



Bed and Breakfast and Emergency Temporary Accommodation Charges

Report by the Executive Head of Housing Health and Community Safety

1.0 Summary

- 1.1 The Cabinet Member for Regeneration is asked to approve an increase in Bed and Breakfast and Emergency Temporary Accommodation charges to the level of the Housing Benefit cap, effective from 1st February 2009. This is to counteract the increasing cost of bed and breakfast and other temporary accommodation and the growing demand for it and will bring Adur into line with most other neighbouring authorities.
- 1.2 At present the amount charged for either emergency temporary accommodation or bed and breakfast is £117.63 per week (the Housing Benefit threshold). It is proposed to charge at the Housing Benefit cap of £208.18 per week. The likely financial effects of these charges are set out below.
- 1.3 The Cabinet Member is also asked to consider whether to increase rent levels of private sector leased properties to the level of the relevant Local Housing Allowance figure, as set out in section 6 below.

2.0 Background

- 2.1 Adur presently uses a number of forms of temporary accommodation in order to meet its duties under homelessness legislation. Emergency temporary accommodation and bed and breakfast are used principally as short term placements either while investigating whether a long term duty to house exists for the council, or where a longer term placement is awaited. It can also be used as a temporary short term placement for households who may be intentionally homeless or for which there are no longer term responsibilities for other reasons.
- 2.2. Legislation states that households with dependent children may not be placed in ordinary bed and breakfast for longer than six weeks. There is an intention to introduce this rule for single vulnerable people also. The Council have therefore developed relationships with owners of properties where the rooms have their own cooking facilities and their own bathrooms and are thus more self contained. This is what is known as "emergency temporary accommodation" (ETA). The Council attempts to keep the same rules about households with children in this accommodation and seeks to restrict the maximum stay to six weeks also, although

this is purely voluntary. These units are on a block booking for the authority, as other units in the same buildings are with Worthing and other Councils.

2.3 Other forms of temporary accommodation are private sector leased properties, a few short term properties in the Council's stock, and the shared accommodation at 7/9 Albion Street. Until April 2008 there were also the 37 mobile homes at Golden Sands in Lancing. The Council, in common with others, also has a target to reduce the amount of temporary accommodation by 50% between December 2004, and March 2010. There were 156 households in all forms of temporary accommodation in December 2004, and the target is therefore to reduce this to 78 by March 2010. The current figure is 100, which is more or less on target. However, of these 100, a growing proportion are in either bed and breakfast or ETA, because of the run down of Golden Sands, and also because of the rise in the number of people coming to the Council for help but where the Council is unable to meet their need through prevention or housing options work.

2.4 The following table, of the numbers of households placed in bed and breakfast / ETA in each quarter shows how the numbers have increased recently:

End of Quarter	ETA	ETA	B & B	B & B
	Families	Single	Families	Single
30/6/07	11	2	22	15
30/9/07	10	3	17	19
31/12/07	18	1	17	7
31/3/08	29	6	26	16
30/6/08	27	0	27	23
30/9/08	27	1	13	23

2.5 The average cost to place a family of two adults and two children in ETA or B & B respectively is £380 and £395. This is the discounted rate that the Council is able to benefit from for block booking this type of accommodation 6 monthly in advance. At the present moment there are 10 households in bed and breakfast, and 14 in emergency temporary accommodation.

2.6 In 2008/09 the Council's budget for both these forms of temporary accommodation was £142,400 for the year, with an estimated £65,000 income giving a net cost to the authority of £77,400. Because of the demand for such accommodation, the costs at the midway point of the year had reached £183,512, with income of £90,157, giving a potential deficit for the whole year of £186,710

2.7. The income in this case in more or less all cases comes from Housing Benefit payments, as the bulk of such occupants are eligible for Housing Benefit. The charge in the past has been up to the Housing Benefit "threshold" of £117.63 per week in recent years. Whether self-contained emergency temporary accommodation or bed and breakfast, if the charges to occupants are kept at this level then government Housing Benefit subsidy is available on the whole of the benefit paid out, which means that there is no loss to the Council on HB paid out. This figure is of course nowhere near the figure charged to the Council by the bed and breakfast owner, hence the deficit referred to in 2.6. above.

3.0 Proposals

- 3.1 It has been assumed for the purposes of this exercise that for the immediate future, the number of people in bed and breakfast and ETA is likely to remain constant. The increase in numbers referred to earlier is something which is fairly common across the south east as a whole at present.
- 3.2 At the end of November all households in either bed and breakfast or ETA were entitled to Housing Benefit.
- 3.3 To increase the charge made for this accommodation to the HB cap of £208.18 per week would mean an increase in income of £90.55 per week per placement to the authority. It would be likely that in the event of such a significant increase in the charge that most if not all households paying their own way now (should there be any) would be eligible for housing benefit as a result and therefore no worse off than now.
- 3.4 There is however an important difference between what would happen with Housing Benefit subsidy for the two differing types of accommodation. For bed and breakfast, where the rooms are not self-contained, any increase in charge between the HB threshold (as now ie £117.63 per week), and the HB cap (ie £208.18 per week) would only attract government Housing Benefit subsidy of 10%. In other words, the Council could pay out the HB to the tenant at the higher rate, but it would only recoup 10% of the extra between the threshold and the cap figures. Nevertheless, there would be a net gain of £9.05 per week per placement for the authority.
- 3.5 However, for the self-contained emergency temporary accommodation, the HB subsidy rules are different, and the whole of any increase between the threshold and the cap would be eligible for HB subsidy. This means that the Council would gain the whole of the effect of the increase of £90.55 per week.
- 3.6 On the current levels of occupation of bed and breakfast and ETA, assuming these were the same for the whole year, and assuming the cost of the placement was at or above the HB cap figure, this would give net increased income in a full year as follows:

10 bed and breakfast placements	@ £ 9.05 pw x 52 =	£ 4,706
*14 ETA placements	@ £90.55 pw x 52 =	£ 65,920
		=====
Total increased income p.a.		£ 70,626

(*Could be more as we occasionally have to use Seafield Road/Norton Road as well.)

- 3.7 If the new charges were brought into effect from w/c 2nd February 2009, there would be increased income for the current year of £ 12,223 (£1358 per week) to offset the likely budget deficit for the year.
- 3.8 This would require the agreement of the Housing Benefit Manager, currently done via Census, and this is still awaited at the time of writing.

3.9 Ineligible charges for heating, hot water and/or lighting, water rates and breakfast would also apply. These charges, where applicable, would be as follows:

Heating, hot water and/or lighting	£9.26
Water rates	£1.00
Breakfast (rate per person)	£2.65

These are the same as the ineligible charges applied by Worthing Council and would ensure that households of both Councils are charged the same for these facilities.

3.10 The proposal was initially contained in the High Level Business Case for Housing and Environmental Health Services for Adur and Worthing Councils, considered at the Joint Overview and Scrutiny Committee on 23rd October 2008. This particular proposal was discussed at some length at the time and therefore it has not been referred back to the Overview and Scrutiny Committee again. The Business Case was agreed by the Joint Strategic Committee on 28th October.

4.0 Legal

4.1 There is a legal duty under the Housing Act 1996 as amended to accommodate households to whom a duty is owed under the Act, or to accommodate in the interim while investigations take place as to whether such a duty is owed. This can be discharged at least in the short term through the use of bed and breakfast accommodation or ETA, subject to the time limits referred to under 2.2. above.

5.0 Financial implications

5.1 As described above, the proposals will have the effect of increasing the income received by the Council, and will bring the Council into line with Worthing Borough Council, who have adopted a similar charging policy. This is especially noticeable at those establishments used by both Councils, but where a Worthing-placed family is charged significantly more than a similar Adur-placed family.

5.2 The proposed budget for 2009/10 for this area of work is as follows, assuming the increase is agreed:

5.3 In budgetary terms, the new charges will mean that in 2009/10, assuming expenditure stays at the same level as for 2008/09, the net budget will look like this:

Expenditure:	£367,024
Gross income from Housing Benefit: £259,808, (based on 24 cases @ 208.18 pw x 52 weeks)	
Net cost:	£107,216

However, this will be offset by the reduction in the HB subsidy the Council will be eligible for on the element between the HB threshold and the HB cap for the bed and breakfast placements made. Assuming 10 at any one time, this would be in the order of 10 placements x 52 weeks x £81.50 = £42,380 .

6.0 Additional proposal: private sector leased properties

6.1 The Cabinet Member may also wish to consider whether it would be appropriate to extend the same charging regime to the non-HRA private sector leased properties managed by the Council. These are presently charged at or just under the Local Housing Allowance for the particular sizes of property, as set out in previous reports to the Housing and Central Services Committee, as follows:

4 x 1 bed properties: £ 120 per week (lower LHA figure: £121.15 pw)
30 x 2 bed properties: £ 145 per week (lower LHA figure: £ 160.38 pw)
20 x 3 bed properties: £ 174 per week (lower LHA figure: £190.38 pw)

To further complicate this calculation, the private rented sector LHA figures applicable in Adur will vary because half the district east of the river falls into the Brighton and Hove LHA area, and the other half falls into the West Sussex Coast LHA area, where the LHA payable for the same size accommodation is less. For ease of argument, the lower of the two LHA figures has been taken.

6.2 Increasing rents on all these properties to the lower LHA figure would increase gross revenue by an estimated £41,267 per annum in addition to the above. This is made up as follows:

6.3

1 bed properties:	4	x	(121.15	-	120)	x	52	=	£239.20
2 bed properties:	30	x	(160.38	-	145)	x	52	=	£23,992.80
3 bed properties:	20	x	(190.38	-	174)	x	52	=	£17,035.20

Such a rent increase, if approved, would be a 1% increase for 1 bedroom properties, a 10.6% increase for 2 bedroom properties, and a 9.4% increase for 3 bedroom properties. This compares with a potential 6.7% increase for HRA tenants. However, it must be recognised that these are potentially quite long term arrangements which can last for up to two years, and for tenants who pay their way at present, it may be cheaper for them to rent in the private sector.

6.4 It may be more appropriate to leave the 1 bedroom properties' rents as they are, to keep them just below the HB threshold, and increase those of 2 and 3 bedroom homes by the same percentage as HRA properties. If this is 6.7% this would ensure a net increase in income of £27,279 over the course of the year. Rents would be £154.71 for a 2 bed property, and £185.66 for a 3 bed property.

7.0 Recommendation

7.1 The Cabinet Member is recommended to agree to increase the charges for bed and breakfast, and emergency temporary accommodation, from the existing £117.63 per week to £208.18 per week with effect from the earliest possible date following the decision being made.

7.2 The Cabinet Member is also invited to consider whether to increase the rents of non-HRA private sector leased properties in the Council's management from April 2009, to either of the levels suggested in 6.1 or 6.4 above, and/or to make an appropriate recommendation to the Cabinet.

Local Government Act 1972

Background Papers:

High Level Business Case for Housing and Environmental Services: Joint Overview and Scrutiny Cttee 23rd October 2008, Joint Strategic Committee 28th October 2008.

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Appendix

1.0 Council Priority

- 1.1 1: To protect and enhance priority services: by providing cost-effective services.
4: Support and contribute to the health safety and wellbeing of the area: through targeting inequalities by ensuring effective temporary housing available.

2.0 Specific Action Plans

- 2.1 Maximise income levels as per Housing and Environmental Health Services business case

3.0 Sustainability Issues

- 3.1 Matter considered and no issues identified

4.0 Equality Issues

- 4.1 Matter considered and no issues identified

5.0 Community Safety issues (Section 17)

- 5.1 Matter considered and no issues identified

6.0 Human Rights Issues

- 6.1 Matter considered and no issues identified

7.0 Reputation

- 7.1 Matter considered and no issues identified

8.0 Consultations

- 8.1 Matter discussed at Joint Overview and Scrutiny Committee 23rd October 2008 during discussion of Housing and Environmental Services High Level Business Case.

9.0 Risk assessment

- 9.1 Matter considered and no issues identified

10.0 Health & Safety Issues

- 10.1 Matter considered and no issues identified

11.0 Procurement Strategy

- 11.1 Matter considered and no issues identified

12.0 Partnership working

12.1 Matter considered and no issues identified