

Item No. N/A	Classification: Open	Date: 18 April 2017	Meeting Name: Deputy Leader and Cabinet Member for Housing
Report title:		Variation in Temporary Accommodation Charges for Private Sector Leased and Self-contained properties 2017-18	
Ward(s) or groups affected:		All Wards	
From:		Gerri Scott, Strategic Director of Housing and Modernisation	

RECOMMENDATIONS

1. That the deputy leader and cabinet member for housing agrees the retrospective variation in charges for private sector leased and self-contained properties with effect from 3 April 2017.
2. That the deputy leader and cabinet member for housing notes the removal of the Temporary Accommodation Management Fee (TAMF) and replacement grant funding through Flexible Homelessness Support Grant with effect from 3 April 2017.

BACKGROUND INFORMATION

3. The council has statutory powers and duties to provide temporary accommodation to homeless applicants under Part VII of the 1996 Housing Act. Southwark council uses a variety of accommodation types for this purpose, the rates for which are predominantly set in accordance with Local Housing Allowance (LHA) rates based on the January 2011 Department of Work and Pensions (DWP) circular relating to housing benefit claimants. This was subsequently updated by *Temporary Accommodation in Housing Benefit and Universal Credit Circular (HBA9/2014)* issued by DWP on 31 March 2014. LHA rates vary dependent on region and size of property (1 to 4+ bedrooms). Charges are capped at 90% of the LHA rate plus a £40 management fee, all of which is invariably covered through housing benefit/universal credit as the vast majority of tenants are eligible for support.

KEY ISSUES FOR CONSIDERATION

4. In the normal course of events any variation in LHA rates or other charges would be agreed through the fees and charges report, either by IDM or as most recently, by cabinet on 7 February 2017, as part of the council's over-arching budget report for 2017-18. However, at the time of compilation of the fees and charges report, the council was awaiting confirmation from DWP on possible changes to the LHA rates and on new funding arrangements for temporary accommodation. Therefore, in the absence of definitive guidance, the prevailing charges were carried through to the new-year as an interim measure.
5. The change in funding arrangements and removal of the TAMF had been previously mooted as part of the 2015 Spending Review, Autumn Statement, which indicated that benefit subsidy paid by DWP to local authorities on a per household basis would end. Alternative funding would be made available to providers through a new grant to enable

better management of temporary accommodation pressures. This would allow councils greater flexibility to prioritise homelessness prevention rather than meeting the cost of accommodation once a household is already homeless.

6. On 15 March 2017 the Department of Communities and Local Government (DCLG) confirmed the removal of the TAMF from April 2017 and announced replacement funding through a fixed grant known as Flexible Homelessness Support Grant. This was confirmed by the publication of the DWP circular *Removal of Temporary Accommodation Management Fee in Housing Benefit Subsidy from 1 April 2017 (HB S5/2017)* on 22 March 2017.
7. It is regrettable that the technical details were not made available in time to enable the changes to be incorporated in to the council's normal decision-making cycle in February. It is now necessary to write to this cohort of tenants advising of the variation and to seek retrospective approval of the change. Given it represents a reduction, it is not thought likely to cause any issues or give concern to tenants and in anticipation of the approval, action has already been taken to amend week 1 rent charges to minimise any impact on benefit entitlement/payment.

Financial implications

8. The table below sets out the existing and new charges for those categories of temporary accommodation governed by Local Housing Allowance rates.

Bedroom size	2016-17 Rates	2017-18 Rates
1	£211.34	£171.34
2	£268.47	£228.47
3	£310.00	£270.00
4+	£413.84	£373.84

Note. 2016-17 rates are at 90% of 2011 LHA plus £40 p/w, whereas 2017-18 rates exclude the £40.

9. Overall, £377.3 million has been made available to councils across England over the next two years (up to 2018-19). Whilst funding is expected to continue beyond this period, there is no indication/guarantee as to the level of funding available. Southwark's grant allocation is £2.67 million in 2017-18 and £3.16 million in 2018-19.
10. As at April 2017, there were approximately 168 private sector leased and 386 self-contained nightly paid properties impacted by the change. For Southwark, the removal of the management fee element is estimated to reduce housing benefit subsidy income by circa £1.15 million in a full year (at existing caseload). In addition, dependent on the individual management agreements in place, the council will be required to pay providers the equivalent of the TAMF element until such time as it is able to renegotiate terms and conditions voluntarily with providers or until the agreements expire, after which the change will be subsumed within the new contractual terms. There are 131 properties currently contracted with providers at an estimated cost of £270k annually.
11. It should be recognised that there is a risk going forward as costs are entirely dependant on caseload volumetric and the type/mix of accommodation that the council is able to procure. However, it is anticipated that costs will be contained within the grant allocation available over the next two years and enable even greater focus to be directed towards prevention measures, for which Southwark already has an enviable reputation and rates highly amongst council's in England and the highest in London.
12. The government has also brought in a number of other measures over the last few

months to promote homeless prevention and Southwark has benefitted from additional funding allocations through the Homelessness Prevention Trailblazer Scheme (£1 million over two years), and the Rough Sleeping Prevention Scheme (£393k over three years). A report will be presented to the deputy leader and cabinet member for housing during May 2017, setting out a range of initiatives to be developed to reduce the number of homelessness households living in expensive and inappropriate temporary accommodation and to further increase the number of clients prevented from becoming homeless in the future.

Community impact statement

13. Users of temporary accommodation services are potentially likely to be of higher than average vulnerability for a variety of potential reasons. However, given the removal of the Temporary Accommodation Management Fee (TAMF), tenants in private sector leased and self-contained properties will see a reduction in rental charges of £40 pw. Action has already been taken to minimise any impact on benefit entitlement/payment and therefore this change is not deemed detrimental to this client group and unlikely to cause any issues or give concern.

Consultation

14. Consultation on the proposed variation in temporary accommodation charges is not a statutory requirement; however, in order to avoid any confusion, it is proposed to notify all affected tenants of the decrease.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

15. As indicated in the report the council has powers and duties to provide temporary accommodation to homeless applicants under Part VII of the Housing Act 1996. Under section 206 of the Housing Act 1996, as amended, the council has power to require a person to whom they are discharging their housing functions under Part VII of the Act (Homelessness), to pay such reasonable charges as the council may determine in respect of the accommodation.
16. The report recommends that charges made for private sector leased and self contained properties be decreased. Although the Housing Act 1985 only requires, in the case of its non-secure tenants, four weeks written notice of rent increases, written notice of the proposed decrease should be provided, for transparency, to occupants. The report confirms that this will be done.
17. Under Part 3D of the council's constitution, agreement of changes to existing fees and charges is reserved to individual cabinet members for decision-making where the fees and charges are within their area of responsibility; temporary accommodation charges are within the portfolio of the deputy leader and cabinet member for housing.

Strategic Director of Finance and Governance (H&M17/004)

18. This report seeks retrospective approval to vary the charges in respect of private sector leased and self contained properties used for temporary accommodation following confirmation from DWP of Local Housing Allowance rates for 2017-18 and the introduction of a new grant funding regime to replace the withdrawal of the Temporary Accommodation Management Fee (TAMF) with effect from April 2017.

19. Given the timing of the announcement it was not feasible to set the rates at the correct level and this report seeks to correct that situation. The budgetary implication of the change in funding was anticipated to an extent and will be contained within the new grant allocation available. Based on existing caseload, resources will remain available to fund new prevention initiatives designed to reduce future homeless demand and reduce temporary accommodation costs going forward.
20. Funding is currently confirmed for two years (2017-18 and 2018-19) and whilst it is expected to continue, there is currently no indication as to the level of funding that will be available nationally or for Southwark specifically and will need to be factored into the council's budget planning for 2019-20.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
2017-18 Fees and Charges report http://moderngov.southwark.gov.uk/documents/s66532/Appendix%20H%20Proposed%20Fees%20and%20Charges.pdf	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695
DWP Circular HB S5/2017 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/602502/s5-2017.pdf	160 Tooley Street PO Box 64529 London SE1P 5LX	Jennifer Seeley 020 7525 0695

APPENDICES

No.	Title
None.	

AUDIT TRAIL

Lead Officer	Gerri Scott, Strategic Director of Housing and Modernisation	
Report Authors	Ian Young, Departmental Finance Manager, Housing and Modernisation and Ian Swift, Service Manager Housing Solutions, Housing and Modernisation	
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CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	Yes	No
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