

Report to Portfolio Holder for Life Chances and Vulnerability (Benefits, Homelessness, Refugees and Resettlement)

Subject: Temporary Accommodation Rental Charge Review

Date: 17 June 2024

Author: Housing and Welfare Manager

Wards Affected

Borough-wide

Purpose

To seek approval to standardise the methodology for charging rents on all accommodation currently owned or leased by the Council that is used as Temporary Accommodation (TA) and to introduce set charges for those clients placed in bed and breakfast and other nightly charged accommodation.

Key Decision

This is not a key decision.

Recommendation(s)

- a) Agrees to standardise the rent levels charged for all Council owned and leased temporary accommodation from the 1 April 2024 to ensure a consistent approach and methodology to rental charges for 1, 2 and 3 bedroom properties.**
- b) Agrees that the weekly rent level charged should be set by applying the relevant Local Housing Allowance rate as of 1 April 2024.**
- c) Agrees to introduce a weekly maintenance service charge of £10.00 per week for all Council owned and leased accommodation.**
- d) Agrees that 4 weeks' notice is given in writing to current tenants informing them of the new rent levels.**

- e) **Agrees that all new tenants placed in temporary accommodation are charged the new rental levels immediately.**
- f) **Reconfirms that households that are not entitled to or do not claim Housing Benefit (HB) when placed in bed and breakfast accommodation or other nightly charged accommodation, are automatically charged a weekly rent of £98.08.**
- g) **Reconfirms where the household does not receive the full entitlement of HB, a weekly rent amounting to the difference in their HB entitlement and the full rent of £98.08 is administered.**

1 Background

- 1.1 Cabinet approved in March 2023 the purchase of a further 7 units to enhance the current TA stock levels and reduce the reliance of bed and breakfast and other nightly chargeable style accommodation.

The Council currently has 29 units of TA at its disposal to accommodate households who are homeless or at risk of becoming homeless.

The Council currently owns 21 of these 29 TA properties and leases the remaining 8 units. Appendix 1 outlines the current rental charge and ownership of the TA stock including the number of bedrooms.

A third Nottinghamshire County Council (NCC) bungalow is also in the process of being leased, meaning once this is secured a total of 30 properties will be available. Appendix 1 provides details of these 30 units.

- 1.2 Historically, TA rent levels have been set giving regard to:

- **The maximum levels of Housing Benefit (HB) subsidy that could be reclaimed.**

and

- **The Local Housing Allowance rates.**

- 1.3 Local authorities use Local Housing Allowance (LHA) rates to calculate HB entitlement for tenants renting from private landlords. LHA rates relate to an area in which a claim is made, these areas are called Broad Rental Market Areas (BRMA).

A BRMA is where a person could reasonably be expected to live, taking into account access to certain facilities and services.

- 1.4 BRMAs are not the same as local authority areas, normally one BRMA can cover a number of councils.

There are currently 2 BRMAs located within the Gedling Borough Council boundary, the **Nottingham** and **North Nottingham** BRMAs.

- 1.5 LHA rates are calculated by the Valuation Office Agency (VOA). Rent Officers collect rental information from letting agents, landlords, tenants, and other sources. LHA rates are based on private market rents being paid in the BRMA which can differ from advertised rents.

This data does not include all rents that might exist in each BRMA. In accordance with Department for Works and Pensions (DWP) legislation, Rent Officers are tasked with collecting a sufficient sample from the 12-month period.

- 1.6 The table below outlines the April 2020 LHA rates that have been frozen up to March 2024 for each of the relevant BRMA areas:

BRMA	Shared room rate	One bedroom rate	Two-bedroom rate	Three-bedroom rate	Four-bedroom rate
Nottingham	£80.55	£108.16	£126.58	£143.84	£184.11
North Nottingham	£66.50	£80.55	£103.56	£109.32	£155.34

There are currently no TA properties located in the North Nottingham BRMA. This BRMA area covers properties predominately located in the Linby, Papplewick, Ravenshead and Newstead Village areas of the Borough.

- 1.7 It was announced in the Autumn Statement 2023 that LHA rates will increase from April 2024. These new rates are listed below, and it is proposed to set the Councils TA accommodation rents giving regard to these revised rates.

BRMA	Shared room rate	One bedroom rate	Two-bedroom rate	Three-bedroom rate	Four-bedroom rate
Nottingham	£87.45	£126.58	£149.59	£172.60	£223.23
North Nottingham	£78.00	£102.41	£126.58	£134.63	£186.41

- 1.8 The current weekly rental charges for each TA property are detailed in Appendix 1. Rents have previously been set at the time of the property being purchased or leased and having regard to the HB subsidy and LHA rates at that time. This has been the contributing factor as to why TA rents for similar size accommodation are currently not aligned.
- 1.9 TA properties are let on a licence and not a tenancy basis. Tenants are assisted to move to suitable and affordable permanent accommodation as properties become available.
- 1.10 Rent levels are calculated on a weekly basis but charged at a daily rate, meaning tenants are only liable for the exact dates they reside at the property.
- 1.11 HB can be claimed by any households placed in TA by the Council. This is paid directly to the Council.

However, the subsidy arrangements and funding streams are different depending on the type of accommodation provided.

Housing Benefit subsidy arrangements for Council owned property

- Up to 100% HB subsidy can be claimed on accommodation owned by the Council. This includes eligible services charges included in the rental charge such as maintenance costs.

Housing Benefit subsidy arrangements for accommodation leased to the Council for a period exceeding 10 years.

- Up to 100% HB subsidy can be claimed on accommodation leased by the Council for periods exceeding 10 years. This includes eligible services charges included in the rental charge such as maintenance costs.

Housing Benefit subsidy arrangements for accommodation leased to the Council for a period up to 10 years.

- Homelessness accommodation leased to a Council for a period of up to 10 years will only receive HB subsidy at 90% of the appropriate property size LHA rate as at the January 2011 level. This is irrespective of the actual rent and service charges required for the property. Nevertheless, where the customer is entitled to maximum HB, no cap is imposed, and the full rental payment will be made to the Housing Options Team and subsequently paid onto the individual customers rent account meaning the customer does not need to make any financial contribution towards the property. Therefore, it is only the subsidy claimed back by the Council from the DWP for all HB payments administered for this type of lease arrangement that will be restricted to 90% of the appropriate LHA rate. Details of the impact of this

subsidy restriction are explained further in paragraph 4.2 of this report.

Housing Benefit subsidy arrangements for bed and breakfast and other nightly charged accommodation

- Bed and breakfast and other nightly charged accommodation is used as emergency accommodation when the Council has none of its owned or leased TA available. The Council is charged a daily rate for those households it places, based on the size and style of accommodation required. The nightly rates will differ from supplier to supplier and are agreed prior to confirming the booking.
- Part of this expenditure can be reclaimed via HB contributions. Under the HB regulations a weekly maximum rate of £98.08 (the one-bedroom rate of LHA as of January 2011) can be claimed if the household is eligible. However, it is essential the household makes a claim for HB once they are placed in the accommodation.
- Where a household is entitled to the £98.08 HB contribution for bed and breakfast accommodation, there are currently no additional service or support charges incurred by that household.

Management Fees

A management fee was initially applied to the rent levels charged on the properties leased from Derwent Housing Association. HB can pay all eligible service charges and management fees.

However, changes to the Benefit subsidy arrangements meant that any management fee charged could no longer be reclaimed via HB contributions. Although the management fee itself was removed and no other service charges were included in the rent, the total rent charged remained at the same level as it was when the management fee was included. This is the reason why the four Derwent Housing Association properties rents are charged higher rents than for other similar size TA units.

Details of all the above subsidy arrangements and subsequent removal of previously claimed management fees are detailed in the HB circular **S5/2017**.

Eligible Service Charges

Service charges are payable by tenants for services such as repairs, maintenance, insurance and management costs. An eligible service charge is a charge that can be claimed from Housing Benefit contributions, whereas an ineligible service charge cannot. This means a tenant is liable to pay their landlord directly for any ineligible service charges incurred. The proposed £10 maintenance fee is an eligible service charge and therefore can be fully included in the assessment of Housing Benefit. For those customers who are not in receipt of Housing Benefit, this service charge forms part of their normal weekly rent which is payable directly to the Council.

2 Proposal

2.1 Due to the inconsistent rent levels currently charged for the same size TA properties and as the weekly rents have not been reviewed or been subjected to an increase for numerous years, it is proposed to:

- **Standardise the rents for each property either owned or leased by the Council based on the LHA rates as of April 2024.**
- **Introduce a fixed weekly maintenance service charge of £10.00 per week for all Council owned and leased accommodation to cover the increasing ongoing maintenance charges associated with this type of accommodation.**
- **Ensure all rents charged for Council owned or leased accommodation are divisible by 7 to accurately calculate a daily charge as tenants can move out of TA on any day of the week once suitable move-on accommodation has been secured. When a calculated rent is not divisible by 7, then that charge should be rounded down until this calculation can be established.**
- **Charge all households placed in bed and breakfast or nightly charged accommodation £98.08 per week rent (£14.01 per day). This is the full amount that can be reclaimed in HB contributions. Alternatively, where individuals are not entitled to HB or refuse or fail to claim the allowance, they will be invoiced £14.01 for every day of their placement.**

3 Alternative Options

- 3.1 An alternative to the proposal at paragraph 2.1 would be to keep the Council owned and leased rents at their current levels. This option would not standardise the current rents meaning properties with the same number of bedrooms would continue to be charged different rates.
- 3.2 Alternatively, another option would be to increase the Council owned and leased rents proposed in paragraph 2.1 using May 2024 inflation rate of 2.0%.

4 Financial Implications

4.1 Impact on Housing Rents

Due to the increasing costs the Council is facing, the TA rents have been reviewed.

These rents have not increased for several years, and the proposed increase will be offset by an increase in HB payments.

The Council will be eligible for up to 100% HB subsidy on the rent levels charged for properties it owns and those properties it leases for a period exceeding 10 years. This includes the proposed eligible maintenance service charge.

However, on properties in which the Council leases for a period under 10 years, projected to be 5 units during 2024/25, will only be eligible to receive up to 90% of the LHA rate, unchanged since January 2011, for that class of property irrespective of the rental charge and service charge administered.

The proposed rents are presented in Appendix 2 and the overall impact is as follows:

Property Type	No. Beds	No. of Properties	Annual Income (Current)	Annual Income (Proposed)	Variance
House	1	2	-£11,248	-£14,203	-£2,955
Flat	2	9	-£58,320	-£74,660	-£16,340
House	2	7	-£46,075	-£58,069	-£11,994
House	3	9	-£63,336	-£85,438	-£22,102
Bungalow	3	3	-£22,439	-£28,479	-£6,040
		30	-£201,418	-£260,850	-£59,432

4.2 Impact on Housing Benefit Subsidy

Currently the Council can claim up to 100% HB subsidy (depending on whether the customer receives full HB) on properties in which it owns (when all properties are purchased this will total 21 units). Therefore, any rental increases will not impact the HB subsidy in those instances.

The Council currently has long term leases on 4 properties exceeding 10 years. For these properties the Council can again claim 100% HB subsidy. (depending on whether the customer receives full HB)

The remaining 5 properties are leased to the Council on 2-year contracts. In these circumstances the Council can only claim up to a maximum of 90% on the Local Housing Allowance (LHA) Rate. The impact on these is analysed below:

Table 2. Impact on Housing Benefit Subsidy		
Weekly rates	3 Bed (Current)	3 Bed (Proposed)
HB Paid	£126.92	£182.56
HB Subsidy	-£114.23	-£114.23
Total	£12.69	£68.33
No of Properties	5	5
No of Weeks	52	52
Annual Impact	£3,299	£17,766
Subsidy impact	£3,299	£17,766
Total Subsidy Impact on proposed increase		£14,467

4.3 Summary of impact on current Temporary Accommodation housing stock

Reviewing the current housing stock, the benefit of increasing the rents would be as follows:

Table 3. Impact on Current Housing Stock	
Temporary Housing Rental Income	-£59,432
Increased Housing Benefit Subsidy	£14,467
Net impact	-£44,965

The proposed rent increase will bring an additional -£44,965 per annum into the Council.

4.4 Future Rental Reviews

The Council will review Temporary Accommodation on an annual basis going to ensure that it is in line with both HB changes and inflationary impact to the Council.

4.5 Bed and breakfast accommodation.

A maximum weekly subsidy payment of £98.08 can be claimed via HB payments for those claimants that are eligible to claim. This represents the one-bedroom LHA rate unchanged since January 2011, as per HB circular **S5/2017**.

Therefore, by charging those households who are ineligible or do not pursue a claim for HB a weekly rent of £98.08 will ensure every placement made in bed and breakfast or other nightly charged accommodation is partly financially subsidised.

5 Legal Implications

5.1 The Council can increase the rental liability to an appropriate figure that it sees fit. The Council is legally able to apply a weekly maintenance service charge to the charges for temporary accommodation.

5.2 All existing tenants will need to be served 4 weeks written notice of the changes to their rental liability in accordance with the terms of the Licence Agreement. Licence Agreements will need to be revised to ensure service charges are explained and included accordingly.

6 Equalities Implications

6.1 An Equality Impact Assessment can be found at Appendix 3.

7 Carbon Reduction/Sustainability Implications

7.1 There are no carbon reduction/sustainability implications arising from this report.

8 Appendices

8.1 Appendix 1: Full details of all the current TA units owned and leased by the Council and the current rental charges for each associated property.

8.2 Appendix 2: Proposed revised TA rents for 2024/25.

8.3 Appendix 3: Equality Impact Assessment.

9 Background Papers

9.1 DWP Housing Benefit Subsidy Circular **S5/2017**.

10 Reasons for Recommendations

- 10.1 To ensure all TA is charged the same weekly rate based upon the size of the property.
- 10.2 To revise existing rent levels that have not been appraised or updated for several years.
- 10.3 To introduce a maintenance service charge which will part fund the ongoing essential works needed at the properties. This will ensure the homes remain compliant with Health and Safety Regulations and can be easily let once they become vacant and reduce void periods.

Statutory Officer approval

Approved by:

Date:

On behalf of the Chief Financial Officer

Approved by:

Date:

On behalf of the Monitoring Officer

Appendix 1

Address	Current Rent	Annual Rent	Owner	Size
7 Shacklock Close	£108.16	£5,624.32	Gedling Borough Council	1 Bed house
95 Bewcastle Road	£108.16	£5,624.32	Gedling Borough Council	1 Bed house
2 Jacobs Court	£127.61	£6,635.72	Derwent Housing Association	2 Bed flat
5 Jacobs Court	£127.61	£6,635.72	Derwent Housing Association	2 Bed flat
6A Wollaton Avenue	£123.76	£6,435.52	Gedling Borough Council	2 Bed flat
8A Wollaton Avenue	£123.76	£6,435.52	Gedling Borough Council	2 Bed flat
10A Wollaton Avenue	£123.76	£6,435.52	Gedling Borough Council	2 Bed flat
12A Wollaton Avenue	£123.76	£6,435.52	Gedling Borough Council	2 Bed flat
3A Beechwood Rd	£123.76	£6,435.52	Gedling Borough Council	2 Bed flat
6A Beechwood Rd	£123.76	£6,435.52	Gedling Borough Council	2 Bed flat
141A Oxclose Lane	£123.76	£6,435.52	Gedling Borough Council	2 Bed flat
5 Honingham Close	£126.58	£6,582.16	Gedling Borough Council	2 Bed house
35 St Albans Road	£126.58	£6,582.16	Gedling Borough Council	2 Bed house
9 Aidan Gardens	£126.58	£6,582.16	Gedling Borough Council	2 Bed house
21 Sherbrook Road	£126.58	£6,582.16	Gedling Borough Council	2/3 Bed house
49 Vale Road	£126.58	£6,582.16	Gedling Borough Council	2 Bed house
10 Stafford Court	£126.58	£6,582.16	Gedling Borough Council	2 Bed house
21 Emmanuel Avenue	£126.58	£6,582.16	Gedling Borough Council	2 Bed house
10 Broom Walk	£143.84	£7,479.68	Gedling Borough Council	3 Bed house
6 Cinderhill Grove	£143.84	£7,479.68	Gedling Borough Council	3 Bed house
43 Hill Road	£143.84	£7,479.68	Gedling Borough Council	3 Bed house
9a Brackendale Avenue	£143.84	£7,479.68	Gedling Borough Council	3 Bed house
24 Vale Road	£143.84	£7,479.68	Gedling Borough Council	3 Bed house

49 Church Lane	£114.23	£5,939.96	Jigsaw Homes Midlands	3 Bed house
84 Redland Grove	£114.23	£5,939.96	Jigsaw Homes Midlands	3 Bed house
18 Brook Avenue	£135.17	£7,028.84	Derwent Housing Association	3 Bed house
20 Brook Avenue	£135.17	£7,028.84	Derwent Housing Association	3 Bed house
Caretaker Bungalow – Shelford Road	£143.84	£7,479.68	Nottinghamshire County Council	3 Bed bungalow
Caretaker Bungalow – Killisick Road	£143.84	£7,479.68	Nottinghamshire County Council	3 Bed bungalow
Caretaker Bungalow – Arno Vale Road	£143.84	£7,479.68	Nottinghamshire County Council	3 Bed bungalow
Total	£3,873.44	£201,418.88		30 Units

Appendix 2

Address	Proposed Rent 2024/25	Annual Rent	Owner	Size
7 Shacklock Close	£136.57	£7,101.64	Gedling Borough Council	1 Bed house
95 Bewcastle Road	£136.57	£7,101.64	Gedling Borough Council	1 Bed house
2 Jacobs Court	£159.53	£8,295.56	Derwent Housing Association	2 Bed flat
5 Jacobs Court	£159.53	£8,295.56	Derwent Housing Association	2 Bed flat
6A Wollaton Avenue	£159.53	£8,295.56	Gedling Borough Council	2 Bed flat
8A Wollaton Avenue	£159.53	£8,295.56	Gedling Borough Council	2 Bed flat
10A Wollaton Avenue	£159.53	£8,295.56	Gedling Borough Council	2 Bed flat
12A Wollaton Avenue	£159.53	£8,295.56	Gedling Borough Council	2 Bed flat
3A Beechwood Rd	£159.53	£8,295.56	Gedling Borough Council	2 Bed flat
6A Beechwood Rd	£159.53	£8,295.56	Gedling Borough Council	2 Bed flat
141A Oxclose Lane	£159.53	£8,295.56	Gedling Borough Council	2 Bed flat
5 Honingham Close	£159.53	£8,295.56	Gedling Borough Council	2 Bed house
35 St Albans Road	£159.53	£8,295.56	Gedling Borough Council	2 Bed house
9 Aidan Gardens	£159.53	£8,295.56	Gedling Borough Council	2 Bed house
21 Sherbrook Road	£159.53	£8,295.56	Gedling Borough Council	2/3 Bed house
49 Vale Road	£159.53	£8,295.56	Gedling Borough Council	2 Bed house
10 Stafford Court	£159.53	£8,295.56	Gedling Borough Council	2 Bed house
21 Emmanuel Avenue	£159.53	£8,295.56	Gedling Borough Council	2 Bed house
10 Broom Walk	£182.56	£9,493.12	Gedling Borough Council	3 Bed house
6 Cinderhill Grove	£182.56	£9,493.12	Gedling Borough Council	3 Bed house
43 Hill Road	£182.56	£9,493.12	Gedling Borough Council	3 Bed house
9a Brackendale Avenue	£182.56	£9,493.12	Gedling Borough Council	3 Bed house
24 Vale Road	£182.56	£9,493.12	Gedling Borough Council	3 Bed house
49 Church Lane	£182.56	£9,493.12	Jigsaw Homes Midlands	3 Bed house

84 Redland Grove	£182.56	£9,493.12	Jigsaw Homes Midlands	3 Bed house
18 Brook Avenue	£182.56	£9,493.12	Derwent Housing Association	3 Bed house
20 Brook Avenue	£182.56	£9,493.12	Derwent Housing Association	3 Bed house
Caretaker Bungalow – Shelford Road	£182.56	£9,493.12	Nottinghamshire County Council	3 Bed bungalow
Caretaker Bungalow – Killisick Road	£182.56	£9,493.12	Nottinghamshire County Council	3 Bed bungalow
Caretaker Bungalow – Arno Vale Road	£182.56	£9,493.12	Nottinghamshire County Council	3 Bed bungalow
Total	£5,016.34	£260,849.68		30 Units