



# **Citizens Advice Scotland written evidence Homelessness inquiry Scottish Parliament Local Government and Communities Committee**

**June 2017**

*Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. Our self-help website Advice for Scotland provides information on rights and helps people solve their problems.*

*In 2015/16 the Citizens Advice network in Scotland helped over 310,000 clients in Scotland alone and dealt with over one million advice issues. With support from the network clients had financial gains of over £120 million and our Scottish self-help website Advice for Scotland received over 4 million unique page views.*

## **Introduction**

Citizens Advice Scotland welcomes the opportunity to provide evidence to the Committee's inquiry. Though not the only driver of homelessness, the past five years have seen a large increase in the number of rent arrears issues dealt with by Scotland's CAB network. CAS is commencing research to examine the causes and consequences of rent arrears for CAB clients, including those who become homeless as a result. This submission examines CAB data related to homelessness and rent arrears, as well as some of the causes of rent arrears that can lead to evictions and homelessness.

## **Summary**

- The past five years have seen an increase in the amount of advice provided on issues related to homelessness in Scotland's CAB network
- The increase may be connected to an increase in eviction actions for rent arrears, particularly in the social rented sector
- Issues related to rent arrears have been some of the fastest growing areas of advice, increasing by over 40% since 2012
- Recent research for CAS has shown that tenants in the social and private rented sectors find it harder to manage financially, worry more about being evicted and are more likely to have to borrow money to pay the rent
- Clients who sought advice in connection with a rent arrears issue were more likely to be unemployed, in part time work, single adults, lone parents, aged

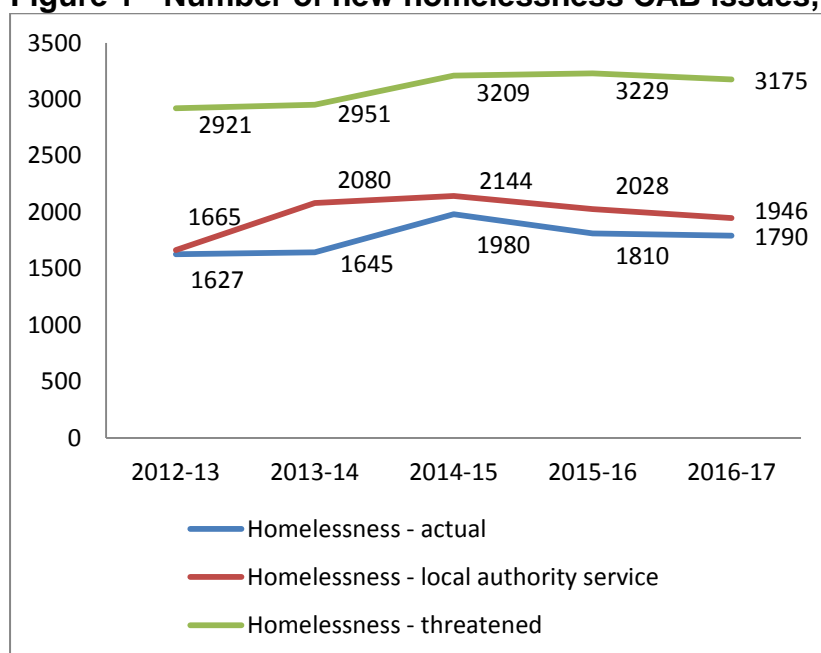
25-44, and living in the 20% most deprived areas in Scotland, compared to other CAB clients as a whole, and to the population at large

- Rent arrears is part of a complex set of difficulties and is either a result of a variety of other issues and/or creates a variety of other issues that the client needs help with, including homelessness
- In a number of cases the arrears have arisen from issues associated with changes to the social security system.
- Unpredictable and fluctuating employment arrangements have also caused rent arrears for clients.

## CAB advice on homelessness and rent arrears

The past five years have seen an increase in the amount of advice provided on issues related to homelessness in Scottish citizens advice bureaux. As illustrated in Figure 1 below, in 2016/17 across Scotland there were 3,175 new issues related to threatened homelessness, an increase of 9% compared to 2012/13. There were 1,790 new issues related to actual homelessness (an increase of 10%) and 1,946 related to local authority homelessness service issues (an increase of 17% over the past five years).

**Figure 1 - Number of new homelessness CAB issues, 2012/13 – 2016/17**

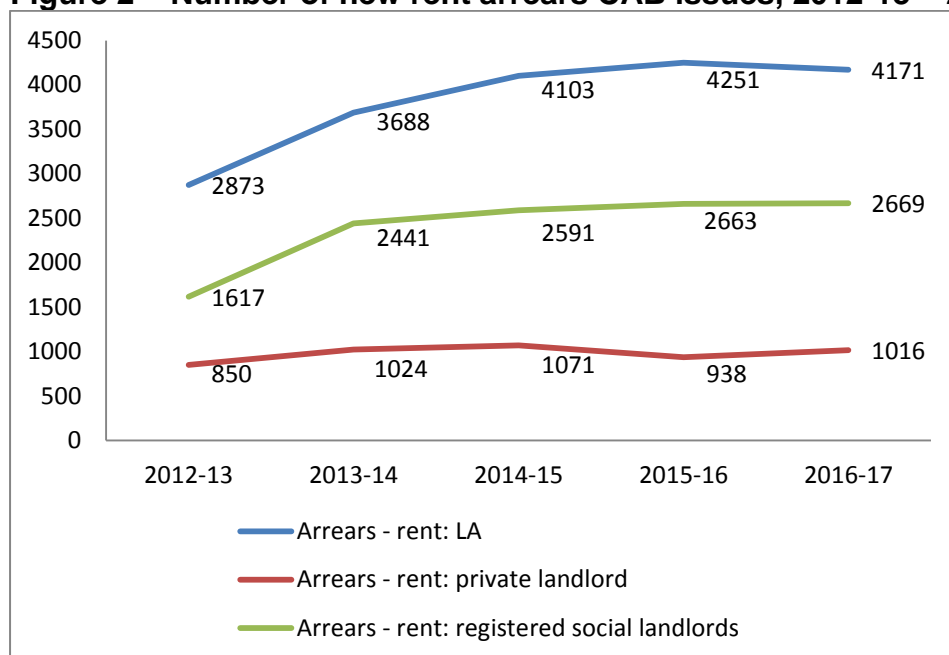


The noticeable increase from 2013/14 may be reflective of an increase in evictions by social landlords in that period. Shelter Scotland's analysis of official figures revealed that the number of evictions increased by 41% between 2013/14 and

2015/16.<sup>1</sup> The vast majority of eviction actions in the social rented sector are in response to rent arrears – 95% for local authorities and 89% of Registered Social Landlords.<sup>2</sup>

Issues related to rent arrears have been some of the fastest growing areas of advice between 2012 and 2017. As shown in Figure 2 below, in 2016/17 there were 4,171 new issues related to local authority rent arrears (an increase of 45% on 2012/13) and 2,669 new rent arrears issues related to other Registered Social Landlords (RSLs), an increase of 65%. Rent arrears issues amongst private rented sector tenants increased by 20% during the period, with 1,016 new issues in 2016/17.

**Figure 2 – Number of new rent arrears CAB issues, 2012-13 – 2016/17**



The increase in rent arrears issues over the period (up by over 40%) stands out in contrast to a steady decline in debt-related CAB advice given across the period<sup>3</sup>. Given this long-term change, investigating the causes and consequences of rent arrears for CAB clients is a policy priority for Citizens Advice Scotland. Although not the only driver of homelessness, there is a close connection between rent arrears and homelessness as seen from the Shelter analysis above.

### Attitudes towards personal finances, credit and rent arrears

An online survey conducted for CAS by Ipsos MORI in 2017, revealed that on the whole tenants in the social and private rented sectors find it harder to manage financially, worried more about being evicted, are more likely to have to borrow

<sup>1</sup> Evictions by social landlords in Scotland 2012-16 – Shelter Scotland, April 2017 [http://scotland.shelter.org.uk/data/assets/pdf/file/0003/1365186/Evictions\\_by\\_social\\_landlords\\_in\\_Scotland\\_2012-2016.pdf](http://scotland.shelter.org.uk/data/assets/pdf/file/0003/1365186/Evictions_by_social_landlords_in_Scotland_2012-2016.pdf)

<sup>2</sup> Ibid.

<sup>3</sup> Living from one payday to the next: A look at how people in Scotland feel about finances, credit and debt – Citizens Advice Scotland, May 2017 <http://www.cas.org.uk/publications/living-one-pay-day-next>

money to pay the rent, and that increases in rent are a factor in accumulating more personal debt<sup>4</sup>:

- 46% of social rented tenants and 36% of private rented sector tenants said they were finding it difficult to manage financially, compared with 15% of owner occupiers.
- 13% of social tenants, and 17% of private tenants, have had to use credit or loans three times or more in the last year to pay the rent because they ran out of money before payday, compared with 5% of owner occupiers
- Respondents considered rent or mortgage payments to be the most important bill or payment
- 15% of social tenants and 16% of private rental sector tenants worried about being evicted or having their home repossessed compared with 4% of owner occupiers
- 28% of respondents reported having more debt than five years ago. Of these, 28% reported that one of the reasons was an increase in rent or mortgage.

## CAB clients with rent arrears

Looking in detail at rent arrears issues, advice provided on ‘eviction for arrears’ (up 146%) and ‘possession claim for arrears’ (up 98%) for local authority tenants increased sharply between 2012/13 and 2016/17. There were also substantial increases in the equivalent advice codes for RSL tenants, with a rise of 97% (eviction for arrears) and 105% (possession claim for arrears). There was also a doubling of issues relating to ‘Liability for debt’ related to RSLs. This further suggests a strong correlation between a sharp increase in both rent arrears and evictions in the past five years, particularly in the social rented sector.

**Table 1 – Detail of rent arrears issues**

	Local authority			Other Registered Social Landlord			Private Landlord		
	2016/17	% of code <sup>5</sup>	Change from 2012/13	2016/17	% of code	Change from 2012/13	2016/17	% of code	Change from 2012/13
Difficulty making payments	2,719	65%	24%	1,819	68%	67%	663	65%	11%
Eviction for arrears	1,121	27%	146%	444	17%	97%	156	15%	31%
Liability for debt	832	20%	81%	529	20%	107%	219	22%	22%
Possession claim for arrears	830	20%	98%	426	16%	105%	121	12%	51%

Analysis of a sample of CAB client profile data from November 2016 revealed that clients who sought advice in connection with a rent arrears issue were more likely to be unemployed, in part time work, single adults, lone parents, aged 25-44, and living

<sup>4</sup> Ibid.

<sup>5</sup> Proportion of ‘Arrears – rent: LA’; ‘Arrears – rent: registered social landlords’ or ‘Arrears – rent: private landlord’ new issues

in the 20% most deprived areas in Scotland, compared to all CAB clients as a whole, and to the Scottish population as a whole. This is illustrated in Table 2.

**Table 2 – Proportions of clients with rent arrears issues, compared with all CAB clients and the Scottish population**

	Local Authority	Other Registered Social Landlord	Private Landlord	CAB clients (all issues)	Scotland
Unemployed	25%	23%	23%	15%	5%
Employed	32%	43%	40%	30%	60%
Part-time	18%	21%	18%	11%	13%
Single adults non pensioner	37%	41%	40%	31%	22%
Single parents with at least one dependent child	24%	24%	18%	12%	7%
Age 25-44	52%	51%	55%	33%	31%
Most 20% deprived	42%	36%	24%	30%	21%

Compared with CAB clients as a whole, clients who received advice on rent arrears were also more likely to receive advice on benefits (52% compared with 42%), housing (23% compared with 6%), financial and charitable support such as food banks (17% compared with 4%), legal proceedings (17% compared with 4%) and tax (12% compared with 3%). This indicates that rent arrears is part of a complex set of difficulties and is either a result of a variety of other issues and/or creates a variety of other issues that the client needs help with, including homelessness.

### **Causes and impact of rent arrears on CAB clients**

Evidence from CAB cases indicate some of the multiple difficulties faced by clients in rent arrears. These can include mental health issues and difficulty affording food as well as evictions and homelessness. In other cases, clients have been unable to move due to rent arrears, which have prevented them from being allocated a property with cheaper rent. In a number of cases the arrears have arisen from issues associated with changes to the social security system.

***An East of Scotland CAB reports of a client who is in receipt of Universal Credit and has been trying to obtain employment. He has been doing 'a few days' work here and there' and is amending his UC claim online to reflect this. However, due to the monthly calculations of the benefit he now has only £90 to live on for the whole month. He has also spent his rent money, has rent arrears of around £500 and is being pursued by collection agencies for other debts. The client is very depressed and distressed and is thinking of giving up his tenancy and becoming homeless again.***

***An East of Scotland CAB reports of a client who has received a 'notice of proceedings to quit' from the local authority. The client is unemployed and receives Universal Credit. The client has rent arrears of £1,720 and Council Tax arrears of over £1,000. The client has deductions from her UC payment for a Budgeting Advance, a Short Term Advance; rent arrears and a Social Fund loan. The deductions amount to 40%. The client has £190.60 to live on, which leaves her with less than £20 once utility bills, food and travel costs are paid.***

CAS has previously reported on clients who have faced rent arrears caused by issues with the housing element of Universal Credit.<sup>6</sup> Local authorities have also reported increased rent arrears following the introduction of Universal Credit in their areas.<sup>7</sup>

Other issues relate to issues with social security benefits, particularly when a change has been made affecting a client's income, such as the lowering of the Benefit Cap.

***An East of Scotland CAB reports of a client who was seeking assistance with a reconsideration request related to a refusal to award a Discretionary Housing Payment. The client is a single parent with four children and she has been affected by the Benefit Cap. As a result, the client has rent arrears of around £2,500 and has been served with an eviction notice by her private landlord.***

<sup>6</sup> Learning From Testing Times: Early Evidence of the Impact of Universal Credit in Scotland's CAB Network – Citizens Advice Scotland, June 2016 <http://www.cas.org.uk/publications/learning-testing-times>

<sup>7</sup> Official Report: Social Security Committee 10 November 2016 – Scottish Parliament <http://www.parliament.scot/parliamentarybusiness/report.aspx?r=10621>

In some cases, clients have been employed on contracts with unpredictable working hours and have a fluctuating income as a result. These have caused difficulties for budgeting, and have led to difficulties receiving housing support from the social security system.

***An East of Scotland CAB reports of a client who has been living in a temporary homeless hostel for the past nine weeks. He had a letter telling him he would be evicted the next day, and had rent arrears of around £1,700. He was working on a zero hours contract and didn't know from week to week what his working hours would be, but his earnings averaged out at around £170 per week. He was in receipt of Housing Benefit but it needed to be recalculated regularly according to his earnings, and had been complicated because he received a wage slip which included a considerable element of back pay.***

***A West of Scotland CAB reports of a client who could not make her monthly repayment toward her rent arrears, as she has not had much work from the agency she works for. As work is not guaranteed, this reduces the client's ability to pay rent and other essential bills. She has previously applied for Jobseeker's Allowance, but in the time it took to process the claim she received more agency work. The client was unable to pay for food, so was provided with a food bank voucher to alleviate some of the financial pressure on her family.***

An analysis of CAB clients who required crisis support<sup>8</sup> revealed that one in ten CAB clients needing advice about food parcels are homeless. Crisis support was most often required following a period of no income, and in this situation, 27% of case studies had accumulated rent arrears.

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<sup>8</sup> Living at the Sharp End: CAB Clients in Crisis – Citizens Advice Scotland, July 2016  
<http://www.cas.org.uk/publications/living-sharp-end>