accommodation.

- The extension of Universal Credits will lead to many households in low paid work being worse off than under the current tax credits regime, and there are particular concerns about the arrangements (in the first instance) for the housing element of UC to be paid to the claimant.
- There appears to be a degree of ongoing concern about the scope, operation and accessibility of the Discretionary Assistance Fund, which replaced the discretionary Social Fund in Wales.
- Almost all Welsh local authorities responding to the 2017 survey believed that homelessness in their area had been exacerbated by post-2010 welfare reform. Most reported that the availability of DHPs had 'helped greatly' in mitigating these negative effects. However, there was overwhelming concern expressed about the potential homelessness impacts of the ongoing roll-out of Universal Credit, with the removal of the 'automatic' entitlement to Housing Benefit of 18-21 year olds also highlighted as a specific cause of anxiety within this process.

Homelessness trends

4. Homelessness trends in Wales

4.1 Introduction

Previous chapters have reviewed the likely implications of both the economic climate and policy change for homelessness. In this chapter we analyse recent trends in homelessness 'demand' in Wales. After an initial focus on rough sleeping we move on to consider single homelessness and then statutory homelessness (including local authority homelessness prevention).

The main focus of the statistical analysis is the change recorded in the post-2010 period, following the start of the major policy changes and welfare reforms initiated by the Coalition Government.

The analysis is based, in the main, on published statistics. However, in interpreting these figures we also draw on our 2017 online local authority survey and on 2017 key informant interviews undertaken by the research team.

135 Source: National Rough Sleeping Count, Wales 2007 and 2008 <http://gov.wales/docs/statistics/2009/090917roughsleep2007en.pdf>

136 Welsh Government (unpublished, 2015) *National Rough Sleeping Count, Wales, November 2014*. Cardiff: Welsh Government.

137 Fitzpatrick, S., Pawson, H., Bramley, G. & Wilcox, S. (2012) *The Homelessness Monitor: England 2012*. London: Crisis.

4.2 Rough sleeping

Historically, rough sleeping has been monitored in Wales only on an occasional basis. National rough sleeper counts involving local authorities were co-ordinated by the Welsh Government in 2007 and 2008. These counts (including estimates) enumerated 138 and 124 rough sleepers, respectively. In both years the largest single concentration was in Cardiff where 26 rough sleepers were enumerated on each occasion.¹³⁵

However, as acknowledged in a 2015 Welsh Government report, rough sleeper counts of this kind provide "only a very broad indication of the level of rough sleeping...".¹³⁶ The limitations of such approaches have been discussed more fully in an earlier Homelessness Monitor report.¹³⁷ Since they can never be exhaustive, such counts must always be treated as 'minimum estimates', and are probably most useful (if conducted on a consistent basis) as indicators of trends. Tri-angulating administrative data from a range of sources, the

Homelessness Monitor research team estimated in 2015 that the 'real' rough sleeping total for England in 2010/11 was between twice and four times the snapshot street count-based estimate.¹³⁸

Recognising the inherent limitations of street counts, the Welsh Government has, from 2015, adopted a complementary approach. Initially trialled in 2014 (following a five-year gap in official data collection of any kind) this adapts a method developed in the 1980s,¹³⁹ featuring collaboration between local authorities and support agencies known as assisting homeless people in a given locality. As operated here, this involves a two-week time-slot in which participating organisations log all rough sleeper enquiries to identify – and to collect information about – those affected at some point during (or throughout) the period. This data '[is] then used to both target and complement the subsequent one night count as well as helping local authorities and other relevant agencies to develop specific and appropriate support services'.¹⁴⁰ The Welsh Government has argued that, by comparison with a traditional street count, this hybrid enumeration approach "provides a better understanding of the incidence of the rough sleeping".¹⁴¹

Two annual surveys using the above methodology have now been undertaken in late 2015 and late 2016. The Welsh Government reports that the most recent of these incorporated slight methodological adjustments

138 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2015) *The Homelessness Monitor: England 2015*. London: Crisis.

139 Thomas, M. (1983) *The Homeless in Brent and Lewisham*. London: Greater London Council

140 Welsh Government (2017) *National Rough Sleeper Count, November 2016 – Experimental Statistics*. Cardiff: Welsh Government <http://gov.wales/docs/statistics/2017/170201-national-rough-sleeper-count-november-2016-experimental-statistics-en.pdf>

141 Welsh Government (unpublished, 2015) *National Rough Sleeping Count, Wales, November 2014*. Cardiff: Welsh Government.

142 Welsh Government (2017) *National Rough Sleeper Count, November 2016 – Experimental Statistics*. Cardiff: Welsh Government <http://gov.wales/docs/statistics/2017/170201-national-rough-sleeper-count-november-2016-experimental-statistics-en.pdf>

143 Ibid

144 Fitzpatrick, S., Pawson, H., Bramley, G., Wilcox, S. & Watts, B. (2017) *The Homelessness Monitor: England 2017*. London: Crisis.

to enhance coverage. This impacts on the comparability of the statistics generated by the two surveys. Therefore, while the 2016 survey enumerated 313 rough sleepers across Wales compared with 240 in 2015, the Welsh Government warns that at least part of this apparent increase could result from more comprehensive coverage rather than from a real rise in rough sleeping.¹⁴² Emphasising the need for caution in drawing definitive conclusions on recent change in the incidence of rough sleeping, some of the local authorities which recorded the largest apparent increases cited essentially 'administrative' factors as having contributed to the larger 2016 figures:

- More counting teams employed on the night of the count than was the case in previous years.
- Improved intelligence around exact locations of those sleeping rough
- More local services available and an improved network of knowledge from monitoring exercises in previous years.¹⁴³

Bearing these considerations in mind, it is probably appropriate to conclude that the incidence of rough sleeping in Wales in late 2016 represented an increase of up to 30 per cent as compared with 2015. The real underlying change may be more in the realm of the 16 per cent increase in national rough sleeper numbers enumerated in England in the twelve months to autumn 2016.¹⁴⁴

There is, in any case, other statistical evidence – albeit of an unofficial kind – suggesting a distinct upward trend in rough sleeping in the larger cities of South Wales. Rough sleeper intervention teams associated with the Wallich project have been monitoring overall numbers in Cardiff, Newport and Swansea for several years. These data suggest that in the four years to April 2017, rough sleeping more than doubled in Cardiff, while showing more modest increases in the other two cities.¹⁴⁵

Consistent with the sense that rough sleeping is indeed on the increase across much of Wales, just over half of authorities responding in our 2017 online survey (10 of 19) believed that rough sleeper numbers in their area had risen in the previous year. Various possible explanations were cited. Reflecting the views of numerous colleagues, one respondent commented that the perceived increase in his/her area was the product of:

“An increase of EEA nationals [ineligible for mainstream welfare benefits], welfare reform, budget cuts to support services, [and] clients arriving from other boroughs due to lack of provision in their own area...”
(Urban LA respondent, 2017)

Embedded in this and other responses from urban authorities was the hypothesis that some individuals becoming homeless in non-urban areas gravitate to towns or cities where there are at least some support services available for roofless people. Some of our key informants cited the methodological factors noted above as contributing to the upward trend, but

no stakeholders disputed that at least some of the increase was ‘real’:

“I think some of it is [a genuine rise]; I won’t deny that. I think there has been a rise, as there has in England. We’ve had a rise in Wales... but I think, our rise is so much, partly because we’re actually getting to grips with it. We’re getting proper intelligence and we know the people who we’re counting and we’re engaging with them. Definitely, I think that’s why that number has gone up so much, as well.”
(Statutory sector key informant, 2017)

Several interviewees speculated that there may be a link with the removal of ‘automatic’ priority need for ex-prisoners in the new legislation.¹⁴⁶

“I think they took away priority status for prison leavers. I don’t necessarily think that everyone we see is a prison leaver, but perhaps because we haven’t accepted a statutory duty to prison leavers, that’s impacted on the wider hostel spaces maybe, direct access spaces maybe...”
(Voluntary sector key informant, 2017)

“... prison leavers is an area where I’ m hearing that there are still quite a lot of issues, and it’s around the working

relationships basically, and The Welsh Government’s Homelessness Pathway¹⁴⁷ that they developed, not being followed very closely... sometimes it’s because people aren’t getting their homelessness assessments carried out whilst they’re in prison, or sometimes they are getting them done while they’re in prison, but then they get to the local authority and the local authority put them to the bottom of the pile!”
(Voluntary sector key informant, 2017)

Others sketched a broader picture, wherein welfare reform and particularly benefit sanctions loomed large:

“I think that there’s many issues behind it. I think that there is a rise in the complex needs of rough sleepers... there are a great number of people who are very, very difficult to engage with and bring in to accommodation services... Our advocate spends an inordinate amount of time trying to get people back into the benefits system who’ve had their benefits suspended either because they have failed to attend a medical or they’ve fallen foul of the medical or they’ve just been sanctioned to JSA for one reason or another...”

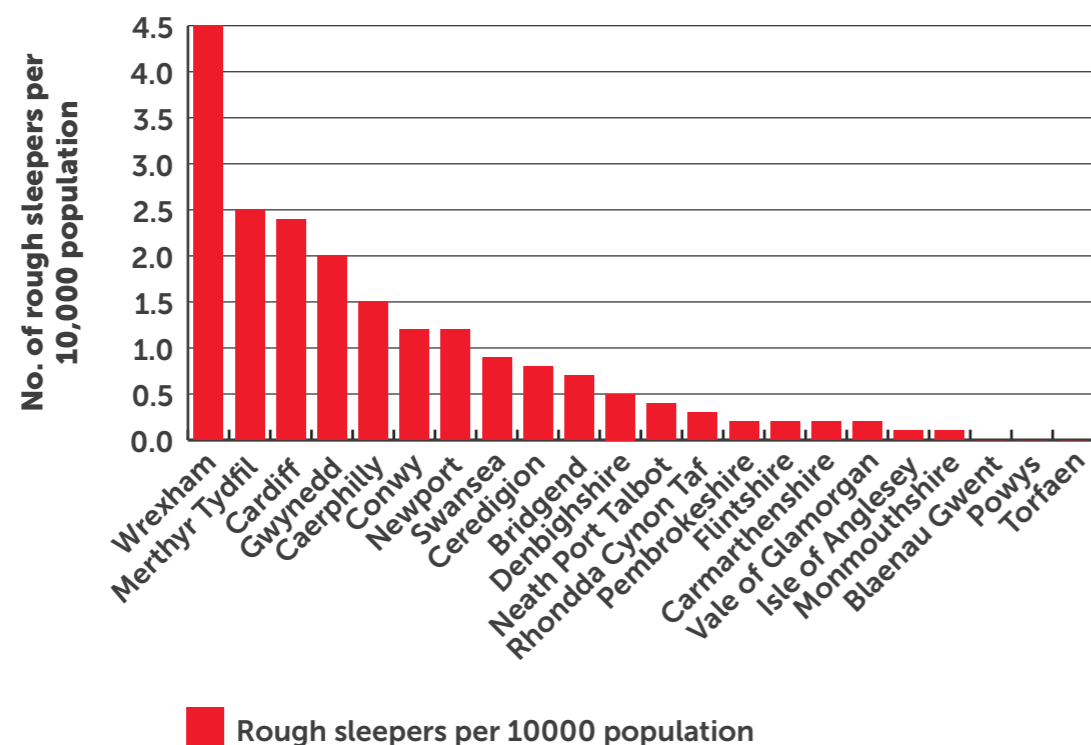
(Voluntary sector key informant, 2017)

In terms of the Welsh Government’s October 2016 statistical data collection, the total enumerated number of people sleeping rough across the country (313) was made up of the 141 individuals enumerated in the snapshot count plus an additional 172 persons counted via the ‘census’ exercise conducted over the previous fortnight (see above). Bearing in mind the limitations of rough sleeper enumeration in England, it is the Welsh snapshot statistic that provides a basis for a national comparison of the relative incidence of rough sleeping in the two jurisdictions. On this basis, expressed per 10,000 population, the 2016 rate of rough sleeping in Wales was 0.45 (i.e. 141 rough sleepers per 3.1 million population) whereas the comparable figure for England was 0.75 (i.e. 4,134 rough sleepers per 54.8 million population). Put another way, this indicates that the 2016 level of rough sleeping in Wales was around 60 per cent of that in England.

However, the scale of rough sleeping varies sharply across Wales. And while the largest number of people sleeping rough within the October 2016 survey period was recorded in Cardiff (85), the highest incidence of rough sleeping proportionate to population was – by some margin – in Wrexham (see Figure 4.1).

¹⁴⁵ Wallich Project (2017) Rough Sleeping Statistics <https://thewallich.com/rough-sleepers-statistics/>
¹⁴⁶ See also Mackie, P., Thomas, I. & Bibbings, J. (2017) ‘Homelessness Prevention: Reflecting on a Year of Pioneering Welsh Legislation in Practice’, *European Journal of Homelessness*, 11(1): 81-107.

¹⁴⁷ The removal of priority need status for prison leavers in the 2014 Act was accompanied by the introduction of the ‘National Pathway for Homelessness Services to Children, Young People and Adults in the Secure Estate’. <http://gov.wales/topics/housing-and-regeneration/services-and-support/homelessness/national-pathway/?lang=en>

Figure 4.1 Incidence of rough sleeping at LA level

Source: Statistics Wales; ONS

Across Wales, the Welsh Government's rough sleeper survey enumerated 168 emergency bed spaces, more than half of which (100) were in Cardiff and Ceredigion. Some 40 of these bed spaces were unoccupied on the night of the count – most of these in local authority areas where rough sleepers were also recorded. As suggested by Shelter Cymru, part of the explanation for this apparent contradiction may be that some rough sleepers see emergency accommodation as unsafe.¹⁴⁸ For others, reluctance to comply with institutional rules (e.g. no alcohol) could be an issue. Nevertheless, despite the existence of under-utilised capacity, the number of enumerated rough sleepers that night was 141. So even at the most basic level, the national 'emergency bed space deficit' at the time of the survey totalled 101, with the Cardiff deficit

– 27 – accounting for more than a quarter of the national shortfall.

Reflecting on the challenges facing Cardiff specifically, this interesting point was made by a key informant who was from another urban area:

"I feel a bit sorry for Cardiff at times because they're... a big city and so they're having a go about rough sleeping but every major city in the UK is having a torrid time with rough sleeping. That's not to say you ignore it, but Cardiff shouldn't be looking compared to [smaller urban area]. They should be compared to Bristol or a similar sized city. Just

because there's a border in place, doesn't stop [it]. What are Glasgow doing about it?... How can we work together on it? Unfortunately, statistics is we look at it from a Welsh point of view and it shouldn't be like that."
(Statutory key informant, 2017)

With this clear consensus taking hold across the statutory and voluntary sectors in Wales that there has recently been a 'real' increase in rough sleeping, this has become a politically salient issue. At the time of writing a Welsh Government policy announcement was imminently expected, with a national Rough Sleepers Working Group due to make recommendations in summer 2017.

4.3 Single homelessness

As explained in detail in Section 4.4, a reformed statutory homelessness framework has been bedding down in Wales since 2015 (see also Chapter 3). An important aspect of this new regime is the attempt to put on a more equal footing the standing of family and non-family homeless households in terms of their rights to housing assistance. Unlike the Scottish legislation, however, this does not end the distinction between priority and non-priority homelessness in terms of a local authority's full rehousing duty. For this reason special attention to 'single homelessness', as distinct from 'statutory homelessness' continues to be arguable.

Recorded local authority action under the Housing (Wales) Act 2014 may now provide somewhat more meaningful statistics on the changing quantum of single (i.e. non-priority) homelessness than under the pre-2015 legislation. This follows from the new law's requirement that:

- local authority's initial assessment of someone seeking assistance with housing should focus on their homeless/threatened with homelessness status rather than their 'priority need' status, and
- all those judged threatened with homelessness or actually homeless and eligible for assistance – irrespective of household type – are entitled to help to prevent or relieve their loss of accommodation.

The flow diagram included in this report at Figure 4.3 shows how these provisions are intended to operate.

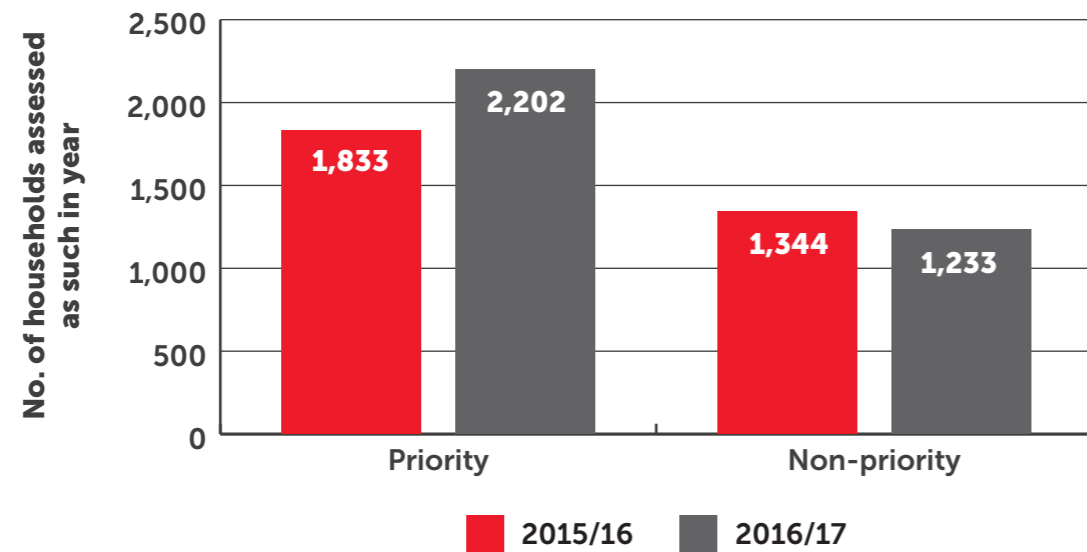
In 2016/17 1,233 households were assessed as non-priority homeless under Section 73 (S73). This relates to applicants deemed to be homeless, but for whom efforts to resolve their housing problems ('homelessness relief') proved unsuccessful. This group was only a little over half the number of S73 priority homeless households in 2016/17 when this latter category (inclusive of intentionally homeless cases) totalled 2,202. More importantly, however – as shown in Figure 4.2, comparison with published 2015/16 figures suggests that – in contrast to the priority homeless numbers – non-priority cases fell back significantly in the past year. While the priority homelessness total was 20 per cent higher in 2016/17 than in 2015/16 (2,202 compared with 1,833)¹⁴⁹, the non-priority cohort fell back by 8 per cent (1,233 compared with 1,344).

Given the qualifications attaching to the underlying data the above observation should be read with some caution. One factor to bear in mind is that, with the new legislation bedding in during 2015/16, larger numbers of single (non-priority) homeless households may have come forward to seek local authority assistance in the second year of the new regime, as the new regime's qualities became more widely recognised.

148 Bibbings, J. (2017) 'Why is Rough Sleeping on the Rise in Wales?' *Shelter Cymru blog*, 1st February: <https://sheltercymru.org.uk/why-is-rough-sleeping-on-the-rise-in-wales/>

149 Note that these figures include intentionally homeless cases (273 in 2015/16 and 126 in 2016/17)

Figure 4.2 Section 73 priority and non-priority homelessness assessments, 2015/16 and 2016/17



Source: Welsh Government. Note: Priority homeless numbers include 'intentional homelessness' cases.

4.4 Statutory homelessness

This section draws mainly on the 'official homelessness statistics' collated by the Welsh Government and derived from local authority statistical returns. Given their alignment with the reformed statutory homelessness regime introduced in 2015 (see Chapter 3), the structure of these statistics has altered radically under the new legislation. As discussed in more detail below, this has had a major impact on the comparability with statistics relating to the pre-2015 period. Hence, the scope for time series analysis has been impacted.

In addition, given that the new legislation was bedding-in during 2015/16, the accuracy of statutory homelessness data for that year is subject to some qualification. In particular, the Welsh Government has acknowledged that 'during the first two quarters of 2015-16 there were

inconsistencies...in the way outcomes were being recorded'.¹⁵⁰ Despite efforts to correct such problems, these issues will have impacted on data for the year as a whole.

Consequently, while the published statistics show that households deemed unintentionally homeless and in priority need totalled 29 per cent more in 2016/17 than in 2015/16 (2,076 compared with 1,611) not too much should be read into this observation. Similarly, while the numbers logged by local authorities as 'threatened with homelessness' and actually homeless in 2016/17 were substantially higher than in the previous year (by 19% and 58% respectively) such comparisons should be treated with caution.¹⁵¹

This section also makes reference to the authors' online survey of local authorities undertaken in April/May 2017. This evoked responses from

19 of the 22 Welsh councils (86%). For a fuller explanation of survey methodology see Appendix 2.

Before immersing ourselves in the data, the section begins by summarising the legal framework specifying local authority homelessness duties under the new regime. Some appreciation of how this is structured is essential in interpreting the statistics generated by it.

The new statutory homelessness framework and associated monitoring regime

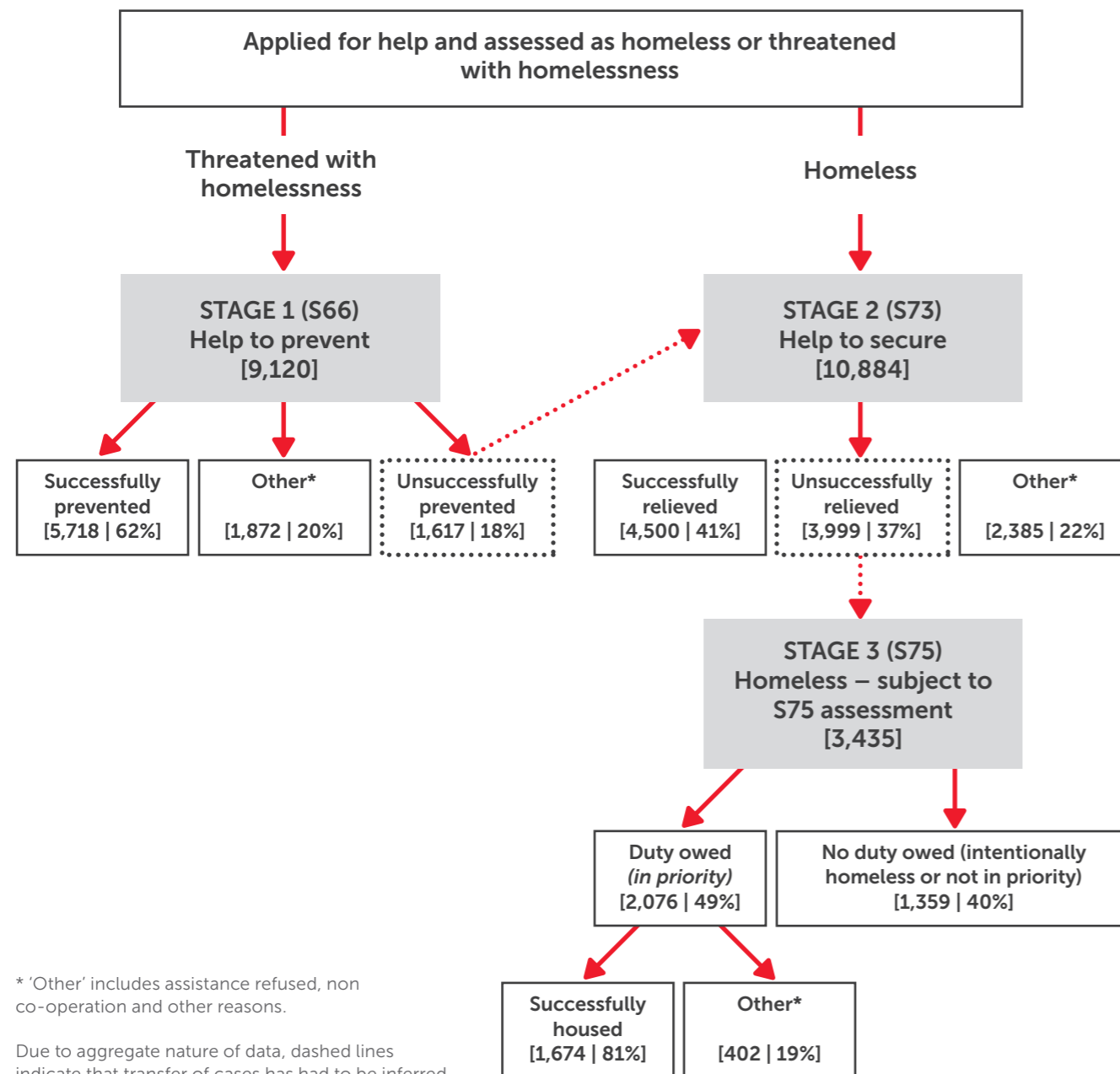
Figure 4.3 shows the processes and decision points involved in this new regime. These give rise to a new statistical monitoring system, and limit the comparability of post-2015 homelessness statistics with earlier figures.

¹⁵⁰ Ibid

¹⁵¹ It may be more meaningful to compare the numbers in Q4 2016/17 (the latest data available at the time of writing) with those for the equivalent quarter of 2015/16 (arguably at a point sufficiently far removed from the disruption attending the introduction of the new regime in April 2015 so that the statistics may be more reliable than the full year numbers). While households logged as threatened with homelessness in Q4 2016/17 under S66 (3,768) were down 3% on Q4 2015/16 (3,870), those recorded as actually homeless (S73) were up 22% (2,520 in Q4 2015/16 and 3,084 in Q4 2016/17). Meanwhile those recorded as unintentionally homeless and in priority need under S75 were up 59% (from 405 to 645).

Figure 4.3 Homelessness assessment processes under the Housing (Wales) Act 2014

Welsh homelessness legislation process, including outcome data for stages One (Help to prevent), Two (Help to secure) and Three (Homeless—subject to S75 assessment), 2016–17



Source: Welsh Government

The new monitoring framework matches the new duties placed on local authorities under the Housing (Wales) Act 2014. These fall under the following clauses of the Act:

- Section 66 which prescribes 'help to prevent' duties relating to applicants found to be threatened with homelessness
- Section 73 which prescribes 'help to secure accommodation' duties for those found to be homeless (including in cases where an attempt to assist an applicant threatened with homelessness proves unsuccessful), and
- Section 75 which prescribes the 'duty to secure accommodation' for applicants assessed as unintentionally homeless and in priority need, and for whom efforts to relieve their housing situation have proved unsuccessful.

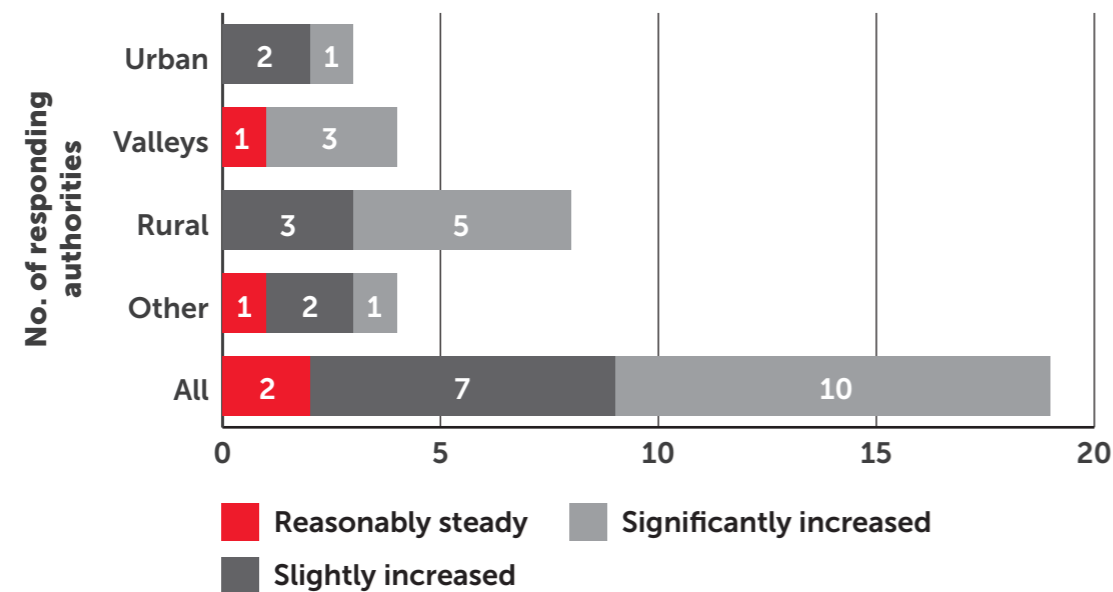
In terms of interpreting the resulting monitoring data, complexity arises from the fact that an applicant may be recorded under more than one of these processes. In particular, a household initially enumerated as 'threatened with homelessness' (and therefore entitled to assistance under Section 66) may subsequently re-appear as qualifying for help under Section 73 – where earlier efforts to prevent actual homelessness have proven unsuccessful. Problematic from the analytical perspective is that those enumerated as 'homeless' under Section 73 are not disaggregated in terms of their initial designation following a determination of 'eligibility' – see Figure 4.3. In other words, it cannot be known what proportion of Section 73 cases have progressed directly from a determination that they were actually homeless at the point of initial contact, as opposed to being initially threatened with homelessness, but subject to unsuccessful attempts to prevent actual homelessness.

The overall level of 'statutory homelessness'

The broader point which comes through from the above account is that the new statutory homelessness framework has created a series of stages through which (at least some) households may progress, thereby making it possible for a single household to be counted up to three times if subject to assistance under all three legislative clauses concerned. From an analytical viewpoint, a problem arising from this monitoring framework design is that the resultant scope for 'double counting' means the system cannot generate statistics on 'total expressed demand'. This means there is no direct equivalent to the 'total statutory homelessness decisions' metric that has been traditionally treated as a proxy for 'homelessness applications' and, in turn, as a proxy for the overall quantum of 'newly arising homelessness'.

Therefore, the best available evidence on recent change in the overarching level of homelessness comes from our online survey of Welsh local authorities. As shown in Figure 4.4, the vast majority of respondents reported that 'the overall flow of people seeking homelessness assistance from [my] local authority' increased in the two years to May 2017. In only two of the 19 responding authorities was it perceived that homelessness had remained 'reasonably steady' over this period and in none had demand fallen back. On the contrary, in most authorities (10 of 19) homelessness had 'risen significantly' during this period.

Figure 4.4 Local authority perceptions on change in overall homelessness demand 2015–2017 – breakdown by LA type



Source: LA online survey

In suggesting likely reasons for rising 'service user footfall', some authorities pointed to their new, broader, responsibilities and the 'Additional publicity around who is eligible for the service LAs now provide' (Rural LA respondent, 2017). A few implied that these 'increased numbers' could, in part, represent an administrative construct resulting from their new wider duties:

"The legislation requires us to prevent homelessness and we are to consider every enquiry as a potential new case."
(Valleys LA respondent, 2017)

But in the main they described a 'real' increase in footfall as a result of more single people in particular coming forward for help, in the knowledge that new 'priority need-blind' approach to homelessness prevention and relief offered a much better prospect of meaningful assistance than was previously true:

"The flow of people seeking assistance has increased most likely as a result of the introduction of the prevention duty (Section 66) as well as the introduction of the extended assistance to homeless non-priority cases under S73 which was limited under the previous Act."

(Rural LA respondent, 2017)

In explaining the rising numbers, some LAs also emphasised a view that underlying socio-economic drivers were significant, with some highlighting the disproportionate effect on (younger) single people (see above and Chapter 3):

"Welfare reform has had an effect on our clients resulting in increased homelessness; landlords leaving the market has increased presentations from homeless clients."

(Urban LA respondent, 2017)

"... the housing climate locally is becoming more challenging. Those at risk of homelessness and seeking a move... may [previously] have been able to do so independently of any council intervention... [Now] due to increasing prices and greater demand for PRS, [they] need assistance from [the] Council either because they ... can't secure accommodation themselves, or they need financial assistance through rent deposits and rent in advance etc."
(Rural LA respondent, 2017)

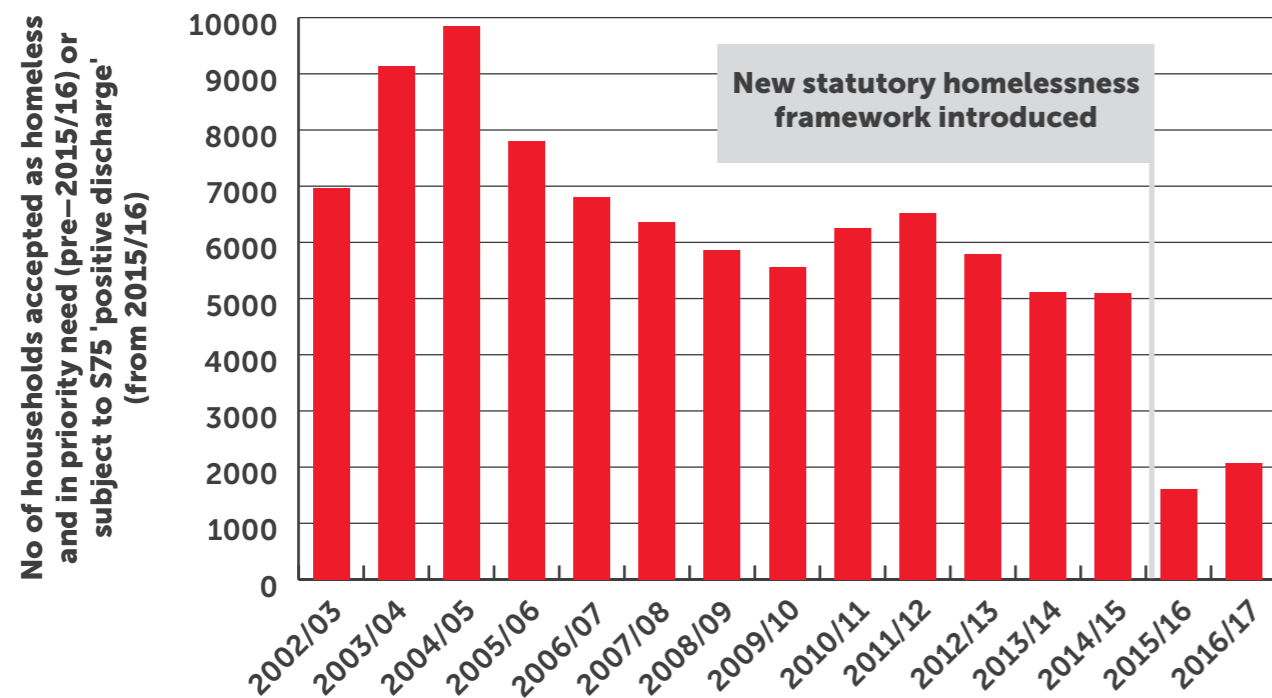
Homeless households owed the full rehousing duty

Historically, the most commonly cited metric for 'statutory homelessness' has been the number of households accepted by local authorities as 'unintentionally homeless and in priority need' under Section 193 (S193) of the pre-2015 legislation. Under that regime, these were the 'homelessness acceptances' to whom local authorities owed a 'full rehousing duty'. Under the new framework the nearest equivalent to a S193 'homelessness acceptance' is where an applicant is judged unintentionally homeless and in priority need under Section 75 (see Figure 4.3). However, for any given level of underlying homelessness demand, *the number of households subject to Section 75 (S75) 'acceptance' is likely to be much lower than the number of S193 'acceptances'*. This is because, as explained by the Welsh Government, 'under the new legislation, in some cases, homelessness for households who met the same criteria may have been relieved through earlier intervention (Section 73)¹⁵².

Defined as relating to homeless households assisted by local authorities under their full and final legal duty, *statutory homelessness* has been substantially reduced under the new legislation. In 2015/16, those assessed under S75 as unintentionally homeless and in priority need numbered only 1,611, although rising somewhat to 2,076 in 2016/17. Thus, in the two most recent years 'statutory homelessness' as measured in this way amounted to just 32-40 per cent of the 5,107 homelessness acceptances in 2014/15 – see Figure 4.5. Because of the fundamental change in the legal regime this cannot be treated as any kind of indicator of changing underlying demand. Its main significance is as a measure of the extent to which the new system enables local authorities to prevent or relieve homelessness before a formal assessment of an applicant's priority need status becomes necessary.

¹⁵² Welsh Government (2016) *Homelessness in Wales, 2015-16*. Cardiff: Welsh Government <http://gov.wales/statistics-and-research/homelessness/?lang=en>

Figure 4.5 Statutory homelessness 2002/03–2016/17 acceptances



Source: Welsh Government. Note: 2015/16 figure may be an under-estimate (see text)

Homelessness causes

No single dominant 'immediate reason for homelessness' emerges from the statutory homelessness data (see Figure 4.6). Among those threatened with homelessness (S66), the largest single category is 'other loss of rented or tied accommodation'. This cohort accounted for some 34 per cent of the 2016/17 caseload. However, such households accounted for a significantly smaller proportion of those deemed homeless and/or homeless and in priority need (2%).

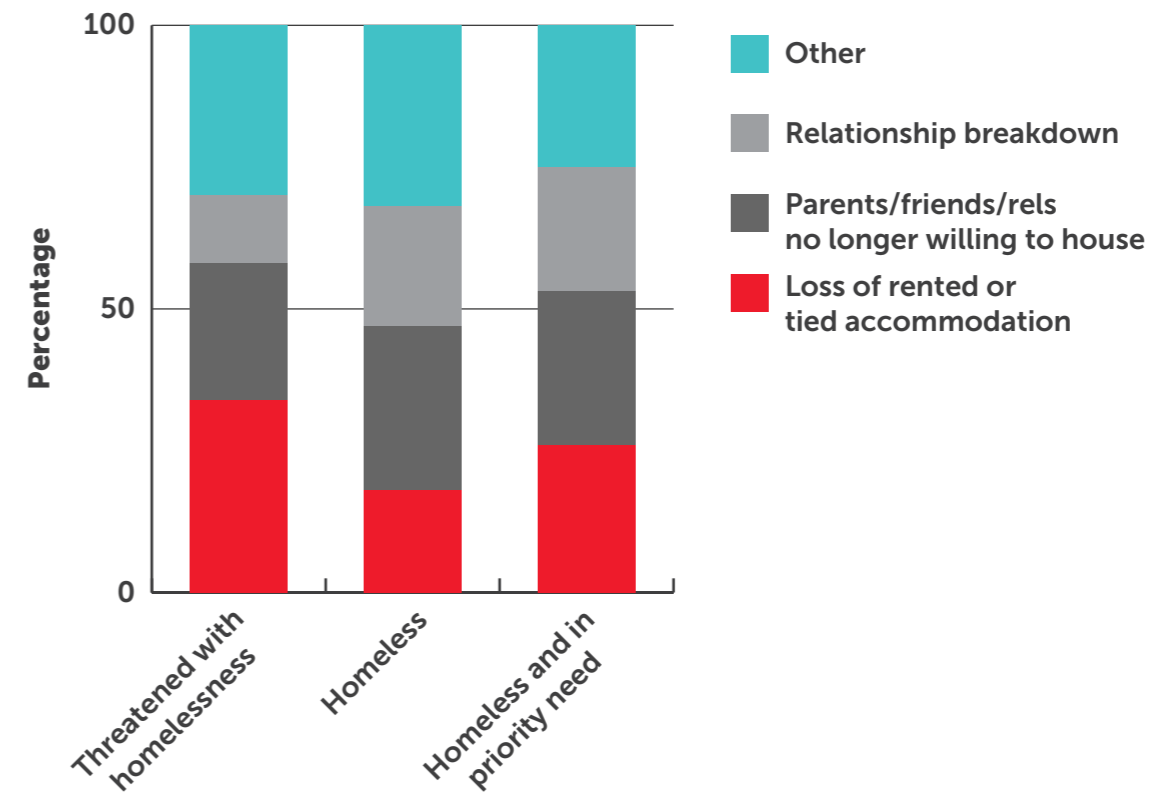
Although the figures cited above are not fully comparable with 'reason for homelessness' statistics for England, it would appear that loss of a private tenancy is a less important source of homelessness in Wales. In calendar

year 2016, for example, 32 per cent of homelessness acceptances in England resulted from loss of an Assured Shorthold Tenancy, while an additional 7 per cent were due to 'other loss of rented or tied accommodation'.^{153 154}

Focusing once more on the Welsh figures, the much lower proportion of former private tenants among homelessness acceptances than among those threatened with homelessness could imply a relatively high success rate for prevention activities targeted on people at risk of losing an existing tenancy. By contrast, relationship breakdown as a cause of homelessness was much more extensive among those deemed homeless or homeless and in priority need than it was among those at

¹⁵³ Although it may be that former social renters account for some proportion of the latter category.

¹⁵⁴ Department for Communities and Local Government (2017) 'Statutory Homelessness and Prevention and Relief live tables: Table 774 – Reason for Loss of last Settled Home' <https://www.gov.uk/government/statistical-data-sets/live-tables-on-homelessness>

Figure 4.6 Reasons for homelessness, 2016/17 caseload¹⁵⁵

Source: Welsh Government

risk of homelessness. This seems consistent with an expectation that, for this group, prevention efforts involving housing assistance are less likely to be effective than for other groups.

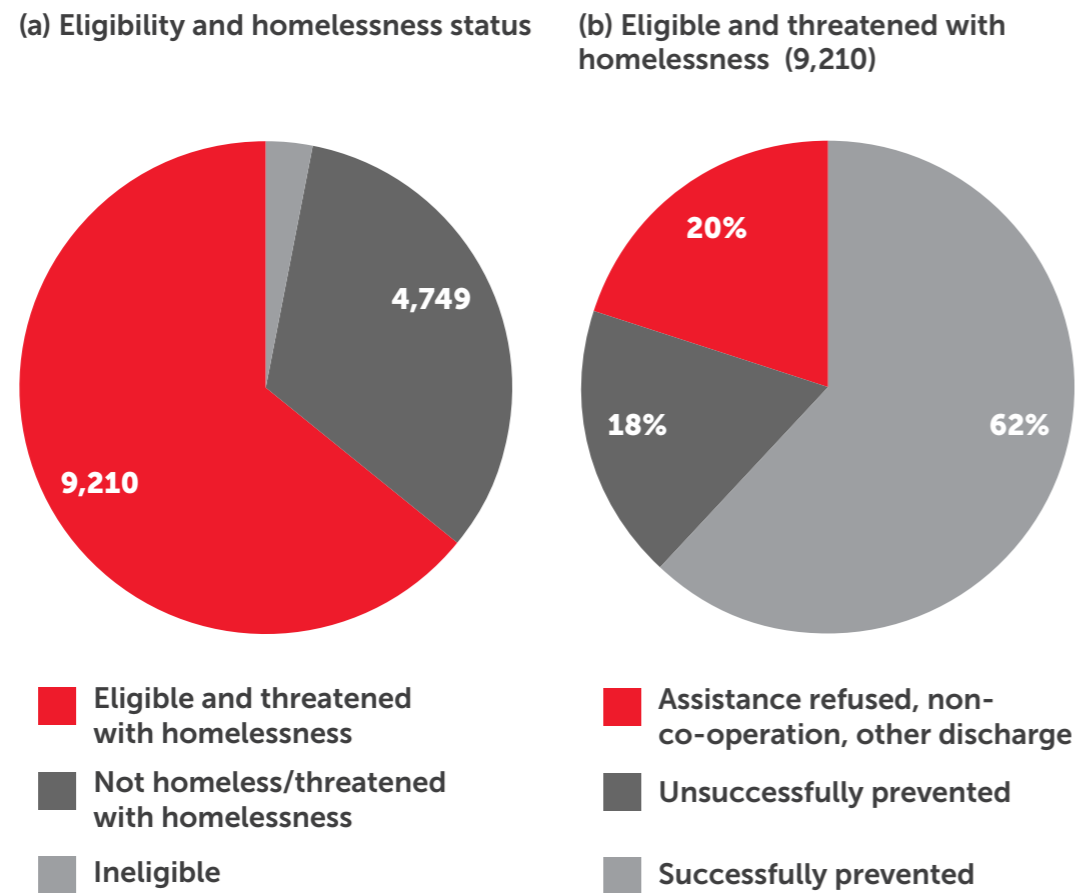
Preventing and relieving homelessness

To assess the effectiveness of local authority intervention in helping households to avoid or resolve homelessness, it is instructive to analyse the outcome of action initiated under each distinct legal power as schematised in Figure 4.3. As shown in Figure 4.7(a), almost two thirds of those logged as applicants under S62 were assessed as threatened with homelessness (other than those judged actually homeless at the point of application). Of this number (9,210),

local authorities recorded almost two thirds (62%) as being successfully assisted to avoid homelessness (see Figure 4.7(b)).

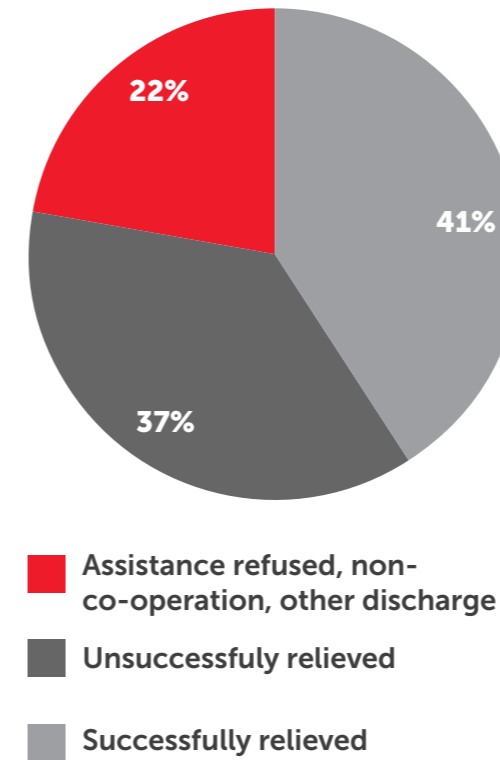
¹⁵⁵ The 'other' category shown in this graph amalgamates a number of categories, each of which individually accounts for relatively small numbers of cases: rent arrears, leaving other institution or care; existing home unaffordable; mortgage repossession; violence or harassment - other reason; prison leaver; violence or harassment - specified reasons; other (including homeless in emergency).

Figure 4.7 Applicants for assistance (S62), 2016/17 – assessment assistance outcomes



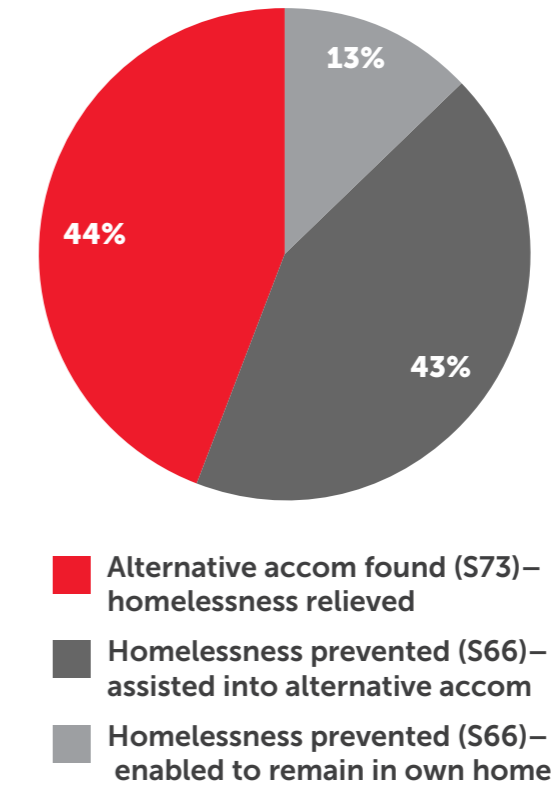
Source: Welsh Government. Note: Excludes those judged 'actually homeless' at the point of application.

Figure 4.8 Applicants judged homeless in 2016/17 (10,884) – outcomes of action under S73



Source: Welsh Government.

Figure 4.9 Local authority homelessness prevention and relief actions successful in 2016/17 – S66 and S73 (10,218)



Source: Welsh Government

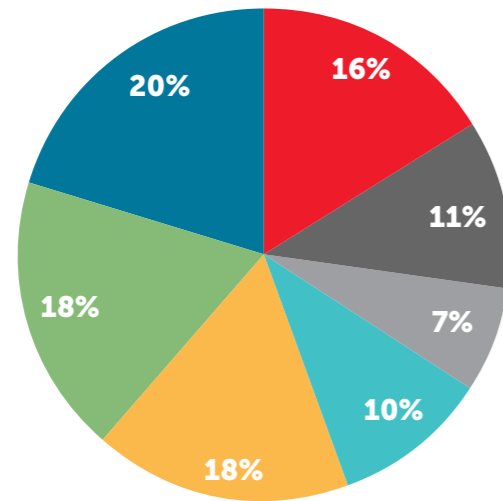
Referring back to Figure 4.3 it can also be seen that two cohorts combine to make up those assessed as actually homeless; first, those initially designated 'threatened with homelessness' but where it proved impossible to prevent loss of accommodation, and second, those judged actually homeless at the point of their original application. This combined group – numbering 10,884 in 2016/17 – are subject to assistance under S73. As shown in Figure 4.8, local authorities found it possible to relieve homelessness in the case of 41 per cent of this cohort in 2016/17. Where this proved impossible those concerned were then subject to a legal

assessment of their priority need and intentionality status (see Figure 4.3)

What kind of local authority actions help applicants to avoid or resolve homelessness prior to a decision on their priority need status? As shown in Figure 4.9, most of the 10,218 such actions logged in 2016/17 involved helping an applicant find an alternative home rather than assisting people threatened with homelessness to retain their existing accommodation.¹⁵⁶

¹⁵⁶ Note that 'homelessness prevention' relates to those assessed under S62 as 'threatened with homelessness', whereas relief is where help is provided under S73 to someone already actually homeless (see Figure 4.3).

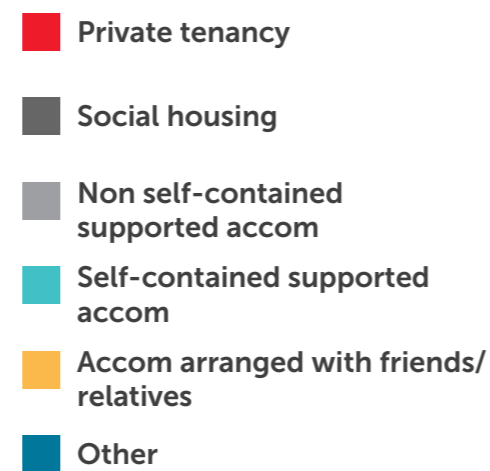
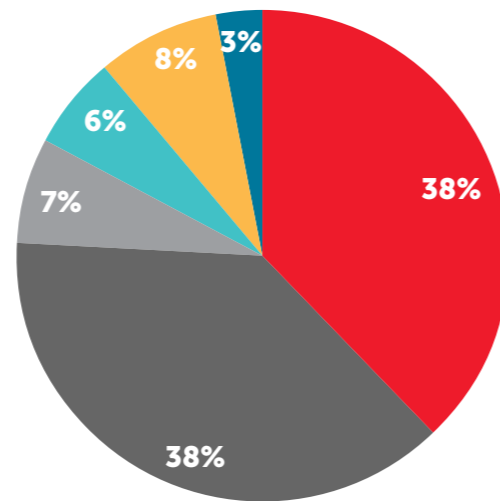
Figure 4.10 Nature of local authority actions enabling applicants threatened with homelessness to remain in existing accommodation, 2016/17 (1,338)



Source: Welsh Government

In assisting applicants threatened with homelessness to retain their existing accommodation, local authorities deployed a variety of approaches. As shown in Figure 4.10, along with resolution of rent arrears, negotiation or legal advocacy was the most commonly applied method. Among the much larger number of actions involving assistance to obtain

Figure 4.11 Nature of local authority actions to assist applicants in obtaining alternative accommodation, 2016/17 (8,880)



Source: Welsh Government

new accommodation, the largest categories in 2016/17 (each accounting for 38% of cases) involved facilitating access to private rental or social rental housing – see Figure 4.11. In some 13 per cent of cases new accommodation came in the form of supported housing.

Unsuccessful interventions

It is also important to acknowledge that there are several cohorts of homeless applicants for whom any local authority offers of assistance proves unsuccessful, or for other reasons 'drop out' of the new homelessness system without a satisfactory resolution (or at least without one that is known). Referring back to Figure 4.3, the key group here involves households judged 'homeless' under S73 but whose problems are 'unsuccessfully relieved' and who are then deemed 'non-priority' cases ineligible for 'full rehousing duty' under S75. In 2016/17 this group numbered 1,233 – some 36 per cent of all homeless households for whom S73 homelessness relief efforts proved unsuccessful (the other 64% comprising intentionally homeless households (126) and homeless acceptances (2,076)). Compared with 2015/16, the number of such 'failed prevention/relief' cases was somewhat reduced – see Figure 4.2.

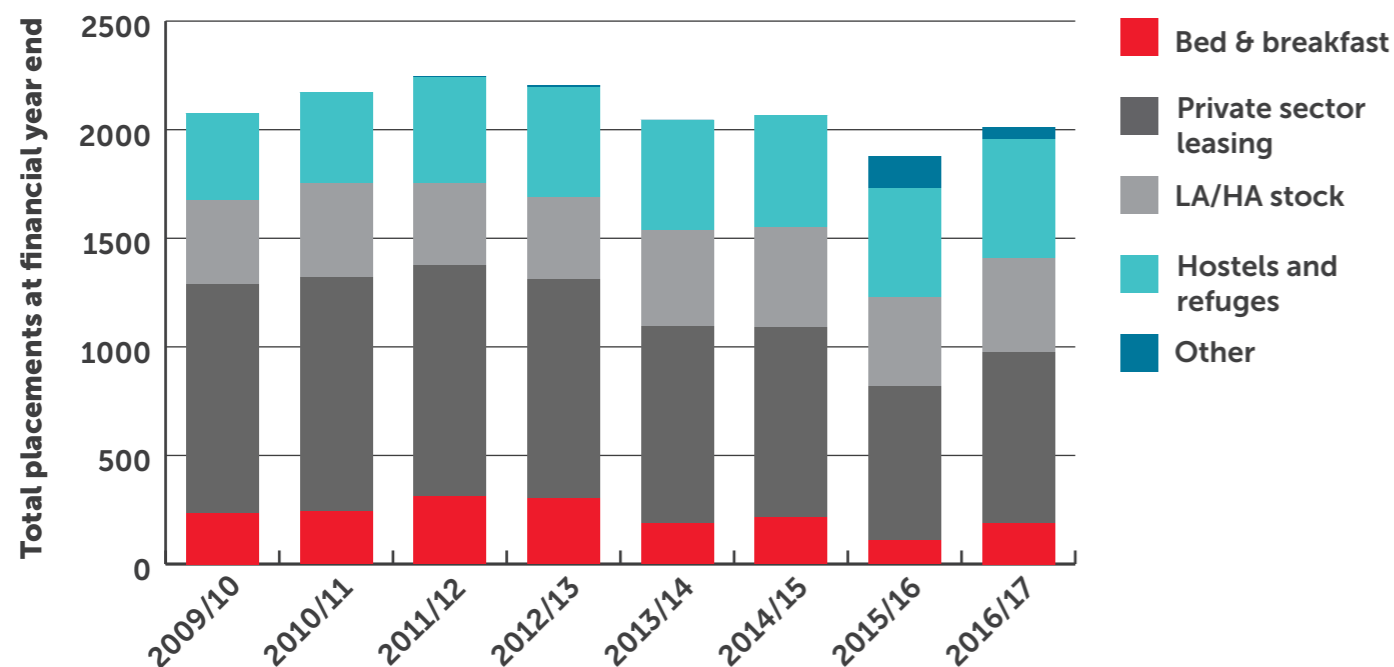
Even if a household is assessed as unintentionally homeless and in priority need under S75 of the new framework ('accepted as homeless') this doesn't necessarily lead to their case being 'positively discharged' – i.e. take-up of a long-term tenancy provided as a local authority 'discharge of duty' (again see Figure 4.3). In 2016/17 there were 402 households for whom acceptance did not result in this outcome – 19 per cent of the 2,076 acceptances. This could result from a household resolving their own homelessness situation while under assessment and hence effectively withdrawing their application. For others it could follow from a refusal to accept a local authority 'final offer' of permanent accommodation – perhaps in disagreement with the authority that the home concerned was indeed a 'suitable' property.

Finally, appreciable numbers of households logged as seeking assistance under S66 and S73 (again

see Figure 4.3) have their cases closed on the grounds that assistance was refused, that they failed to co-operate or had their application ended for 'other reasons'. In 2016/17, for example, of 9,210 judged 'eligible and threatened with homelessness' under S66, 1,872 (20%) were logged as such. In addition, 2,385 of 10,884 households found 'eligible and homeless' under S73 (22%) had their cases ended on such grounds. Overall, therefore, substantial numbers of households eligible for assistance end up 'falling out of the system' in this way. In 2016/17 those concerned totalled 4,659 (402+1,872+2,385 – see above).

There is particular concern about cases which fall out of the system specifically due to 'non-cooperation', given that this is a key innovation in the Welsh legislation, and has, in amended form, been taken over into the Homelessness Reduction Act 2017 in England. In 2016/17, 5 per cent of Section 66 'eligible and threatened with homelessness' cases and (486 in total) and 6 per cent of Section 73 'eligible and homeless' cases (615 in total) had duty discharged a result of 'non-cooperation'. This means that in this second year of the new legislative regime, the incidence of 'non-cooperation case closures' fell as compared with 2015/16 – from 8 per cent to 5 per cent as regards Section 66 cases and from 11 per cent to 6 per cent as regards Section 73 cases. Nonetheless, these are non-trivial numbers that will require careful surveillance over the next few years to assess the impact of these new provisions designed to facilitate an appropriate balance between the rights and responsibilities of both LAs and homeless applicants.

In future monitoring it will be relevant to retain an interest in the changing scale (both absolutely and relatively) of all of the above groups subject to 'unsuccessful interventions'.

Figure 4.12 Homelessness temporary accommodation placements, 2009/10–2016/17

Source: Welsh Government.

Use of temporary accommodation

As shown in Figure 4.12, homelessness temporary accommodation placements by Welsh local authorities have been fairly steady over the past few years. However, the gradual downward trend seen in the period 2012–2015 has been reversed over the most recent 12 month period with total placements in the year to 31 March 2017 rising from 1,878 to 2,013 – a 7 per cent increase. Given the expectation that a strengthened emphasis on up-front prevention under the new statutory regime would lead to reduced ‘inflow’, any rise in temporary accommodation placements is somewhat contrary to what had been anticipated. The reasons for this are not immediately apparent, but may reflect the intensifying structural pressures and growing ‘footfall’ noted above.

4.5 Hidden homelessness

People may be in a similar housing situation to those who apply to LAs as homeless, that is lacking their own secure, separate accommodation, without formally applying or registering with a LA or applying to other homelessness agencies. Such people are often referred to as ‘hidden homeless’ (see Chapter 2). A number of large-scale household surveys enable us to measure some particular categories of hidden homelessness: *concealed households*; households who are *sharing accommodation*; and *overcrowded households*. However, surveys covering Wales with appropriate questions consistently over time are less readily available than is the case for England and Scotland.

Concealed households

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. Examples could include: a married or cohabiting couple living with the parents of one of the couple; a lone parent with child(ren) living with her parent(s); a young adult living with his/her parents or some other relative; a young adult living in a flat- or house-share with other unrelated adults; an adult living informally, and temporarily, in someone else’s home. The Labour Force Survey (LFS) asks questions about the composition of the household which enable the presence of ‘additional family units’ to be identified. This survey only approximates to the ideal definition of ‘concealed households’, as it does not necessarily distinguish those who would currently prefer to remain living with others from those who would really prefer to live separately. Moreover, it may not fully capture all concealed households reliably. For example people staying temporarily and informally with others may not respond to individual surveys like LFS.

These caveats duly noted, in Wales in 2016 there were about 79,000 households (6.0%) which contained additional family units (Figures 4.13 and 4.14). Of these, 12,800 (1.0%) were cases of couples or lone parent families living with other households (‘concealed families’), while 66,200 (5.0%) were cases of one person units, excluding non-dependent children of main householder (‘unrelated singles’).¹⁵⁷

In addition, the LFS indicated that a further 175,000 households in Wales (13.4%) contained non-dependent children who were not lone-parents or couples. This group should also

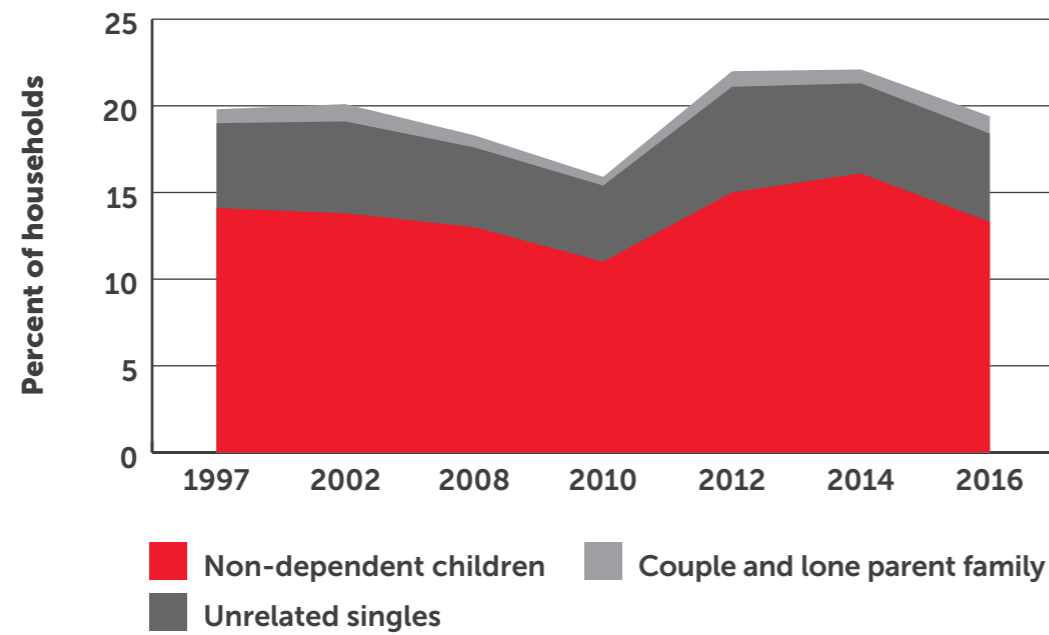
be considered in a wider definition of potential concealed households.

The trends in these indicators over time are shown in Figure 4.13 as well as Figure 4.14. The incidence of potential concealed households has been relatively stable over the medium term in Wales, with a certain decline from 1997 to 2010, then a pronounced rise in 2011–12 and a slight further rise in 2014 (accounted for by the rise in the nondependent children category), with a subsequent fall back to 2016. The trends in Wales are quite similar to those in England and UK as a whole, except that Wales did not share in the general rise between 2002 and 2008, and also Wales fell from 2014 to 2016 whereas UK did not fall significantly. The effect, taking the period as a whole, is for Wales to move from having a similar level of concealed potential households in 1997 to the rest of the UK, to Wales having a lower level in 2016, whilst UK overall has a higher level.

There are 222,500 non-dependent children living in 175,000 households with their parents, 105,000 of them over the age of 25. There are 95,000 unrelated singles living within 66,200 other households, and around 25,000 individuals living within 12,800 host households as concealed couple or lone parent family units. This means that around 345,000 individuals in Wales are in one or other of these categories of potential concealed household.

¹⁵⁷ It should be noted that this part of the analysis is broad brush, and includes groups such as students – we consider later some evidence on how people regard their present living arrangements.

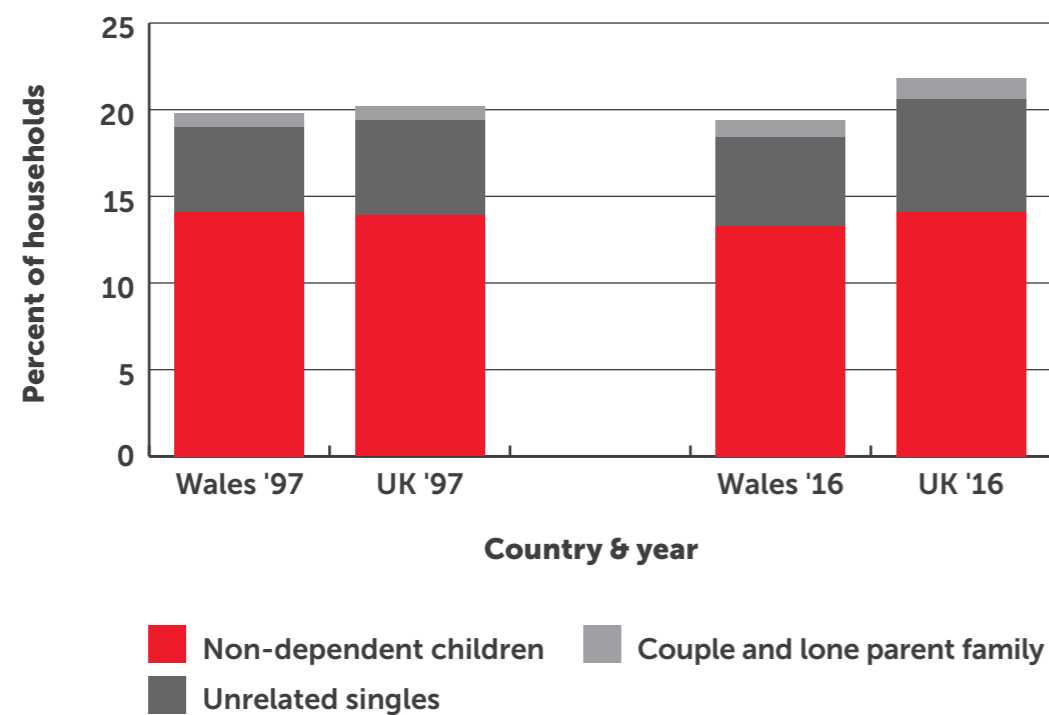
Figure 4.13 Concealed potential households in Wales 1997–2016



Source: Labour Force Survey – up to Q4 2016

Note: 'Cpl & LPF' – Couple and lone parent families; 'Unrel Sing' – Unrelated single; 'Non-dep ch' – Non-dependent children.

Figure 4.14 Concealed potential households in Wales and UK by type, 1997 and 2016



Source: Labour Force Survey

Note: 'Cpl & LPF' – Couple and lone parent families; 'Unrel Sing' – Unrelated single; 'Non-dep ch' – Non-dependent children.

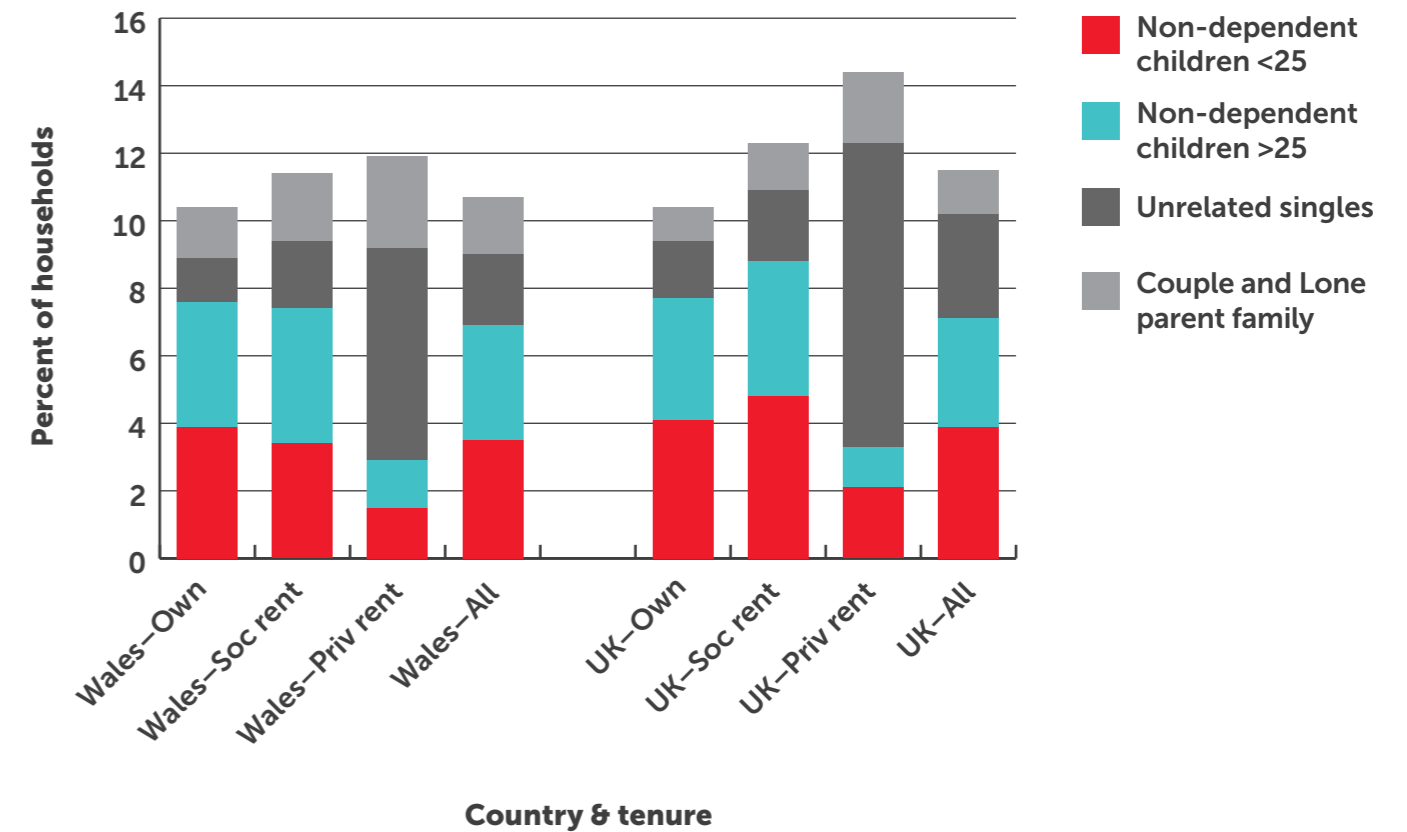
The data in Figure 4.14 do indicate a statistically significant difference between Wales and the UK in 2016, in terms of the overall level of concealed households and specifically the unrelated singles component, but not the other two components.

Data on England from the English Housing Survey (EHS) showed that additional family units were clearly more prevalent in more deprived neighbourhoods. We would anticipate that were equivalent data available in Wales a similar pattern would be revealed.

As in the wider UK, these potential concealed households are more

prevalent in private renting, as shown in Figure 4.15. This is in part because some students and young people living in flatshares and will be recorded as additional family units. The presence of unrelated singles living with others is much lower in social renting and owner occupation. However, the prevalence of concealed families is higher in social renting, as well as private renting, while the largest group, non-dependent children, have a high presence in both social renting and owner occupation. The growing tendency of older non-dependent children to linger in the parental home is more noticeable in the owner occupier sector.

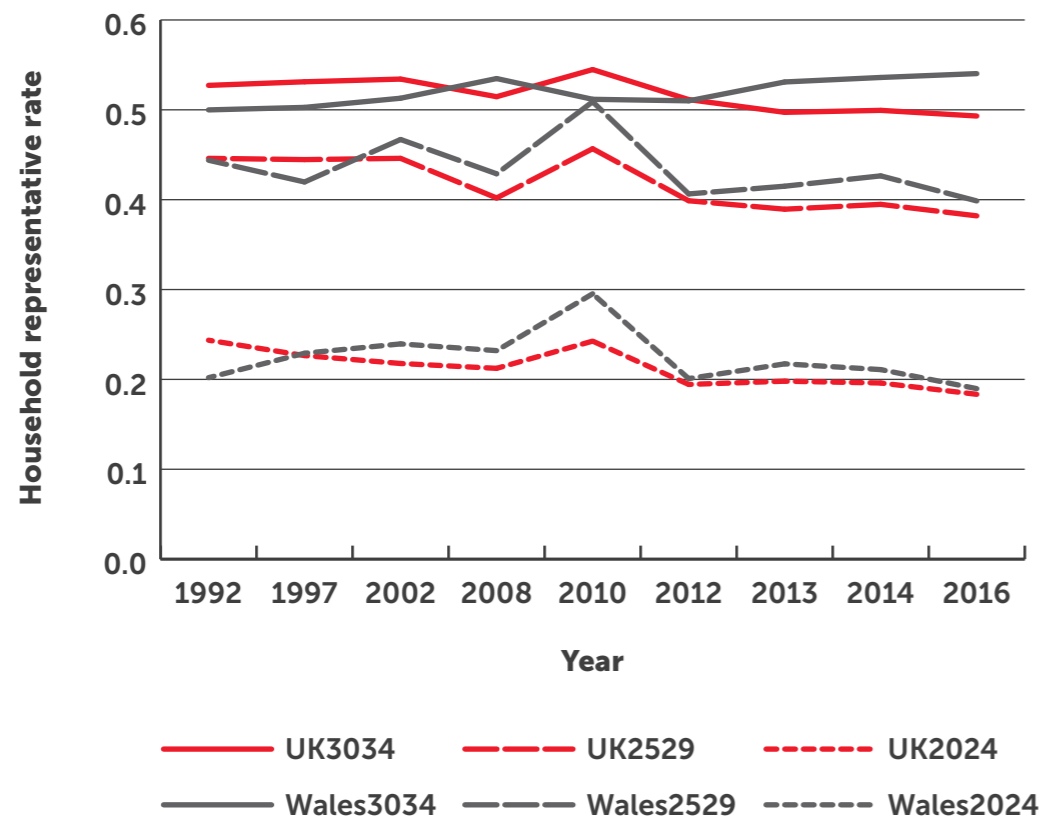
Figure 4.15 Individuals in potential concealed households by tenure by category and age, UK and Wales 2016 (percent of all individuals, all ages within each tenure.)



Source: Labour Force Survey, up to Q4 2016

Note: 'Cpl & LPF' – Couple and lone parent families; 'Unrel Sing' – Unrelated single; 'Non-dep ch >25' – Non-dependent children over age 25; 'Non-dep ch <25' – Non-dependent children under age 25.

Figure 4.16 Household representative rates by age (20–34) in Wales and UK, 1992–2016



Source: Labour Force Survey

We have limited attitudinal data from surveys covering Wales concerning the intentions or preferences of these groups of potential concealed households. In England, over recent survey years the EHS has asked a question, where 'extra singles' are present in a household, as to why this person is living there. Overall, answers implying a preference on balance to stay account for between 50 per cent and 55 per cent, while answers implying a preference or intention to move, albeit constrained, or some uncertainty, account for 45-50 per cent of cases. Similar proportions appear to apply to both non-dependent children (50%) and to other single household members (45%), and to those over and under 25 within each category. If these proportions applied to Wales that would imply 120,000 households containing at least one concealed single household, involving

154,000 individuals. This would be in addition to approximately 13,000 concealed lone parent/couple families containing nearly 30,000 individuals.

Another indirect indicator of concealed households is (reduced) household formation. The propensity of individuals within given age groups to form ('head') separate households is a conventional way of measuring household formation. It is particularly interesting to look at the age groups between 20 and 34, as in Figure 4.16, as this is traditionally the main period when people leave the parental home and form new households (the increase in higher education participation has tended to affect the age groups below 25).

Over the last two decades in Wales, household headship for these age groups tended start at a lower rate

but show more of an increase than for UK. In the UK (and more especially the south of England), headship rates tended to fall for the younger age groups, particularly between 2002 and 2008. This fall was also seen in Wales, particularly for the 25-29 group after 2002, but not for the 30-34 group. Between 2008 and 2010 headship for these younger groups rose quite sharply in UK, before falling back to an even lower level by 2014. Wales saw a similar pattern, rising then falling back, although this was less true for the 30-34 group. Basically, Wales has shared in the general UK experience of fall headship rates since 2010 and, at the end of the period (2014) headship rates for the younger groups were rather similar in Wales to their values in UK as a whole, although 30-34 year olds appear to have increased above UK rates.

We interpret the main trends in concealed households in Wales in the same way as for the wider UK. Worsening housing affordability and more restricted access to social rented housing depressed household formation, particularly for the 25-30 age group and in the period 2002-2008 especially. However, this effect was not as pronounced in Wales as in the south of England. How do we explain the 'bounce' upwards in 2010, despite the financial crisis and the recession? Our main hypothesis is that the very large rise in private rented sector lettings across the whole of the UK, including Wales, helped to enable more households to form (see Chapter 2). In addition, in 2010 there was some easing of the recession. However, in 2012 we had a further period of recession, cutbacks on LHA, and possibly a move to sell by some of the 'involuntary landlords' (owners who could not sell after 2007 and let temporarily). Bringing the story up to date, the continued squeeze on real incomes and living standards, accentuated by benefit cuts/freezes and by underemployment, job insecurity and part time working

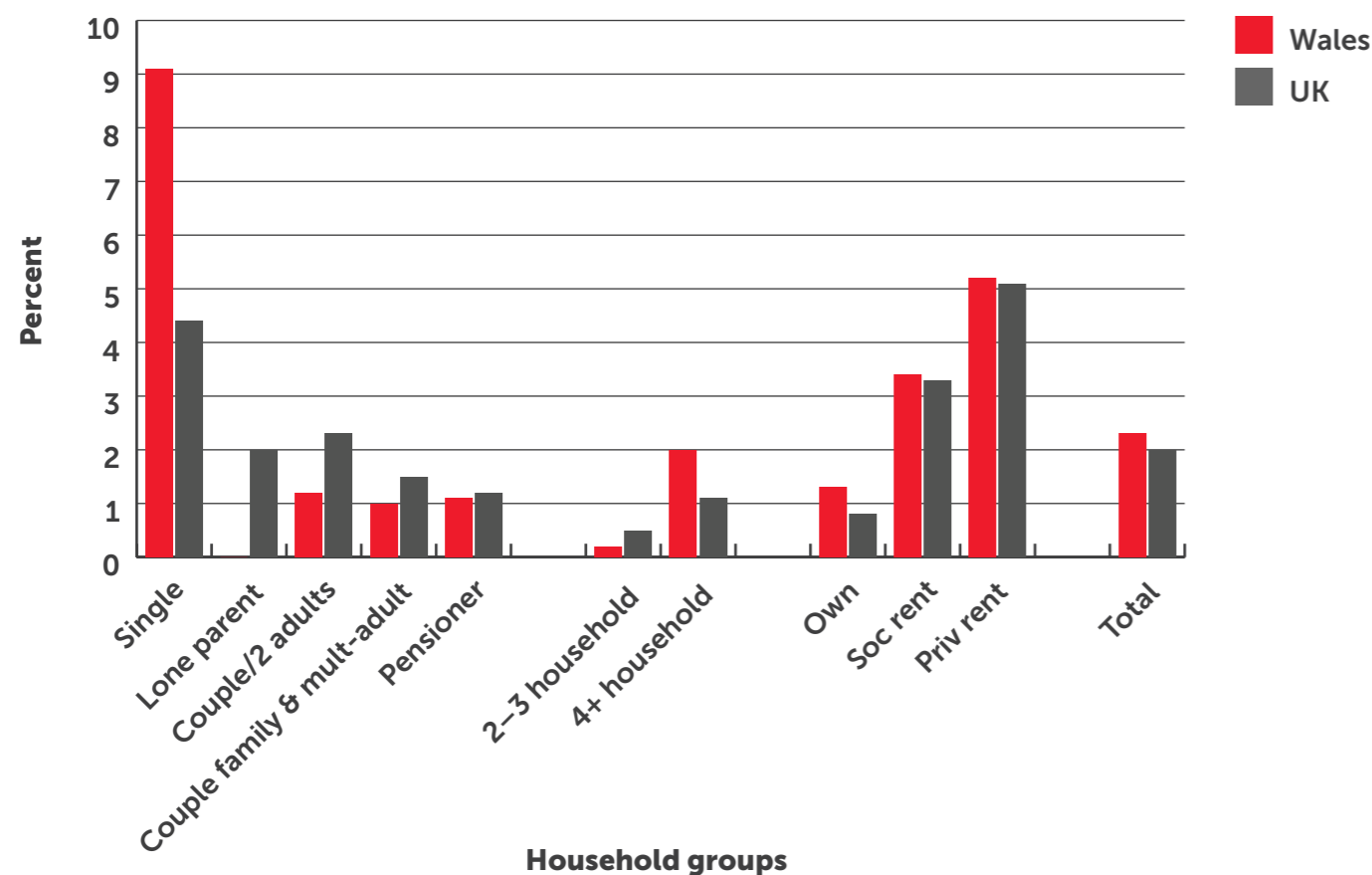
are apparently taking their toll on household formation by younger adults.

Households sharing accommodation

A 'household' is one person or a group of people who live at the same address and share either regular meals or a living room. It follows that '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. Sharing reflects some of same characteristics as concealed households, namely an arrangement people make when there is not enough separate accommodation which they can afford or access. For example, some 'flatsharers' will be recorded as concealed households, and some will be recorded as sharing households, depending on the room sizes and descriptions. Traditionally, sharing was a major phenomenon, with many households sharing in different ways, as 'lodgers' living in bedsitters or multi-occupied rooming houses. As shown below, this is less true today.

Figure 4.17 provides a profile of sharing in Wales and UK in 2016. According to the LFS, 2.3 per cent of households in Wales shared in that year (about 30,000 households), compared with 2.0 per cent across the whole UK. So although sharing is relatively rare nowadays, it appears to have increased since 2014 and to be possibly higher than for the UK as a whole (sharing is most prevalent in London). Sharing is more common for single person households (and for this group appears to have increased from 4.6% to 9.1% between 2014 and 2016) but is still found in some other household types. Across the UK, sharing is particularly concentrated in private renting (5.1-5.2%, in UK and Wales) and occurs rarely in the owner occupier sector (1.3%); in Wales, sharing is found in 3.4 per cent of social renting. The majority of sharers share with three or more other households.

Figure 4.17 Sharing households in Wales and UK by tenure, number sharing, region and household type, 2016 (percent of households in each group).



Source: Labour Force Survey 2016; Quarter 4

Sharing has seen a long-term decline, which may reflect improving housing availability but also probably changes in private renting and its regulation. Traditional multi-occupied houses where people rented rooms have declined, as a result of HMO regulation, HB/LHA restrictions, general stock upgrading, and the new buy-to-let investment. The trajectory of sharing over time showed a pronounced decline in the 1990s and a slight further decline in the early-to-mid 2000s, followed by an apparent increase in the last six years. Wales tracked the UK decline at a lower level, falling from 2.2 per cent in 1997 to just under 1.0 per cent in 2010 before rising slightly to 1.2 per cent in 2012

and 1.1 per cent in 2014 and then more noticeably to 2.3 per cent in 2016. This increase appears to evidence the impact of constrained access to housing following the 2007 credit crunch and the subsequent recession, and possibly also the welfare reforms impacting on young people as discussed in Chapter 3.

Overcrowding

There is a general consensus that overcrowding is an important type of housing need to be addressed, and some would argue that it constitutes homelessness, in its more extreme forms.¹⁵⁸ The most widely used official standard is 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. This measure is implemented in household surveys, including EHS, and while some would argue that it is overly conservative, when even this very basic threshold is not being met it is likely to be treated as a priority over achieving higher standards.

Overcrowding has actually increased to quite a pronounced extent since 2003 in England, from 2.4 per cent to 3.0 per cent of all households, reversing previous declining trends. In Wales we do not have consistent trend data over such a long period of time.

Data from the longitudinal 'Understanding Society' survey (which now incorporates the British Household Panel Survey) can be used to look at crowding using an equivalent measure.¹⁵⁹ Figure 4.13 shows the rates for three periods between 2009 and 2014, showing that the rates in Wales are noticeably lower than GB overall and especially in the rental tenures. The Figure also shows a general decline in overcrowding in Wales over this period, which parallels a similar decline in GB.¹⁶⁰

The proportion of households overcrowded in Wales in 2013-14 was 2.5 per cent compared with 3.5 per cent across GB as a whole. The absolute number of overcrowded households, based on this survey, would be 33,000 in 2014.

Census data from 2011, using a slightly

broader occupancy definition, showed crowding double the national average in Cardiff and more than 20 per cent above average in Swansea, Newport and Merthyr.

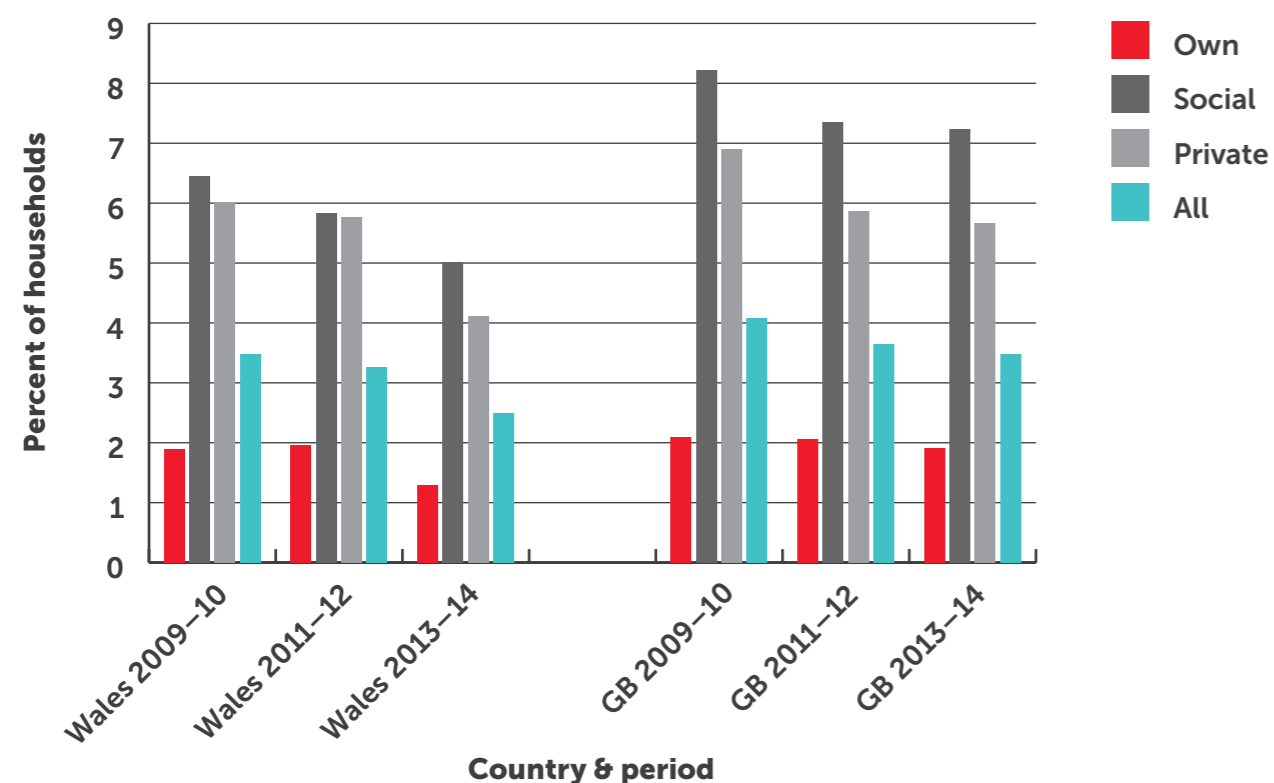
4.6 Key points

- There has been an undisputed recent rise in rough sleeping in Wales, and though the precise scale of the increase is unclear, it seems likely to fall somewhere in the range of a 16 per cent and 30 per cent uplift as compared with 2015. A policy announcement from the Welsh Government on rough sleeping is imminently expected, with a national Rough Sleepers Working Group due to make recommendations on national policy in summer 2017.
- The vast majority of LA respondents to our 2017 survey (17 out of 19) reported that the overall flow of people seeking homelessness assistance in their area had increased over the past two years; in most cases this was said to have been 'significant' rather than 'slight'.
- Rising service user 'footfall' was attributed in part to the publicity surrounding LAs' widening homelessness responsibilities, but also to underlying dynamics associated with welfare reform and housing market pressures.
- In 2016/17, almost two thirds (62%) of households assessed as 'threatened with homelessness' had had their homelessness successfully prevented, according to official statistical returns, while a 41 per cent success rate was recorded by LAs in homelessness relief cases – i.e. resolution of actual homelessness (as

¹⁵⁸ This is the position of FEANTSA (the European Federation of National Organisations Working with the Homeless), for example <http://www.feantsa.org/code/en/pg.asp?page=484>

¹⁵⁹ We can in principle match the bedroom standard calculation in our analysis of the Understanding Society (UKHLS) dataset, but the resulting estimated rates of overcrowding are slightly higher than those reported for England using the English Housing Survey (EHS). This may reflect differences in sampling, response or attrition between the surveys, or detailed differences in the household composition classifications used.

¹⁶⁰ The decline shown for GB between 2009-10 is not fully consistent with trends reported for England in the relevant Monitors in this period, which show static overcrowding after 2009. This may reflect a certain tendency for the UKHLS figures for its first wave (2009) to be particularly high, but subsequently reduced by substantial sample attrition between waves 1 and 2 of this longitudinal survey.

Figure 4.18 Overcrowding by tenure and period in Wales and UK, 2009–2014

Source: Understanding Society (UKHLS), Waves 1 to 6

opposed to interventions to prevent homelessness occurring)

- As expected, and hoped, the number of priority need households assisted under the new 'duty to secure accommodation', activated only after prevention and/or relief efforts have failed, is much lower than statutory homeless 'acceptance' levels under the pre-2015 system. There were only 1,611 such priority households recorded in 2015/16 (around a third of the number of 'acceptances' in 2014/15), albeit that this figure rose to 2,076 in 2016/17.
- In 2016/17, negotiation with landlords or the resolution of rent arrears were the most common methods deployed by LAs in attempts to retain a household's existing accommodation – and thus to prevent homelessness occurring. Among the much larger number of actions focused on obtaining new

accommodation for homeless/at risk households, the largest categories (33% of cases) in each instance involved facilitating access to private rental and social rental housing.

- Loss of an existing tenancy, accounted for the largest share (34%) of the 2016/17 'threatened with homelessness' caseload, but a smaller proportion of those households found to be actually homeless (26%). This may imply a relatively high success rate for prevention activities targeted on people at risk of losing an existing tenancy.
- The gradual downward trend in temporary accommodation placements seen in the period 2012–2015 has been recently reversed. The most recent 12 month period saw placements rising by 7 per cent. Given the expectation that a strengthened emphasis on up-front prevention under the new statutory regime would lead to reduced 'inflow', this

is somewhat contrary to what had been anticipated, and may reflect the intensifying structural pressures and growing 'footfall' noted above.

- In 2016/17, over 10,000 households were successfully assisted in the prevention or relief of homelessness. Nevertheless, there is a substantial cohort for whom any local authority offers of assistance prove unsuccessful. The key group here involves households judged legally homeless but whose problems are 'unsuccessfully relieved' and who are then deemed 'non-priority' cases ineligible for 'full rehousing duty' under S75. In 2016/17 this group numbered 1,233 – down from 1,344 the previous year.
- There is particular concern about cases which fall out of the system specifically due to 'non-cooperation', given that this is a key innovation in the Welsh legislation, and has, in amended form, been taken over into the Homelessness Reduction Act 2017 in England. In 2016/17, 486 of 9,210 Section 66 'eligible and threatened with homelessness' cases (5%) and 615 of 10,884 Section 73 'eligible and homeless' cases (6%) had duty discharged a result of 'non-cooperation'.
- We estimate that in 2016 there were 120,000 households in Wales containing at least one concealed single household, involving 154,000 individuals. This is in addition to approximately 13,000 concealed lone parent/couple families containing nearly 30,000 individuals. The incidence of potential concealed households has been relatively stable over the medium term in Wales, and now appears lower than that for the rest of the UK.
- In contrast, sharing households appear to have increased in number recently in Wales, with a rate that is now higher than for the UK as a whole. In 2016, approximately

2.3 per cent of households in Wales were sharing (about 30,000 households), compared with 2.0 per cent across the whole UK. Sharing is most common for single person households, and for this group appears to have increased from 4.6 per cent to 9.1 per cent between 2014 and 2016. Sharing is particularly concentrated in private renting, and to a lesser extent social housing, and is rare in the owner occupier sector.

- Rates of overcrowding are lower in Wales than elsewhere in Great Britain, and have declined recently. This may reflect a lower level of pressure in the housing market and fewer minority ethnic and immigrant households.

Conclusions

5. Conclusions

The overriding message from this year's Homelessness Monitor Wales is that the new homelessness regime ushered in by the Housing (Wales) Act 2014 has been a conspicuous success in several key, interrelated, respects. First, there is virtual unanimity that it has effected a genuine reorientation on the part of local authority Housing Options services towards earlier and more effective preventative interventions. Second, that it has brought about a radical improvement in the service response offered to single homeless people. Third, that it has provided a spur to positive 'culture change' on the part of both local authorities, who are said to be providing a more supportive and person-centred environment for applicants, and also external agencies, like Shelter Cymru, who now have a less confrontational relationship with local authorities. What is particularly striking is the extent to which all of the key stakeholders we interviewed and surveyed - local authorities, other statutory sector partners, voluntary sector providers, and independent commentators - agreed on these core positive points.

This encouraging picture is largely, though not wholly, supported by the official statistical returns, with almost two thirds (62%) of households assessed as 'threatened with homelessness' in 2016/17 reported as having had this successfully

averted, while a creditable 41 per cent success rate was recorded by local authorities in 'homelessness relief' cases. As expected, and hoped, the number of priority need households assisted under the new 'duty to secure accommodation', activated only after prevention and/or relief efforts have failed, is very much lower than statutory homeless 'acceptance' levels were under the pre-2015 system. Thus, only 1,611 such priority households were recorded in 2015/16 - around a third of the number of 'acceptances' enumerated in 2014/15 - although this number rose to 2,076 in 2016/17. At the same time, the number of non-priority homeless cases has declined since the first year of operation of the new legislation, and so too the incidence of various 'unsuccessful' interventions, including case closures resulting from 'non-cooperation'. Temporary accommodation placements, which had been gently declining since 2010/11, and dropped more sharply (by 18%) in the first full year of operation of the new legislation, have however crept up again in the latest financial year (by 7%). It remains to be seen whether this recent upward swing represents 'blips' on a still overall downward trajectory in 'statutory' homelessness or mark the start of a new trend.

Several factors may be identified as accounting for the apparent overall success of the 'Welsh model' to date.

First, the principles of the framework itself appeared to command broad support, being based on an initial collaborative research project, and subject to a period of intense political and policy lobbying, before finding final form in the Act itself. Second, the additional resources made available by the Welsh Government in the Transitional Funding Grant are widely, if not universally, accepted as having been sufficient (though there is now much concern about these funds potentially ceasing in March 2018). Third, the 'co-production' and flexible approach being taken to the drafting and review of the Code of Guidance, and the cross-sectoral delivery of the accompanying training programme, has helped to foster a sense of joint endeavour and purpose.

This means that most of the criticisms of the new regime that we encountered tended to be ones of implementation, or remarks about 'work in progress', rather than objections of substance or principle. In this category would fall concerns about: excessive paperwork; insufficiently tailored and pro-active 'reasonable steps' to prevent or relieve homelessness in some areas; the variable quality and deployment of Personal Housing Plans; and the modest progress made thus far in encouraging a deeper level of partnership working with other public bodies. Cutting across each of these points is an acknowledgement that the 'culture change' required to successfully implement the new statutory model is inevitably a long-term process, and may in some instances require a degree of staff turnover, as well as retraining, to be fully realised. Thus while there remain concerns about unevenness in service outcomes *between* Welsh local authorities, the stronger sense was that of variability in practice *within* local authorities that will take some time to resolve.

The concern that the 'failure to co-operate' provisions may be used by local authorities as a new gatekeeping or rationing device is potentially a more structural concern with the revised statutory regime, but anxiety over this seems relatively muted for now, with commentators content to monitor developments over time before coming to a firm view. More broadly, there is regret that a not inconsiderable number of homeless people (mostly single and 'non-priority') still find themselves without a solution after all three 'stages' of statutory intervention are exhausted, while at the same time there is ready acknowledgment that the 'offer' to single homeless people is nonetheless far superior to that under the previous system.

Most disquiet is focussed at present on a recent and undisputed rise in rough sleeping in Wales, in the context of broad agreement that the new legislative framework has done less for this group than other homeless households. This visible expansion in the number of rough sleepers in Wales has become a politically salient issue, with a major policy announcement imminently expected at the time of writing, possibly heralding some sort of national strategy with a Housing First component, based on the recommendations of a national Rough Sleepers Working Group due to report in summer 2017.

With the recently passed Homelessness Reduction Act 2017 in England heavily influenced by the Welsh model, and a growing interest in this model in Scotland too, there is clearly much interest in these experiences of it to date, and a great deal of what is set out above is very encouraging in this respect. However, there are several notes of caution in order, some of which relate to the relatively benign context in Wales for the introduction of this prevention-orientated approach.

Most obviously, housing pressures in Wales are very much less than they are in London and in the south of England, though of course the situation in Cardiff is likely to resemble that in other major cities in England, while the smaller towns, rural and semi-rural areas in Wales will also have their equivalents in England. Nonetheless, taken as a whole, it is clear that housing access is relatively easier in Wales than in the UK in general, as evidenced by lower levels of overcrowding and concealed households, though note the disproportionate (and growing) level of sharing, particularly amongst single people. There has also been a marked decline in the proportion of new social lettings allocated to homeless households – falling to around 18 per cent in the last three years, as compared with the prior norm of around a quarter. Even in a context of reduced levels of statutory homelessness (see above), this is a strikingly low proportion, and it is unclear what lies behind this trend.

Following on from the 2014 Act, Wales now has a set of housing policies that are notably distinctive from those in England, in particular enabling the refinancing of the council housing sector, and providing powers for the licensing and regulation of private landlords and their agents. A further Bill has now been introduced to abolish the right to buy. But we may still see housing pressures intensifying at the lower end of the rental market in Wales given that, while the Welsh Government has exceeded its own target of providing 10,000 additional social and affordable dwellings over the five years to 2015/16, this still falls far short (by some 3,000 units annually) of the independently assessed level of the numbers required.

Of course welfare reform is the other major structural factor shaping the context for the delivery of the new homelessness system in Wales, with

successive UK Government decisions taking over £1 billion out of the pockets of low income households in Wales annually by 2020/21. As elsewhere in the UK, these welfare cuts have the most profound impacts in those parts of Wales that have suffered long term industrial decline and already face high levels entrenched poverty and disadvantage. Some elements of welfare reform, notably the 'Bedroom Tax', have had a disproportionate impact in Wales, but their potential deleterious effects have been significantly blunted by the heavy deployment of Discretionary Housing Payments. Taken in the round, both the survey responses and stakeholder interviews in this year's Monitor indicate a more varied, and probably less acute picture, of the homelessness impacts of welfare reform in Wales to date than that reported in England, especially in London and the south where the combination of high housing costs and deep cuts in welfare are driving extraordinarily sharp increases in homelessness precipitated by the ending of private tenancies. Nonetheless almost all Welsh local authorities responding to the 2017 survey believed that homelessness in their area had been exacerbated by post-2010 welfare reform, with the extension of the Shared Accommodation Rate to 25-34 year olds most often singled out as especially damaging, though benefit freezes, sanctions, and caps were highlighted too.

Another important relative advantage enjoyed in Wales, gratefully acknowledged by many of our key informants, is the degree of protection that has been given to the (still ring-fenced) 'Supporting People' funding programme. While improvements in local authority commissioning practices were called for from several quarters, and the hoped for alignment between Supporting People services and homelessness prevention still seems to be taking shape, it appears that the availability of these funds

has allowed for an expansion in at least some forms of supported accommodation provision in recent years, in sharp contrast to the ever more dismal position in England.

Looking forward, however, there was overwhelming anxiety expressed by Welsh local authorities and many others about the potential homelessness impacts of the ongoing roll-out of Universal Credit, especially the arrangements for the housing element to be paid to the claimant, with the removal of the 'automatic' entitlement to Housing Benefit of 18-21 year olds also repeatedly highlighted as a matter of concern, alongside the recent lowering of the overall benefit cap, set to increase its impact fivefold across Wales by 2020/21. The extension, from April 2019, of Local Housing Allowance caps to social tenants will also have particularly wide-ranging impacts in Wales, given its relatively low private sector rents, with young single people subject to the very low Shared Accommodation Rate worst affected. Uncertainty also remains about the arrangements to be made in respect of supported housing schemes once these caps apply, with no detail yet available on how the additional funding provided to support vulnerable people in supported housing will be distributed by the Welsh Government.

Nonetheless, this is undoubtedly the most positive of the all of the Homelessness Monitors we have published to date, reporting on the apparent success of a major innovation in homelessness law, policy and practice that seems, so far at least, to have made a genuine difference to the experiences and outcomes for many homeless people. There are clearly a range of matters that require careful monitoring in the coming years, including the many detailed areas of practice still to be 'ironed out' in the new statutory homelessness framework in Wales, as well as the wider effects of housing market and

welfare reform developments that shape the context for its delivery. With the current 10-year Homelessness Plan for Wales due to come to an end in 2019, the development of its successor will presumably commence shortly. We can look forward to the outcome of the official evaluation of the new legislation in informing these debates, and we will also have the opportunity to revisit and assess the situation in Wales once more in this current Homelessness Monitor Series running to 2021. Hopefully we will continue to find Wales offering a positive model of innovative and collaborative practice, capable of illuminating constructive ways forward for the rest of the UK.

Appendix 1 Topic guide

1. Introduction

- Their job title/role; how long they have been in that position/organisation
- Nature of organisation – nature of service(s) provided; geographical coverage; size and funding streams; homeless groups they work directly with (rough sleepers, single homeless, young homeless, homeless families, statutory homeless, hidden homeless etc.); any recent changes in services (esp whether any services have closed/reduced/expanded/opened)

2. Trends in client groups/needs

- Nature, size, profile of client group
- Needs of clients (ie more/less vulnerable, etc)
- Triggers for homelessness/crisis situation, etc. (are they changing etc.)

3. Rough sleeping

- You will have seen the figures released in Feb that suggest rough sleeping has risen in Wales?
- What do you think lies behind these figures - a 'real' rise in RS; changes in methodology; other explanation?
- Does this pattern match with your local experience/data?
- If a real rise, what is explanation? Probe: WR, cuts in support services/SP, shortages of emergency/long-term accommodation, rising numbers of migrants, other?
- What relevance, if any, has the new homelessness legislation to this rise in RS?
- What more needs to be done to address RS in Wales? Probe: more emergency accomm, support services (MH, substance, floating support, etc), development of a Housing First 'offer', others?

4. Impacts of Welsh Government policies

Housing (Wales) Act 2014

- How familiar are you with the homelessness provisions of the Housing (Wales) Act 2014/its practical operation?
- What impact has it had since coming into force in April 2015? What are the main/most significant differences (if any) that it made? What is working well/less well? Any specific concerns?
- Are there uneven impacts: geographically (between/within LA areas?); for

different groups (single people, families, young people, ex-prisoners, complex needs)? What accounts for these patterns?

- Probe views on particular aspects:
 - The transitional funding (£5.6M) – was it enough? What will happen when it ends (2018/19)?
 - Personal Housing Plans? Are they being used by LAs? Are they useful?
 - What do you think of the revised Code of Guidance (2015)?
 - The statistics on relief/prevention - how familiar are you with them? Are they meaningful? Do they chime with your experience? Could they be better presented?

Other policies:

- Supporting People - commissioning arrangements were quite controversial at time of the last HMW - how have the bedded down (new guidance?)? How good is the fit with the new h/less legis?
- Housing policies - any homelessness impacts of the Renting Homes (Wales) Act 2016? Any other relevant developments on housing policy, esp on social housing?
- Housing supply/access more broadly (both SRS/PRS) - is this a factor in homelessness in Wales? Does it vary across the country/how/why? What are the trends - is there a link with WR?
- Other notable policy developments (post-2015) impacting on homelessness e.g. in criminal justice, health and social care, etc.?

5. Impacts of Westminster Government policies

- Are there any particular Westminster Government policies that impact/are likely to impact significantly on levels of homelessness/your clients/service users and demand for your services? Things getting worse/better? Any new implications of the May Government agenda?
- Probe:
 - c. welfare reform –
 - removal of auto entitlement to housing support for 18-21 year olds (details on exemptions?)
 - LHA restrictions in PRS (30th percentile rule; SAR; LHA caps);
 - HB in SRS ('bedroom tax'; extension of LHA/SAR to social rented sector);
 - HB non-dependent deductions;
 - lowering of household benefit caps;
 - working age benefit freezes;
 - IB/ESA/Personal Independence Payments
 - Discretionary Assistance Fund - how well does this work in Wales for homeless people/those at risk?
 - d. Temporary accommodation - implications of the shift from additional management fee (recouped through HB) to upfront allocation by LAs. *How is this being managed in Wales?*
 - e. Supported acc - implications of LHA cap 'deal'; 1 per cent rent cut. *How is this being managed in Wales?*

- f. How are DHPs now being used/are they mitigating impacts in your area?
- g. Universal Credit – impact of roll-out so far; main homelessness implications if/when fully rolled out? (Probe: direct payments; single payment, monthly in arrears; online applications; extension of sanctions, etc.)
- h. JSA/ESA sanctions – what are the impacts (on your clients)? Eased/worsened recently/much the same? What, if any, difference are the ‘easement’ arrangements making?

6. Follow up

- Any data/evidence they can give us?
- Anyone else in particular they recommend we speak to?

Appendix 2 Local authority survey

The questionnaire used in the 2017 survey of Welsh local authorities drew on similar surveys undertaken by the UK Homelessness Monitor research team to underpin monitor reports covering England. Three such surveys of England’s local authorities have been carried out since 2014, but this is the first survey to be undertaken in Wales. The current survey also incorporates a batch of questions related to the new homelessness duties imposed on Welsh local authorities through the Housing (Wales) Act 2014, as well as other questions specifically developed for Wales.

The Wales survey was undertaken in the period March–April 2017. Local authority contacts were sent an email introducing the research and inviting online participation. After some follow-up work, 19 of the 22 authorities (86%) submitted a response. Non-responding authorities were Bridgend, Monmouthshire and Rhondda Cynon Taff.

The analysis incorporated a typology of local authorities mainly based on their settlement density and pattern. This classification, as published by Statistics Wales,¹⁶¹ groups the 22 councils into four categories as follows:

- Rural – the nine authorities with population density below the Wales average – 140 persons per square kilometre: Isle of Anglesey, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire and Monmouthshire.
- Valleys – the five South Wales authorities to the north of the coastal belt: Rhondda Cynon Taff, Merthyr Tydfil, Caerphilly, Blaenau Gwent and Torfaen.
- Urban – Swansea; Cardiff and Newport.
- Others – Flintshire, Wrexham, Neath Port Talbot, Bridgend and Vale of Glamorgan.

This appendix summarises in tabular form the key quantitative survey results. All survey findings, including the qualitative data generated by the extensive use of open text responses within the survey, are contained in the main body of the report.

¹⁶¹ Statistics Wales (2008) A Statistical Focus on Rural Wales. Cardiff: Welsh Assembly Government <http://gov.wales/docs/statistics/2008/080515-statistical-focus-rural-wales-08-en.pdf>

Table 1 – Has the overall flow of people seeking homelessness assistance from your local authority changed since April 2015?

LA type	Metric	Significantly increased	Slightly increased	Reasonably steady	Total LAs
Urban	No	1	2		3
Valleys	No	3		1	4
Rural	No	5	3		8
Other	No	1	2	1	4
All	No	10	7	2	19
	%	53	37	11	100

Table 2 – Have the welfare changes implemented since 2010 by the Coalition and Conservative Governments affected the incidence of homelessness in your area?

LA type	Metric	Increased homelessness	Had little impact on homelessness	Reduced homelessness	Total LAs
Urban	No	3	0	0	3
Valleys	No	4	0	0	4
Rural	No	5	2	0	7
Other	No	3	1	0	4
All	No	15	3	0	18
	%	83	17	0	100

Note: Non-responding authority omitted

Table 3 – Welfare reform measure considered 'most significant' as a contributor to increased rates of homelessness post-2010

LA type	4-year freeze on LHA rates	Bedroom tax	LHA caps	SAR extended to single 25-34s	JSA/ESA sanctions	Total benefit cap	Total LAs
Urban	1			1	1		3
Valleys			2	2			4
Rural				4		1	5
Other	1	1				1	3
Grand Total	2	1	2	7	1	2	15

Note: Only includes authorities judging that post-2010 welfare reforms had contributed to rising homelessness – see Table 2

Table 4 – LA perceptions on 2014 legislation impact

Statement	Disagree	Neutral	Agree
a) The Act has had no impact on our pre-existing practice with regard to the provision of information, advice and assistance relating to homelessness.	11	4	4
b) The Act has prompted more effective homelessness prevention work.	1	2	16
c) Increasing the period that applicants are considered to be threatened with homelessness to 56 days has enhanced homelessness prevention	1	4	14
d) Changing the intentionality test from a duty to a power has had little effect on our ability to offer more effective support to homeless people and those at risk of becoming homeless.	5	3	11
e) The changes on local connection have called for more effective support for homeless people and those at risk of homelessness lacking a local connection.	4	7	8
f) The Act has enabled more effective use of the private rented sector to discharge homelessness duties.	2	3	14
g) The Act has had little impact on our cooperation with Registered Social Landlords.	5	9	5
h) The Act has enabled a culture shift to a more person-centered approach.	0	1	18
i) Overall, the Act is has had little positive effect on our response to people needing homelessness assistance.	14	3	2

Table 5 – Perceived impacts of new legislation on specific homelessness groups

	Strongly beneficial effects	Mildly beneficial effects	Neutral effects	Total LAs
Rough sleepers	3	3	13	19
Single people	9	6	4	19
Families with children	6	8	5	19

Table 6 – In discharging your homelessness duties how easy or difficult is it for you to...

	Very easy	Fairly easy	Neither difficult nor easy	Some-what difficult	Very difficult	Total LAs
...access social tenancies	2	2	7	7	1	19
...access private tenancies	1	4	2	9	3	19
...access shared housing in the social rented sector	0	0	0	2	17	19
...access shared housing in the private rented sector	0	1	1	8	9	19

Table 7 – In discharging your homelessness duties how easy or difficult is it in for you to find accommodation for the following types of households...

	Very easy	Fairly easy	Neither difficult nor easy	Some-what difficult	Very difficult	Total LAs
...large families (3+ children)	0	2	1	9	7	19
...other families with children	0	7	9	3	0	19
...single 16 and 17 year olds	0	0	2	6	11	19
...single 18–21 year olds	0	0	1	8	10	19
...single 22–24 year olds	0	0	0	11	8	19
...single 25–34 year olds	0	0	1	8	10	19
...single people aged 35 and over	0	1	5	7	6	19

Table 8 – Perceived post-2010 change in local specialist support and/or accommodation provision

	Increased	Remained the same	Reduced	Total LAs
Rough sleepers	7 (37%)	12	0	19
Prison leavers	8 (42%)	8	3	19
Care leavers	6 (33%)	12	0	18
Women	3 (18%)	14	0	17
Survivors of domestic violence/abuse	7 (37%)	11	1	19
Young people (16–17)	10 (53%)	9	0	19
Young people (18–24)	8 (42%)	11	0	19
People with mental health problems	7 (39%)	9	2	18
People with drug problems	8 (44%)	10	0	18
People with alcohol problems	8 (44%)	10	0	18

Note: Non-responding local authorities omitted

Table 9 – Do you anticipate that it will become easier or more difficult for you to discharge your homelessness duties towards specific types of households over the next 2–3 years?

	Much easier	Some-what easier	No change	Some-what more difficult	Much more difficult	Total LAs
Large families (3+ children)	1	1	5	4	8	19
Other families with children	0	1	12	4	2	19
Single 16 and 17 year olds	0	0	2	3	14	19
Single 18–21 year olds	0	0	1	3	15	19
Single 22–24 year olds	0	0	2	3	14	19
Single 25–34 year olds	0	0	2	3	14	19
Single people aged 35 +	0	0	5	6	8	19

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