

AGENDA ITEM: 10 Pages 47 – 52b

Meeting	Cabinet Resources Committee
Date	2 March 2011
Subject	Temporary Accommodation Fees and Charges 2011/12
Report of	Cabinet Member for Housing, Planning and Regeneration
Summary	The report outlines proposed fees and charges for Temporary Accommodation to take effect from 4 April 2011.

Officer Contributors	Nick Lowther, Homelessness Reduction Co-ordinator
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Fees and charges review – 2011/2012 (Housing Needs & Resources)
For decision by	Cabinet
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

Contact for further information: Nick Lowther, Housing Needs & Resources, 020 8359 6002, nick.lowther@barnet.gov.uk.

1. RECOMMENDATIONS

- 1.1 That the fees and charges proposed for temporary accommodation from 4 April 2011 be approved.**

2. RELEVANT PREVIOUS DECISIONS

- 2.1 Cabinet Resources Committee, 2 September 2009 (Decision item 11) – noted actions proposed to mitigate the reduction in income from Temporary Accommodation (TA) due to changes in Housing Benefit subsidy arrangements.
- 2.2 Cabinet Resources Committee, 23 September 2004 (Decision item 6) – That increases in fees and charges are in line with the Financial Forward Plan be approved by Heads of Service in consultation with the Cabinet Member for Resources, and that increases be implemented from 1 January each year, with only limited exceptions to those being increased from 1 April.

3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS

- 3.1 The Council's Corporate Plan 2010-2013 under the corporate priority 'Better services with less money' has a top performance target, under the customer services basket, to "reduce Homeless Acceptances to 230 or fewer".
- 3.2 The Council's Corporate Plan 2010-2013 under the corporate priority 'Sharing opportunities and sharing responsibilities' has a top performance target to "reduce number of households living in TA to 1,944".
- 3.3 The charges in the appendix to this report are consistent with the Council's key objective of supporting people to be independent and lead active lives as set out in the Corporate Plan 2010-2013.
- 3.4 The charges detailed in the appendix to this report are in line with the Financial Forward Plan.

4. RISK MANAGEMENT ISSUES

- 4.1 Temporary Accommodation charges need to take account of any increases in costs of services to minimise the risk of financial losses to the Council in both the Housing Revenue Account and General Fund.
- 4.2 There is a risk to the Council's budgets in the form of either reduced rental income or housing benefit subsidy losses. The charges proposed in appendix 1 seek to minimise this risk by aligning rents more closely with housing benefit subsidy levels.
- 4.3 Reforms of Local Housing Allowance from April 2011 will have a potentially significant impact on homelessness and temporary accommodation in the borough. Whilst the effects of these changes will only become fully apparent over the coming year, it is important that the charges for temporary accommodation are set at a level that minimises the financial risks to the Council.

5. EQUALITIES AND DIVERSITY ISSUES

- 5.1 Analysis shows that almost 70% of households in TA are from non-white households, compared to 20% of the Borough's population as a whole. This suggests that the black

and ethnic minority households are at greater risk of the potential negative effects of living in TA.

- 5.2 The proposed charges will not impact on the Council's statutory equalities duties. It is likely that a decision to reduce hostel service charges and set charges based upon 2010/11 actual costs will improve customer satisfaction for residents in TA. It is also likely that a decision to place responsibility of payment of utility bills for tenants in Hotel Owned Annexes (HOAs) will create a more transparent method of charging and thus improve customer satisfaction.
- 5.3 The proposal to reduce some rental charges for TA will be of benefit to some clients, particularly those who do not receive housing benefit.

6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)

- 6.1 The Council reclaims the Housing Benefit it pays to residents living in TA from the Government in the form of Housing Benefit subsidy (HBS). However, at present, the Council is unable to reclaim approx £1.7m HBS in respect of TA because some rents charged by the Council exceed subsidy limits.
- 6.2 Changes in HBS regulations from April 2010 saw tighter restrictions on the level of HBS payable on rents for leased and licensed TA. It is therefore proposed to reduce rents on leased and licensed TA properties to reflect LHA rent that can be reclaimed through HBS. These rent reductions will not financially impact on the Council's overall budget position as this money would not otherwise attract HBS.
- 6.3 The Housing Needs budget will experience a reduction in rental income of approximately £1.2m whilst there will be a corresponding reduction in HBS losses. This will have no overall impact on the Council's budget position.
- 6.4 If proposed rents are agreed, it is expected that the estimated subsidy loss of £1.7m will reduce to £500k.

7. LEGAL ISSUES

- 7.1 None

8. CONSTITUTIONAL POWERS

- 8.1 The Council's constitution, in Part 3, Responsibility for Functions, Paragraph 3.6 states the terms of reference of the Cabinet Resources Committee including looking at income sources and charging policies.

9. BACKGROUND INFORMATION

- 9.1 As reported to the Cabinet Resources Committee in September 2009, changes in Housing Benefit regulations from April 2010 in respect of HBS payable for TA meant that the Council faced a potential reduction in income of £2 million.
- 9.2 The former subsidy system involved the setting of a cap for maximum rents (£303.80 per week regardless of property size) that TA achieved 100% subsidy for. Any rents charged over this cap received 0% subsidy. The new system introduced for April 2010 indexes the rent to the Local Housing Allowance. Maximum rent is determined as 90% of the

Local Housing Allowance rate for the property in its location plus a £40 management fee per week. Again, any rents charged over this cap will receive 0% subsidy from the DWP.

- 9.3 **Private Sector Leasing (PSL)** – Where the Council leases properties from private landlords and manages them on their behalf, it is proposed to charge rents to the equivalent of the new cap of 90% of Local Housing Allowance plus £40 from April 2011/12, as stated in the appendix to this report.
- 9.4 **Barbara Langstone House (BLH)** – Barbara Langstone House is a self contained purpose built block used as temporary housing in North Finchley providing 80 bedsits. The block has 24 hour security and caretaking facilities. It is proposed to charge rents to the equivalent of the new cap of 90% of Local Housing Allowance plus £40 from April 2011/12, as stated in the appendix to this report.
- 9.5 **Hotel Owned Annexes (HOAs)** – Hotel Owned Annexes are privately rented accommodation managed by private landlords and charged for as emergency accommodation at a nightly rate. To achieve better value for money in relation to HOAs the Council is seeking to negotiate a reduction in services offered by annexe providers for a reduction in costs to the Council. Preliminary discussions have shown a willingness on the part of the providers to place the onus of paying utility bills on tenants rather than accommodation providers in exchange for a reduced nightly rate. This would also help prepare tenants for moving on to more settled accommodation where they are expected to account for their personal utility bills in the normal way and aid independence. It is proposed to charge rents to the equivalent of the new cap of 90% of Local Housing Allowance plus £40 from April 2011/12, as stated in the appendix to this report.
- 9.6 **LA Owned Accommodation** – These are buildings owned by the Council, not covered by the Housing Revenue Account (HRA) and are mostly either subdivided houses let on a temporary basis to households in need of emergency accommodation or self-contained units acquired from leaseholders under the Council's hardship scheme. It is proposed that rents are increased to £368.04 per week (similar to 2009/10 levels) from 4 April 2011 to maximise revenue from this form of accommodation. Rents charged on these units will attract 100% housing benefit subsidy and therefore the Council will not bear any subsidy loss.
- 9.7 A review of utility expenditure was carried out in 2010/11 to determine what the Council pays for utilities in General Fund hostels, with the objective of setting a fair service charge in 2011/12. The outcome of this review indicated that the council was under-charging residents for utilities by up to £7.00 per week. It is proposed however that existing charges remain at £12.00 per week to ensure charges are affordable

10. LIST OF BACKGROUND PAPERS

10.1

Legal – PD
CFO – JH/MC

Appendix – Fees and charges review – 2011/2012 (Housing Needs & Resources)

1. Private Sector Leased Accommodation

Charges Agreed 2010/11

Private Sector Leased (PSL) Properties – Weekly service charges (48 week basis)				
Property Size	Accommodation Charge	*Heating & Hot Water	**Water	Total
All	£368.04	Min £0.00 Max £16.90	£8.46	Min £368.04 Max £393.40

*Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary

** Charge only applies to certain units on Stonegrove estate

Charges Proposed 2011/12

Broad Rental Market Area 150*

Private Sector Leased (PSL) Properties – Weekly charges (48 week basis)				
Property Size	Accommodation Charge	Heating & Hot Water ¹	Water ²	Total
Studio	£217.71	£0.00	£0.00	£217.71
1-bedrooms	£217.71	£0.00	£0.00	£217.71
2-bedrooms	£268.56	£0.00	£0.00	£268.56
3-bedrooms	£335.83	£0.00	£0.00	£335.83
4-bedrooms	£406.25	£0.00	£0.00	£406.25
5-bedrooms	£406.25	£0.00	£0.00	£406.25

*charge determined by property size and location

Broad Rental Market Area 147

Private Sector Leased (PSL) Properties – Weekly charges (48 week basis)				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	£212.09	£0.00	£0.00	£212.09
1-bedrooms	£212.09	£0.00	£0.00	£212.09
2-bedrooms	£257.08	£0.00	£0.00	£257.08
3-bedrooms	£324.58	£0.00	£0.00	£324.58
4-bedrooms	£392.08	£0.00	£0.00	£392.08
5-bedrooms	£406.25	£0.00	£0.00	£406.25

Broad Rental Market Area 161

Private Sector Leased (PSL) Properties – Weekly charges (48 week basis)				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	£296.83	£0.00	£0.00	£296.83

¹ In Broad Rental Market Area 150/147/161 – rents are indexed to the Local Housing Allowance for this accommodation (1st -31st January 2011 rates) and will vary according to property size and location.

² In Broad Rental Market Area 150/147/161 – Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary.

1-bedrooms	£296.83	£0.00	£0.00	£296.83
2-bedrooms	£374.83	£0.00	£0.00	£374.83
3-bedrooms	£482.08	£0.00	£0.00	£482.08
4-bedrooms	£541.67	£0.00	£0.00	£541.67
5-bedrooms	£541.67	£0.00	£0.00	£541.67

2. LA Owned (Re-gen Buybacks)

LA Owned (Re-gen Buybacks) – Weekly charges (48 week basis)*				
Property Size	Accommodation Charge	Heating & Hot Water ³	Water ⁴	Total
All	£368.04	Min £0.00 Max £16.90	Min £0.00 Max £8.46	Min £368.04 Max £393.40

3. General Fund Hostels

Charges agreed 2010/11

Barbara Langstone House (BLH), The Croft and Kelvedon – Weekly service charges (48 week basis)*				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	£197.50	£11.76	£0.24	£209.50
1-bedroom	£197.50	£11.76	£0.24	£209.50
2-bedrooms	£247.00	£11.76	£0.24	£259.00
3-bedrooms	£299.61	£11.76	£0.24	£311.61
4-bedrooms	£377.50	£11.76	£0.24	£389.50
5-bedrooms	£496.62	£11.76	£0.24	£508.62

*in Broad Rental Market Area 150. Rents are indexed to the Local Housing Allowance for this accommodation (1st January 2010 rates) and will vary according to property size and location

Charges Proposed 2011/12

Barbara Langstone House (BLH), Weekly charges (48 week basis)*				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	£217.71	£11.76	£0.24	£229.71

Broad Rental Market Area 147

The Croft and Kelvedon – Weekly charges (48 week basis)*				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
All	£368.04	£11.76	£0.24	£380.04

³ Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary.

⁴ Charge only applies to certain units on Stonegrove estate.

4. Emergency Nightly Purchased Accommodation

Charges Agreed 2010/11

Emergency Accommodation (Nightly Purchased) – Weekly service charges (48 week basis)*					
Property Size	Heating/hot water/lighting/cooking	Water rates	Laundry/Cleaning inc. washing machine supplied /(*not supplied)	Total Service Charges	Gross Accommodation Charge (no washing machine)
Studio	£7.30	£0.29	£1.39 (£0.60)	£8.98 (£8.19)	£377.02 (£376.23)
1-bedroom	£9.82	£0.57	£2.75 (£1.17)	£13.14 (£11.56)	£381.18 (£379.60)
2-bedrooms	£12.26	£0.86	£4.14 (£1.76)	£17.26 (£14.88)	£385.30 (£382.92)
3-bedrooms	£14.71	£1.15	£5.50 (£2.34)	£21.36 (£18.20)	£389.40 (£385.80)
4-bedrooms	£17.17	£1.45	£6.89 (£2.93)	£25.51 (£21.55)	£393.55 (£389.59)
5-bedrooms	£19.62	£1.73	£8.26 (£3.51)	£29.61 (£24.86)	£397.65 (£392.90)

Charges Proposed 2011/12

Broad Rental Market Area 150 and all others not included in charge breakdown

Emergency Accommodation – Weekly charges (48 week basis)				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	£217.71	£0.00	£0.00	£217.71
1-bedroom	£217.71	£0.00	£0.00	£217.71
2-bedrooms	£268.56	£0.00	£0.00	£268.56
3-bedrooms	£335.83	£0.00	£0.00	£335.83
4-bedrooms	£406.25	£0.00	£0.00	£406.25
5-bedrooms	£406.25	£0.00	£0.00	£406.25

Broad Rental Market Area 147

Emergency Accommodation – Weekly charges (48 week basis)				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	£212.09	£0.00	£0.00	£212.09
1-bedroom	£212.09	£0.00	£0.00	£212.09
2-bedrooms	£257.08	£0.00	£0.00	£257.08
3-bedrooms	£324.58	£0.00	£0.00	£324.58
4-bedrooms	£392.08	£0.00	£0.00	£392.08
5-bedrooms	£406.25	£0.00	£0.00	£406.25

Broad Rental Market Area 161

Emergency Accommodation – Weekly charges (48 week basis)				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	£296.83	£0.00	£0.00	£296.83
1-bedroom	£296.83	£0.00	£0.00	£296.83
2-bedrooms	£374.83	£0.00	£0.00	£374.83
3-bedrooms	£482.08	£0.00	£0.00	£482.08
4-bedrooms	£541.67	£0.00	£0.00	£541.67
5-bedrooms	£541.67	£0.00	£0.00	£541.67