



Housing and Growth Committee

14 June 2021

Title	Review of Council Temporary Accommodation rents for 2021/22
Report of	Chairman - Housing and Growth Committee
Wards	All
Status	Public
Urgent	No
Key	Yes
Enclosures	Appendix 1 – Equality Impact Assessment
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Summary

On 25 January 2021 this Committee agreed that Temporary Accommodation (“TA”) rents would be aligned with the latest published Local Housing Allowance (“LHA”) rates for all existing and new lettings.

However, further analysis of the impact of TA rent increases has highlighted concerns over the level of increase approved and the subsequent effect that would have on affordability for existing TA clients, particularly given the ongoing pandemic.

This report therefore proposes a smaller increase to TA rents than was previously approved in order to minimise the effect on TA clients.

Recommendations

That the Committee notes and approves the proposed adjustment to increase temporary accommodation rents by 1.5% to take effect from 30 August 2021 subject to the further approval of the Policy and Resources Committee.

1. WHY THIS REPORT IS NEEDED

- 1.1 At the Housing and Growth Committee meeting held on 25 January 2021 it was agreed temporary accommodation (TA) rents for 2021/22 would be aligned with the latest published Local Housing Allowance (LHA) rates for all existing tenants and new lettings.
- 1.2 In April 2020, following a freeze of LHA levels between 2016 and 2020, the government took a decision to increase LHA levels to equal the 30th percentile of rents in each local area. This policy change was in response to the COVID-19 pandemic and was taken to benefit claimants in the private rented sector who are subject to LHA rules and have a shortfall between their rent and the LHA rate. Prior to the COVID-19 related decision, the government had announced that LHA rates would increase by 1.7% from April 2020.
- 1.3 Following government announcements in February which outlined the road map of easing COVID-19 restrictions, further impact analysis on existing TA clients was completed. This analysis highlighted concerns regarding the level of rent increases proposed and subsequent affordability issues for TA clients during the continuing pandemic. For this reason, previous rent levels were maintained from April 2021 and an amended recommendation to increase rents by 1.5% to take effect from 30 August 2021 is now being made, subject to the further approval of the Policy and Resources Committee.

2. Reason for recommendation

- 2.1 As of February 2021, there were 1650 households subject to TA rents. Analysis shows that increasing rents to current LHA levels would mean average weekly rent increases of 4.59% (£13.75) for properties within inner London areas, 11.53% (£29.81) for those in outer and North West London areas and 5.87% (£12.10) for those out of London.
- 2.2 With 40% of TA clients being in receipt of only partial or no housing benefit, the nation still suffering from the COVID-19 pandemic and with a well-established expectation that significant increases in unemployment and homelessness will be seen in the year ahead, a more prudent increase of 1.5% is therefore being recommended.
- 2.3 The table shows the number of TA clients and average rent increase per LHA Broad Rental Market Area with a 1.5% increase applied:

1.5% increase			
	Broad Rental Market Area		
	Outer & North West London	Inner London	Out of London
No. rents increased	1022	511	117

Average weekly rent increase	£3.97	£4.47	£3.03
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2.4 In line with the decision taken by the Committee in January, all newly let properties will continue to have their rent set at current LHA rates and comprehensive client affordability assessments will be completed for each household prior to placement into new TA.

3. Alternative options considered and not recommended

3.1 Alternative options considered include not raising the rent levels at all or raising them by a lower amount than proposed in this paper. These are not recommended as the proposed charges will serve to mitigate financial hardship on TA clients whilst also ensuring a marginal increase in rental income.

3.2 Maintaining the increase of rents to current LHA levels was also considered, however as mentioned in section 2 of this report, this is considered to result in significant hardship for TA clients during a period of wider COVID-19 related economic and social pressure.

4. Post decision implementation

4.1 As per the council's Constitution, changes to fees and charges approved by theme committees will be submitted to the Policy and Resources Committee for approval.

4.2 Following approval, the council will instruct Barnet Homes, the council's Arm's Length Management Organisation, to issue a statutory notice of variation to Temporary Accommodation tenants.

5. Implications of Decision

5.1 Corporate Priorities and Performance

5.1.1 The Corporate Plan 2019 to 2024's strategic objective is to ensure that Barnet has decent quality housing that buyers and renters can afford, prioritising Barnet residents first. Reviews of rent levels and service charges help ensure that resources are in place to deliver housing services to council tenants.

5.1.2 The Housing Strategy 2019 to 2024 sets out how the council and partners will improve the quality of housing available and deliver the additional housing that is required in the borough due to the growing population. The strategy details delivering more housing that people can afford, including the use of affordable rents to provide more homes for rent on council land. Income from rents will also be used to maintain the condition of the existing housing stock.

5.1.3 The Health and Wellbeing Strategy 2015 to 2020 recognises that the condition of and access to local housing has an important role in the quality of life and health of both individuals and communities. Barnet's Joint Strategic Needs Assessment highlights the fact that there is a long-term shift in housing tenure towards renting and away from owner

occupancy (either outright or with a mortgage) reflecting a sustained reduction in housing affordability and an imbalance between housing demand and supply.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 No inflationary rental increases have been factored into existing agreed 2021/22 budgets, therefore this decision presents positive financial implications on the general fund from 30th August 2021 if approved, with the rents generating additional income for the general fund from the date of implementation.

5.2.2 Barnet Homes will administer the rents for council tenants with no additional resource implications as per the terms of the management agreement.

5.3 Legal and Constitutional References

5.3.1 The Localism Act 2011 introduced self-funding for council housing. The national subsidy system has been abolished and a new funding regime introduced giving local authorities more autonomy to set council rents.

5.3.2 The council's Constitution (Article 7 - Committees Sub-Committees Area Committees and Forums and the Local Strategic Partnership) sets out the responsibilities of the Housing and Growth Committee which include:

- Responsibility for housing matters including housing strategy, homelessness, social housing and housing grants, commissioning of environmental health functions for private sector housing.
- To submit to the Policy and Resources Committee proposals relating to the Committee's budget (including fees and charges) for the following year in accordance with the budget timetable.

5.3.3 The council's Constitution (Article 17 - Financial Regulations) also states:

- Changes to fees and charges should be included in the budget proposals submitted by theme Committees or the relevant committee to the Policy & Resources Committee. The budget recommended by Policy and Resources Committee to Full Council will incorporate the latest projection of income from fees and charges. Full Council will approve all fees and charges as part of the budget report.

5.4 Insight

5.4.1 No specific insight data has been used in this report.

5.5 Social Value

5.5.1 There are no specific Social Value aspects to this report.

5.6 Risk Management

5.6.1 There is a risk that increasing the rent will make it more difficult for tenants to pay and impact adversely on the Housing General Fund by making rent collection more difficult, however this risk is mitigated by the proposed amendments to rent increase.

5.7 Equalities and Diversity

5.7.1 The 2010 Equality Act, Section 149 outlines the provisions of the Public Sector Equality Duty which requires Public Bodies to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people who share a relevant
- protected characteristic and persons who do not
- foster good relations between persons who share a relevant characteristic and persons who do not.

5.7.2 The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage and civil partnership.

5.7.3 Consideration has therefore been given to the report's relevance to equality issues in accordance with the Public Sector Equality Duty. The increase being applied is proportionate across all properties, and as the increases are not of a personal nature, it is not considered that they target or disproportionately affect any group of people based any of the protected characteristics.

5.7.4 Whilst the rent increase does not target any specific group, the increase will have more of an impact on households on lower incomes who are not in receipt of full housing benefit. The potential for a detrimental impact exists in as much as an increase in rent will put pressure on those individuals in, or at risk of, financial hardship, which may also be increased due to impact of the COVID-19 pandemic.

5.7.5 However, rents will remain below the LHA level for the borough. In addition, Barnet Homes' in-house Income Collection Team takes a proactive, supportive approach to preventing rent arrears and offering financial inclusion through money advice, referrals for support, and assistance in maximising income (through benefit claims, or advice on management of other debts, for example). This should mitigate any detrimental effects that may be experienced.

5.8 Corporate Parenting

5.8.1 The council assigns the highest priority for council housing to foster carers (if they require a larger property to foster more children) through its Housing Allocation Scheme. Council housing remains the most affordable housing option for care leavers and all rents and the majority of tenant service charges proposed remain eligible for housing benefit. Care leavers are placed into suitable accommodation when leaving care to allow a successful transition to independent living whilst also developing their skills by providing the right support to help them maintain their tenancies.

5.9 Consultation and Engagement

5.9.1 There has not been any specific consultation on the issues arising in this report.

6. BACKGROUND PAPERS

6.1 Relevant previous decisions are listed in the table below.

Item	Decision	Link
Housing and Growth Committee, 25 January 2021	Approved Annual Review of Council Dwelling Rents and Service Charges and Temporary Accommodation rents for 2021/22	https://barnet.moderngov.co.uk/documents/s62903/Annual%20Review%20of%20Council%20Dwelling%20Rents%20and%20Service%20Charges%20and%20Temporary%20Accommodation%20Rents%20for%2020.pdf
Housing and Growth Committee, 27 January 2020	Approved Annual Review of Council Dwelling Rents and Service Charges and Temporary Accommodation rents for 2020/21	https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=696&MId=9931&Ver=4
Housing and Growth Committee, 1 April 2019	Approved Housing Strategy 2019-2024	https://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=9740&Ver=4