

**AGENDA ITEM: 21**      Pages 152 – 160

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Meeting	Cabinet Resources Committee
Date	28 February 2012
<b>Subject</b>	<b>Temporary Accommodation Fees and Charges 2012/13</b>
Report of	Cabinet Member for Housing
Summary	The report outlines proposed fees and charges for Temporary Accommodation to take effect from 2 April 2012.

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Officer Contributors	Cathy Osborn, Interim Head of Housing, Environment, Planning and Re-generation  Nick Lowther, Homelessness Reduction Co-ordinator
Status (public or exempt)	Public
Wards affected	All
Enclosures	Appendix – Fees and charges review – 2012/2013 (Housing Needs & Resources)
For decision by	Cabinet
Function of	Executive
Reason for urgency / exemption from call-in	Not applicable

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## **1. RECOMMENDATIONS**

- 1.1 That the fees and charges proposed for temporary accommodation from 2 April 2012 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.
- 2.3 Cabinet Resources Committee, 23 February 2010 (Decision item 9) – agreed an increase in the number of chargeable weeks from 48 to 52.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Council's Corporate Plan 2011-2013 under the corporate priority 'Sharing opportunities, sharing responsibilities' has a top performance target, under the customer services basket, to make "fewer than 300 Homeless Acceptances".
- 3.2 The Council's Corporate Plan 2011-2013 under the corporate priority 'Sharing opportunities, sharing responsibilities' has a top performance target that "short-term nightly purchased temporary accommodation be kept below 250 units".
- 3.3 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 (TA) 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 with housing benefit subsidy levels.
- 4.3 Reforms of Local Housing Allowance from April 2011 have contributed to an increase in demand for homelessness services and temporary accommodation in the borough with 414 new households being admitted into TA in the first 3 quarters of 2011/12 (compared to 344 in the same period in 2010/11). 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%<sup>1</sup> 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. The proposal to keep most rents at 2011/12 levels 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).

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. Further regulations from April 2011 fixed TA subsidy levels until April 2013.

6.3 Housing Benefit regulations state that HBS cannot be claimed where there are rent free weeks. As a result, this currently generates a subsidy loss for the Council. It is therefore proposed to implement the change from 48 to 52 week rent charges to maximise the HBS that can be recovered from General Fund (GF) TA and minimise HBS loss.

6.4 In 2011/12, leased and licensed TA rents were set at 48 week equivalents of the HBS caps. For 2012/13, it is proposed to keep annual rents the same, however to change the number of chargeable weeks from 48 to 52 to maximise HBS. This will not represent a rent increase for occupants in these forms of accommodation. Any rent increase will not financially benefit the Council's overall budget position as this money would not otherwise attract HBS.

6.5 For LA owned properties it is proposed to keep weekly rents at the same level, but also increase the number of chargeable weeks from 48 to 52 to maximise revenue from these units. This will represent an 8.3% increase in the annual rent chargeable (or an increase of £30.67 per week on the equivalent 48 week charge). Rents charged on these units will attract 100% HBS and therefore the Council will not bear any subsidy loss.

6.6 If the proposed rents are agreed, it is expected that there will be no subsidy losses derived from the provision of these forms of accommodation.

## **7. LEGAL ISSUES**

7.1 S184 of the Housing Act 1996 imposes a duty on Local authorities to provide temporary accommodation to certain applicants while it is considered whether they are owed the homelessness duty under Part VII of that Act.

## **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.

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<sup>1</sup> Of the 2,107 households in temporary accommodation at the end of December 2011 where information was provided, 645 had indicated they were white households

## 9. BACKGROUND INFORMATION

- 9.1 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 in April 2010 indexed the rent to the Local Housing Allowance, with further regulations setting caps for a period of 2 years from April 2011 to March 2013. Maximum rent is determined as 90% of the January 2011 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.
- 9.2 Along with most other authorities, the Council has charged 48 week rents for many years, with tenants afforded 4 rent free weeks. However, the increased development of leased and licensed TA initiatives over recent years has required the Council to increase the number of chargeable weeks for these properties to maximise HBS and reduce HBS losses derived from these forms of accommodation. Many other Councils are now successfully charging 52 weeks and Barnet's systems have been tested to ensure a smooth transition. The Council will continue to charge 48 week rents for all HRA accommodation, including permanent stock.
- 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 cap of 90% of Local Housing Allowance plus £40 in April 2012/13 on a 52 week basis, 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 cap of 90% of Local Housing Allowance plus £40 in April 2012/13 on a 52 week basis, 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. It is proposed to charge rents to the equivalent of the cap of 90% of Local Housing Allowance plus £40 in April 2012/13 on a 52 week basis, 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 weekly rents remain at £368.04 per week from 2 April 2012 but move from a 48 to 52 week charging basis 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.

## 10. LIST OF BACKGROUND PAPERS

- 10.1 None

Legal – BH  
CFO – JH

## Appendix – Fees and charges review – 2012/2013 (Housing Needs & Resources)

### 1. Private Sector Leased Accommodation

#### Charges Agreed 2011/12

Broad Rental Market Area 150\*

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

\*charge determined by property size and location

Broad Rental Market Area 147\*

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

\*charge determined by property size and location

Broad Rental Market Area 161\*

<b>Private Sector Leased (PSL) Properties – Weekly charges (48 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£296.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£296.83</b>
1-bedrooms	<b>£296.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£296.83</b>
2-bedrooms	<b>£374.83</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£374.83</b>
3-bedrooms	<b>£482.08</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£482.08</b>
4-bedrooms	<b>£541.67</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£541.67</b>
5-bedrooms	<b>£541.67</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£541.67</b>

\*charge determined by property size and location

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

## Charges Proposed 2012/13

### Broad Rental Market Area 150\*

<b>Private Sector Leased (PSL) Properties – Weekly charges (52 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water <sup>3</sup>	Total
Studio	<b>£200.97</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£200.97</b>
1-bedrooms	<b>£200.97</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£200.97</b>
2-bedrooms	<b>£247.90</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£247.90</b>
3-bedrooms	<b>£310.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£310.00</b>
4-bedrooms	<b>£375.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£375.00</b>
5-bedrooms	<b>£375.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£375.00</b>

\*charge determined by property size and location

### Broad Rental Market Area 147

<b>Private Sector Leased (PSL) Properties – Weekly charges (52 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£195.77</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£195.77</b>
1-bedrooms	<b>£195.77</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£195.77</b>
2-bedrooms	<b>£237.31</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£237.31</b>
3-bedrooms	<b>£299.61</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£299.61</b>
4-bedrooms	<b>£361.92</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£361.92</b>
5-bedrooms	<b>£375.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£375.00</b>

\*charge determined by property size and location

### Broad Rental Market Area 161

<b>Private Sector Leased (PSL) Properties – Weekly charges (52 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£274.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£274.00</b>
1-bedrooms	<b>£274.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£274.00</b>
2-bedrooms	<b>£346.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£346.00</b>
3-bedrooms	<b>£445.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£445.00</b>
4-bedrooms	<b>£500.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£500.00</b>
5-bedrooms	<b>£500.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£500.00</b>

\*charge determined by property size and location

## 2. LA Owned (Re-gen Buybacks)

### Charges Agreed 2011/12

<b>LA Owned (Re-gen Buybacks) – Weekly charges (48 week basis)*</b>				
Property Size	Accommodation Charge	Heating & Hot Water <sup>4</sup>	Water <sup>5</sup>	Total

<sup>3</sup> In Broad Rental Market Area 150/147/161 – Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary.

<sup>4</sup> Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary.

<sup>5</sup> Charge only applies to certain units on Stonegrove estate.

All	<b>£368.04</b>	<b>Min £0.00 Max £16.90</b>	<b>Min £0.00 Max £8.46</b>	<b>Min £368.04 Max £393.40</b>
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### Charges Proposed 2012/13

<b>LA Owned (Re-gen Buybacks) – Weekly charges (52 week basis)*<sup>6</sup></b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
All	<b>£368.04</b>	<b>Min £0.00 Max £16.51</b>	<b>Min £0.00 Max £9.43</b>	<b>Min £368.04 Max £393.98</b>

### 3. General Fund Hostels

#### Charges Agreed 2011/12

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

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

#### Charges Proposed 2012/13

<b>Barbara Langstone House (BLH), Weekly charges (52 week basis)*</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£200.97</b>	<b>£10.85</b>	<b>£0.22</b>	<b>£212.04</b>

<b>The Croft and Kelvedon – Weekly charges (52 week basis)*</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
All	<b>£368.04</b>	<b>£10.85</b>	<b>£0.22</b>	<b>£379.11</b>

<sup>6</sup> Service charges as per 2012/13 HRA rents agreed. Service charges on PSL properties on regeneration estates at Grahame Park and Stonegrove vary

#### 4. Emergency Nightly Purchased Accommodation

##### Charges Agreed 2011/12

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

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

Broad Rental Market Area 147

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

Broad Rental Market Area 161

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

##### Charges Proposed 2012/13

Broad Rental Market Area 150 and all others (except Inner London zones) not included in charge breakdown

<b>Emergency Accommodation – Weekly charges (52 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£200.97</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£200.97</b>
1-bedroom	<b>£200.97</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£200.97</b>
2-bedrooms	<b>£247.90</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£247.90</b>
3-bedrooms	<b>£310.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£310.00</b>
4-bedrooms	<b>£375.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£375.00</b>
5-bedrooms	<b>£375.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£375.00</b>



Broad Rental Market Area 147

<b>Emergency Accommodation – Weekly charges (52 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£195.77</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£195.77</b>
1-bedroom	<b>£195.77</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£195.77</b>
2-bedrooms	<b>£237.31</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£237.31</b>
3-bedrooms	<b>£299.61</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£299.61</b>
4-bedrooms	<b>£361.92</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£361.92</b>
5-bedrooms	<b>£375.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£375.00</b>

Broad Rental Market Area 161 (and all other Inner London Zones)

<b>Emergency Accommodation – Weekly charges (52 week basis)</b>				
Property Size	Accommodation Charge	Heating & Hot Water	Water	Total
Studio	<b>£274.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£274.00</b>
1-bedroom	<b>£274.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£274.00</b>
2-bedrooms	<b>£346.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£346.00</b>
3-bedrooms	<b>£445.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£445.00</b>
4-bedrooms	<b>£500.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£500.00</b>
5-bedrooms	<b>£500.00</b>	<b>£0.00</b>	<b>£0.00</b>	<b>£500.00</b>

