



REPORT TO: HOUSING AND COMMUNITY SAFETY COMMITTEE ON 27 JUNE 2023

SUBJECT: TEMPORARY ACCOMMODATION CHARGING POLICY REVIEW

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 This report advises the Housing and Community Safety Committee of the need to revise the methodology used when charging homeless households for temporary accommodation and presents a revised Temporary Accommodation Charging Policy.
- 1.2 This report is submitted to Committee in terms of Section III (G) (4) of the Council's Scheme of Administration relating to the allocation and letting of houses and homelessness.

2. RECOMMENDATION

- 2.1 It is recommended that the Housing and Community Safety Committee:-
- i) notes the current practice and the requirement to review the Temporary Accommodation Charging Policy, as detailed in Section 3;
 - ii) considers and approves the revised Temporary Accommodation Charging Policy, as set out in Section 5 and APPENDIX I for consultation;
 - iii) agrees that a consultation exercise on the revised Temporary Accommodation Charging Policy is undertaken with key stakeholders, as set out in Section 6; and
 - iv) agrees that an update report setting out the outcome of the consultation will be presented to this Committee in September 2023.

3. BACKGROUND

- 3.1 The Council has a statutory duty to assist applicants who are homeless or threatened with homelessness as defined in the Housing (Scotland) Act 1987, as amended. These duties include the provision of temporary accommodation until such time as the Council has determined the outcome of their homeless application.
- 3.2 On 3 February 2015, the Communities Committee agreed to implement a revised charging policy for temporary homeless accommodation (paragraph 10 of the Minute refers).
- 3.3 Implemented on the 6 April 2015, the overall aim of the Temporary Accommodation Charging Policy was to maximise income where possible by setting rent levels at the Local Housing Allowance (LHA) rates with an additional service charge and making the provision of temporary accommodation fairer for all.
- 3.4 The LHA sets Housing Benefit entitlement for tenants in the private rented sector, which is typically higher than social housing rents. The LHA rate people receive when housed in temporary accommodation depends on the area they live in, the size and composition of the household and the type of accommodation used. The LHA rate was frozen from 2015 until April 2020 when an increase was applied as a part of a package of measures to support workers during the COVID-19 pandemic. The LHA rate was frozen again the following year and remains so.
- 3.5 The charging regime which applied in the Temporary Accommodation Charging Policy had been in place since April 2015 with no subsequent annual increase. The special meeting of Moray Council were advised on 1 March 2023 that the effect of this was that income generated remained static while costs have increased, particularly in light of the coronavirus pandemic and the cost of living crisis. This meant the temporary accommodation service had been increasingly operating at a deficit (Paragraph 7 of the Minute refers).
- 3.6 The special meeting of Moray Council on 1 March 2023 agreed an interim measure of increasing the rent and service charges by 27% (effective from 6 April 2023) which is the equivalent of the inflationary increase between April 2015 and April 2023 based on the Consumer Price Index (Paragraph 7 of the Minute refers).
- 3.7 In order to mitigate the temporary accommodation budgetary deficit, the special meeting were informed that it would be necessary to review the extent to which costs are recovered by rent and service charges with a comprehensive review of the Temporary Accommodation Charging Policy (Paragraph 7 of the Minute refers).

4. LEGISLATIVE CONSIDERATIONS

- 4.1 In accordance with the Housing (Scotland) Act 1987 Section 35(2) the local authority can require a homeless person to pay a reasonable charge for the

provision of temporary accommodation, as determined by the local authority. There is no definition of “reasonable” in the legislation or guidance. Methods for calculating charges, as well as the cost of temporary accommodation itself, varies greatly across Scotland.

- 4.2 When calculating temporary accommodation charges, local authorities should also have due regard to the Code of Guidance on Homelessness. Section 8.84 of the Code states that in deciding what is reasonable, account should be taken of what the applicant can pay in the longer term. In addition, the applicant should be informed in advance of the cost of the accommodation and should also be assisted when applying for benefit to cover the cost of such accommodation. The local authority should take account of, and advise of, the likely level of benefit when considering charges.
- 4.3 The Scottish Government updated the Temporary Accommodation Standards Framework in April 2023 which recommends that households are provided with:
- An assessment to consider whether temporary accommodation offered is affordable by the household.
 - A rent statement of charges, including any additional costs that are associated with temporary accommodation and how they are paid.

5. REVISED TEMPORARY ACCOMODATION CHARGING POLICY

- 5.1 To address the issues outlined in Section 3, the Temporary Accommodation Charging Policy has been revised and is provided at **APPENDIX I** for consideration. The main policy changes are:
- rent levels are no longer set using the Local Housing Allowance rate and a management fee;
 - the service will operate on the basis of full cost recovery in order to mitigate against risk to the temporary accommodation budget;
 - the temporary accommodation charge is determined by a baseline rent, equivalent to the average council house rent for the size of property, plus a homeless service charge; and
 - determining what a reasonable sum to recover from those who may have affordability issues has been revised (as detailed in 5.5 below and Section 7 of the policy).
- 5.2 The baseline weekly rent charged will be set at the average council rent by property size. The baseline rent will be reviewed and updated annually. The Council’s rents remain the lowest amongst local authority landlords in Scotland and amongst social landlords in Moray and offer tenants an affordable rent across the range of property types and sizes. In 2023-24, the average weekly council rents are as follows:

Property size	1 bedroom	2 bedrooms	3 bedrooms
Average rent	£61.70	£72.70	£84.15

- 5.3 The weekly homeless service charge will be determined by the cost of operating the service. A comprehensive review of the cost of operating the service has been undertaken by Officers. Originally the review encompassed all costs associated with providing temporary accommodation, including those

which are recovered against the general services budget. This would have required the homeless service charge to be set at £297 per week which Officers consider to be unreasonable. In developing what Officers consider to be a reasonable charge, costs offset against the general services budget have been discounted. The homeless charge will be based on costs attributed to the management and operation of temporary accommodation, maintenance and repairs and void periods. This figure has been divided by the number of temporary accommodation units to define the annual cost per property and thereafter the weekly amount of the homeless service charge established. For 2023-24, the homeless service charge will be £179.04 which Officers consider to be reasonable. This will be reviewed annually as part of the annual budget setting process.

5.4 The temporary accommodation charge for 2023-24 will be as follows:

Property size	1 bedroom	2 bedrooms	3 bedrooms
Temporary accommodation charge per week	£240.74	£251.74	£263.19

5.5 The Council will comply with legislative and statutory guidance as detailed above and in Section 4 of the policy and will strive to ensure that the temporary accommodation provided corresponds with the financial means of homeless households. A key aim of the revised policy for temporary accommodation is that it seeks to ensure that temporary accommodation is affordable to all. The Council will ensure that it:

- considers the ability of the household to pay the temporary accommodation charge;
- considers if the temporary accommodation charge is affordable for the household; and
- will assist the household to maximise their income via entitlement to benefits.

5.6 The Council will charge every household the same temporary accommodation charge, regardless of income. However in recognition of affordability for households, such as those who are working and not in receipt of benefits, the Council will continue to only recover an amount which it deems it can reasonably be expected to collect. When determining what a reasonable sum for recovery is, the size of property and the financial circumstances of the individual household will be considered. In setting a reasonable recovery amount, it is proposed that the baseline rent, plus 25% of the homeless service charge, will be a reasonable and affordable amount:

Property size	1 bedroom	2 bedrooms	3 bedroom
Restricted temporary accommodation charge per week	£106.46	£117.46	£128.91

5.7 It is proposed that the following transitional arrangements are applied in order to mitigate against any financial impact for current tenants living in temporary accommodation:

- if an existing tenant advises of an adverse financial impact due to the change, they will be provided with financial assistance. It is anticipated that this will have limited budgetary implications given the tenancy turnover rate in temporary accommodation (<6 months);
- when a property becomes void, it will be relet in line with the temporary accommodation charge, as set out in the policy. From implementation of the policy, all new tenants will commence on the updated charging arrangements.

5.8 Financial analysis projects that, following relevant deductions for void periods and debt provision, the policy changes will enable the service to make savings of £135k in the year ahead, which will help achieve the £230k savings identified in the Housing Revenue Account annual budget report to the special meeting of Moray Council on 1 March 2023 (Paragraph 7 of the Minute refers). It should be noted that the additional income will be dependent on tenants paying the temporary accommodation charge in full and where this does not happen, arrears recovery action undertaken to achieve maximum recovery.

6. CONSULTATION

6.1 It is proposed that a consultation exercise on the revised Temporary Accommodation Charging Policy is undertaken, providing homeless households and other relevant stakeholders with the opportunity to provide feedback.

6.2 The consultation process will involve:

- publication of the revised Temporary Accommodation Charging Policy, along with an easy to read policy, on the Council website;
- developing an online survey available on the Council's website and publicising it across the Council's social media platforms;
- contacting relevant stakeholders and requesting feedback, including:
 - tenants living in Moray Council temporary accommodation;
 - Register of Interested Tenants;
 - Moray Tenant's Forum; and
 - other relevant stakeholders

6.3 The consultation feedback will inform the policy development process. Following analysis and consideration of comments received, a further progress report with the outcome of the consultation process, along with a final Temporary Accommodation Charging Policy, will be presented to this Committee on 12 September 2023.

7. TEMPORARY ACCOMMODATION PROVISION

7.1 The Rapid Rehousing Transition Plan (RRTP) was presented to the Housing and Community Safety Committee on 6 September 2022 (Paragraph 8 of the Minute refers). The Council, along with its partners, are delivering a range of actions to deliver a preventative approach to reduce the number of people presenting as homeless while continually reconfiguring temporary accommodation provision. Central to this is the ongoing requirement to reduce reliance on temporary accommodation by supporting people to keep

the home they have or finding suitable permanent homes more quickly and reduce the time that homeless applicants occupy temporary accommodation.

7.2 The Service continues to review and reconfigure the supply of temporary accommodation in order to address the peaks and troughs in demand whilst meeting the needs of homeless households and ensuring that length of stay in temporary accommodation is minimised. Any increase in homelessness will directly impact on temporary accommodation, not only an increased pressure for accommodation provision but also the temporary accommodation budget.

7.3 As at 30 April 2023, there were 107 units of temporary accommodation, as follows:

Landlord	1 bed	2 beds	3 beds	Total
Council	21	59	14	94
RSL	8	5	0	13
	29	64	14	107

The total number of households accommodated in temporary accommodation shows a greater reliance on Council properties however this option continues to offer the Council best value both in terms of cost and flexibility.

8. FUTURE CONSIDERATIONS

8.1 As part of its approach to homeless prevention, the Scottish Government, aims to ensure that all homeless households spend the shortest possible time in temporary accommodation before moving to settled accommodation.

8.2 The Scottish Government has committed that it will work with its partners to identify ways to reduce the number of people living in temporary accommodation, including taking account of the recommendations and report by its Temporary Accommodation Task and Finish Group, published on 31 March 2023. This included a recommendation that further work on the cost and financing of temporary accommodation is required. Particularly that the Scottish Government should review the guidance to local authorities on setting charges for temporary accommodation by clearly defining the terms “reasonable charge” and “affordable”.

8.3 Following an extensive consultation exercise in 2021-2022, is anticipated that the Scottish Government will introduce legislation to strengthen homelessness prevention in the forthcoming year. The anticipated proposals include:

- introducing new duties on public bodies and landlords to prevent homelessness, particularly by asking and acting on a risk of homelessness;
- extending the duty to take reasonable steps to prevent homelessness up to six months before it occurs; and
- maximising the housing options available to people and prescribing what actions and reasonable steps may include, including steps to meet the needs of specific groups.

8.4 During the consultation, concerns were expressed that the proposals may result in an increase in the number of homeless referrals, which in turn would

mean an increase in demand for temporary accommodation and an increase in the associated costs, placing the budget under greater pressure.

- 8.5 Officers will continue to monitor the situation and respond accordingly and will update Committee on any implications that these proposals may have for the Temporary Accommodation Charging Policy.

9. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP)) identify the need to address the shortage of affordable housing and tackle homelessness. The Homelessness Policy will assist the Council to meet its strategic priority within the Local Housing Strategy which is “to prevent and alleviate homelessness.”

(b) Policy and Legal

The Temporary Accommodation Charging Policy will be subject to detailed consultation and further reporting to this committee in the course of the year. There are no legal implications arising from this report.

(c) Financial implications

The temporary accommodation budget continues to operate under pressure. Although the Temporary Accommodation Charging Policy is intended to minimise any risk and deliver savings identified at Section 5.8, Officers will ensure that budgets continue to be closely monitored and reviewed in future years.

(d) Risk Implications

Any increase in homelessness will directly impact on temporary accommodation, not only an increased pressure for accommodation but also the potential to increase the level of arrears.

There is a continued need to reconfigure the Council's supply of temporary accommodation and ensure that the length of stay in the accommodation is minimised. The Housing Needs Manager will be responsible for ensuring that the Council has the correct level and type of accommodation, alleviating the need for bed and breakfast accommodation, where possible, and that income from the for Temporary Accommodation Charging Policy is maximised.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

An Equalities Impact Assessment on the revised Temporary Accommodation Charging Policy will be completed following consultation

with service users and key stakeholders and any issues will be presented to this Committee in September 2023.

(h) Climate Change and Biodiversity Impacts

There are no climate change/biodiversity impacts arising from this report.

(i) Consultations

Consultation on this report has taken place with the Head of Housing and Property, Housing Needs Manager, Supported Accommodation Manager, Housing Strategy and Development Manager and Officers within the Housing Service and with the Chief Financial Officer, Alistair Milne (Accountant), Norma Matheson (Benefits Manager) Georgina Anderson (Legal Services Senior Solicitor) and Lindsey Robinson (Committee Services Officer) have been consulted and any comments have been incorporated into the report.

10. CONCLUSION

10.1 This report presents a revised Temporary Accommodation Charging Policy for consideration and seeks approval to consult with stakeholders.

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Background Papers:	Held by author
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