


Executive Decision Report

<p>Decision maker(s) at each authority and date of Cabinet meeting, Cabinet Member meeting or (in the case of individual Cabinet Member decisions) the earliest date the decision will be taken</p>	<p>Leadership Team 25 July 2018</p> <p>Forward Plan reference: 05288/18/K/A</p> <p>Portfolio: Cllr Kim Taylor-Smith (Deputy Leader, Grenfell and Housing)</p>	 <p>THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA</p>
<p>Report title (decision subject)</p>	<p>Housing options and support for secure tenants of the Walkways, Treadgold House and Bramley House in temporary accommodation.</p>	
<p>Reporting officer</p>	<p>Maxine Holdsworth, Director of Housing Needs and Supply</p>	
<p>Key decision</p>	<p>Yes</p>	
<p>Access to information classification</p>	<p>Public</p>	

1. EXECUTIVE SUMMARY

1.1 The Council has made a number of commitments to Council tenants of the Barandon Walk, Hurstway Walk, Testerton Walk (the Walkways), Treadgold House and Bramley House, and to tenants on the Lancaster West Estate as a whole. These commitments include:

- The commitment to invest in the estate, and Bramley House, through a resident-led process, refurbishing homes to create a 'model for social housing in the 21st century'
- The commitment to improve services across the estate and Bramley House, with a particular emphasis on fire safety.
- The commitment to improve the repairs service on the estate and for residents of Bramley House.
- The commitment to provide temporary housing for those tenants of the Walkways, Treadgold House and Bramley House ('tenants') who felt unable to return following the Grenfell Tower tragedy, pending a decision to return home or be remain in temporary housing pending a move to a new home.
- The implementation of the Wider Grenfell Rehousing Policy, granting tenants of the Walkways, Treadgold House and Bramley House a high priority for rehousing through the Council's Housing Register to another home with the Council or a housing association.
- The commitment to explore, with residents, the development of a local lettings plan that will ensure void and available properties are first offered to local tenants in housing need.

1.2 This report builds upon these commitments and sets out a number of recommendations in the following areas.

- To confirm a date by which Council tenants living away from their homes in the Walkways, Treadgold House and Bramley House will be asked to decide to return home, or otherwise choose to remain in temporary housing pending rehousing, and therefore relinquish their existing tenancy.
- To confirm the type of temporary accommodation that will be offered to tenants who choose to remain in temporary accommodation.

- To confirm the rent arrangements for Council tenants who choose to relinquish their existing tenancy and remain in temporary housing pending rehousing.
- 1.3 This report also acknowledges the Council's plans to design and implement a local lettings plan, in consultation with residents (see section 4).
 - 1.4 Further, the report provides an update on the repairs and maintenance service being provided at Lancaster West Estate, and acknowledges the intention to establish a locally managed repairs team (see section 4).
 - 1.5 The report provides background information to this decision at appendix A.

2. RECOMMENDATIONS

2.1 This report recommends

- i. that tenants currently residing in temporary accommodation who do not feel able to return home will be required to relinquish their Walkways, Bramley or Treadgold tenancy by Sunday 30 September 2018.
- ii. that tenants who feel able to return home will be required to do so, and vacate their temporary accommodation, by the same date, Sunday 30 September 2018.
- iii. that tenants residing in temporary accommodation on Monday 1 October 2018 will be liable for the rent and associated costs for their temporary accommodation in accordance with the Council's Temporary Accommodation Charging Policy from that date.
- iv. that tenants residing in private sector leased accommodation at market rent will be transferred, when and where possible, to temporary accommodation secured through the standard temporary accommodation procurement process.
- v. the cancellation of hotel and serviced apartment accommodation where tenants are offered suitable alternative temporary accommodation (subject to the statutory right to review and a referral to the Grenfell Independent Adjudicator) or have decided to return to their secure tenancy.

3. REASONS FOR THE RECOMMENDATIONS

The decision to return home or relinquish an existing tenancy pending rehousing

- 3.1 **This report recommends that tenants of the Walkways, Treadgold House and Bramley House, currently residing in temporary accommodation, will be required to decide whether to return home or to relinquish their existing secure tenancy and remain in temporary accommodation pending rehousing to an alternative social housing tenancy through the *Wider Grenfell Rehousing Policy*. This report recommends that tenants are required to make this decision on or before Sunday 30 September 2018.**
- 3.2 Providing temporary accommodation proved crucial for secure tenants who felt unable to return home following the Grenfell Tower disaster. Now, with time having elapsed, the Tower having been wrapped, and empty homes on the estate, the council needs to support residents not in their homes to make longer term decisions about where they want to live.
- 3.3 An obvious consequence of 99 tenants and their households remaining in emergency and self-contained temporary accommodation is that large pockets of the Walkways, Treadgold House and Bramley House remain unoccupied. Many tenants who remain in temporary accommodation, and especially those with children, find the prospect of returning home very difficult. However, the needs of tenants in temporary accommodation should be balanced with those who live on the Estate. Continuing to have a large number of empty properties in the Walkways, Treadgold House and Bramley House does not support recovery within the community, and some tenants have raised concerns about anti-social behaviour and security on the estate.
- 3.4 From our recent discussions with residents we understand many residents do now feel ready to return home. However, a number of tenants will feel unable to return to their home and therefore decide to relinquish their current tenancy. It is important, both for the local community and for those households in housing need, that the properties they relinquish become available for letting as soon as possible. As stated within this paper, it is intended that these properties are first offered to existing tenants on the estate through a local lettings plan.

- 3.5 Tenants will not be forced to return home. Tenants who do not feel able to return home will be provided with temporary accommodation until they are rehoused to an alternative social housing tenancy.
- 3.6 Tenants may apply to be rehoused under the Wider Grenfell Rehousing Policy to an alternative social housing tenancy in the borough. They can do so if they are living at home at present, decide to return home, or decide to remain in self-contained temporary accommodation. There is no deadline for applying for Wider Grenfell Priority as long as the tenant qualifies under the policy.
- 3.7 The Council is currently engaging with secure tenants in temporary accommodation, discussing on an individual basis their housing options and intentions. This engagement offers tenants the opportunity to ask an allocated housing advisor questions about the future of and investment in the estate, and to explore what the rehousing process might mean for them. The engagement will also help to better determine the number of tenants who feel able to return home, and the number who do not feel able to do so and who will be required to relinquish their tenancy and remain in suitable temporary accommodation pending their rehousing to a social housing tenancy. Published information intended to help the tenants decide upon their housing options is provided at appendix C.

The determination of rent for temporary accommodation

- 3.8 There are very significant financial implications to the Council's General Fund of a large number of tenants remaining in temporary accommodation while retaining their current tenancy. The financial implications, and the reasons why some rent charging scenarios cannot be recommended, are explored in detail in section 8.
- 3.9 Simply put, there are two scenarios that the Council cannot sustain financially. These are:
- i. Maintain the current arrangements, through which tenants in temporary accommodation do not contribute towards the cost of that accommodation, but pay the rent and service charges for their secure tenancy. Maintaining the current arrangement will cost the General Fund in excess of £360,000 per month at current occupancy rates.

This is not recommended.

- ii. Set the level of rent tenants pay for their temporary accommodation at the same level of rent they paid for their existing secure tenancy. This scenario will cost the General Fund £217,000 per month at current occupancy rates, and also cost the Housing Revenue Account £60,000 per month in loss rental income until the properties relinquished by existing tenants might be let.

This is not recommended.

- 3.10 A viable option is to set the level of rent that tenants will pay for their temporary accommodation in accordance with the *Temporary Accommodation Charging Policy*. The charging policy is provided at appendices D-1 and D-2.

Tenants who decide to remain in temporary accommodation pending rehousing, thereby relinquish their existing tenancy on or before Sunday 30 September 2018, will pay rent set by the *Temporary Accommodation Charging Policy* from Monday 1 October 2018. This rent is capped at below market rent.

This is the recommended option.

- 3.11 Charging rents in accordance with the *Temporary Accommodation Charging Policy* does not, alone, resolve the financial cost of retaining a large number of Wider Grenfell residents in temporary accommodation. It will be necessary to transfer families from high cost temporary accommodation secured directly from the private rented market to standard temporary accommodation. We will make these arrangements with residents. We will give as much notice as possible and take all of a household's needs into account. This is addressed later in this report.
- 3.12 It is important to clarify the following with respect to the recommending charging policy.
 - a. Tenants who relinquish their existing tenancy *before* 30 September 2018 will not be required to pay rent for their temporary accommodation before 1 October 2018. In other words, they will not pay rent and associated costs for their existing tenancy once they have ended that tenancy, nor will they have to pay rent for their temporary accommodation before 1 October.

- b. Tenants in temporary accommodation will not be required to pay market rent for that accommodation. The rent they pay is set by the *Temporary Accommodation Charging Policy*. The Council covers the difference between what the tenant pays and the actual cost of leasing the property.
- c. If the tenant currently pays the whole or part of the rent for their council tenancy (they do not receive Housing Benefit or similar, or Housing Benefit only covers part of the rent) it is likely that the tenant will have to pay more for their temporary accommodation than they do for their current council tenancy.
- d. Where a shortfall occurs as a result of the Overall Benefit Cap, between any Housing Benefit received by the resident and the rent they have to pay, that shortfall could be covered by the Council's Discretionary Housing Payment (DHP) fund. This is a finite pot of funding from central Government. Affected residents will be supported to apply for DHP, and we are working now to identify who may be affected.

The type of temporary accommodation to be offered

- 3.13 The financial analysis provided in this report demonstrates the potential cost to the Council of retaining a portfolio of existing properties leased directly from the private sector market. These properties were leased over a short space of time to give residents the opportunity to leave hotels. They were leased in order to provide in borough interim accommodation to tenants who did not feel able to return home. For residents who now wish not to return home and be permanently rehoused elsewhere, there is a clear financial imperative to transfer tenants from the directly leased private sector properties to standard temporary accommodation secured through the Council's Temporary Accommodation Procurement Strategy.
- 3.14 The Council faces a very real challenge securing sufficient suitable standard temporary accommodation for the potential numbers of tenants and their families who might need to be transferred. **This report recommends, therefore, that a balance will need to be sought, whereby the tenants are transferred from private sector accommodation to standard temporary accommodation where the opportunities to do so arise.**
- 3.15 The Council ensures that standard temporary accommodation provided to residents is of a high standard. All properties are rigorously inspected

and must be compliant with the Health, Housing and Safety Rating System. This system looks at a number of things including fire risk, damp and water supply to ensure a home is healthy and safe to live in. The Council also ensures that repairs are completed quickly and effectively by the property agent or provider. All providers must meet the Council's high compliance standards.

- 3.16 A comprehensive needs assessment ('suitability assessment') of a family's needs is completed before any offer of temporary accommodation. Working in accordance with its *Criteria For The Placement Of Applicants Into Temporary Accommodation In Compliance With The 1996 Housing Act Part VII* the Council works hard to ensure each and every offer is suitable, and this includes location.
- 3.17 Tenants can seek a review of an offer of temporary accommodation if they do not feel it is suitable, and further, the tenant can also ask the Grenfell Independent Adjudicator to review the suitability of the offer. The Independent Adjudicator's decision is binding upon the Council.

Continuing care and support

- 3.18 Tenants will continue to be able to access the care and support they want and need, whether they choose to return home or decide to remain in temporary accommodation pending rehousing. The Council is entirely committed to ensuring that tenants and their families will be able to receive the information, support, advice and links to the local community that they need and have continue to have access to agencies who are experts in trauma, grief and mental health.

4. THE LANCASTER WEST ESTATE – A LOCAL LETTINGS PLAN, AND A REPAIRS AND MAINTENANCE SERVICE

A Local lettings plan

- 4.1 The Wider Grenfell Rehousing Policy provides tenants of the Walkways, Treadgold House and Bramley House with the opportunity to transfer to an alternative social housing tenancy if they wish to move away from the Lancaster West area permanently.
- 4.2 A local lettings plan is a way to ensure that empty homes on the Lancaster West estate, are made available first to existing tenants on the estate who need more suitable housing, e.g. because of overcrowding.

- 4.3 A local lettings plan will be developed and designed in full consultation with the residents, to address as far as possible housing need on the Lancaster West Estate.
- 4.4 The council will consult on a local lettings plan over the coming months. Our intention is for the plan to be decided by the council's Leadership team in October 2018. This will allow recently relinquished tenancies to be advertised quickly. Until this point, vacancies arising on the estate will not be advertised to the wider housing register via the home connections website.

Lancaster West Estate – repairs and maintenance service

- 4.5 The significant repairs backlog for Council properties on the Lancaster West Estate, the mistrust of current repairs providers, and the neglect of maintenance going back many years is a concern shared by tenants and the Council.
- 4.6 Feedback at the Lancaster West Residents' Association meeting on 8 May 2018 revealed the following.
- Delays of call centre picking telephone calls from residents
 - Poor communication and quality of customer service
 - Significant delays with delivery of repairs
 - Poor quality of repairs, and high number of recalls
 - Issues with diagnosing of repairs from the call centre
 - Incomplete jobs
 - Overuse of sub-contractors
- 4.7 Feedback from officers within the Lancaster West Neighbourhood Office reveals the following.
- Delays with allocation of works with planners
 - Delays with receiving quotations from sub-contractors
 - Subcontractor lack of local knowledge of the Lancaster West Estate
 - No knowledge of the actual cost of works
 - Inability to demonstrate Value for Money
- 4.8 As a result of these shared concerns, the Council has launched a locally managed repairs team utilising a directly employed team. Creating a dedicated repairs team is seen as a crucial stepping stone to establish trust and improve the quality of homes residents live in. The dedicated team provides a range of repairs and maintenance services for the residents of Lancaster West Estate. It will do responsive repairs,

including carrying out of void works and some caretaking and handyperson services for residents.

- 4.9 A local Lancaster West Repairs Team will undertake a home health check for any resident who would like one, deliver and improved service moving forward and tackle substantial repairs backlog left over from the previous management. It aims to clear this back-log in a six month period from 1st July 2018.
- 4.10 The team will have well-trained operatives and a dedicated workforce, based in a depot site identified in the undercroft of Clarendon walk which will provide a physical presence on a side of the estate that some feel is neglected and ignored.

5. CONSULTATION

- 5.1 Feedback from tenants, their advocates, local advice agencies and Notting Dale ward Councillors has proven vital in reaching these recommendations. This report will be brought to the Grenfell Recovery Scrutiny Committee on 24 July 2018. Ward Councillors will be provided with the draft report and recommendations in advance.
- 5.2 The Housing Department has engaged (and will continue to engage) with tenants in temporary accommodation, to discuss their options in light of these recommendations and the final decision of the Leadership Team, to support tenants in reaching a decision, and to help them pursue their chosen option.
- 5.3 The local lettings plan will be developed in full consultation with tenants, with the Lancaster West Residents' Association and with the Bramley House Residents' Association.

6. LEGAL IMPLICATIONS

- 6.1 Secure tenancies are governed by the Housing Act 1985. As long as a tenant occupies his or her home as an "only or principal home" the tenancy will remain secure. A tenant can retain security of tenure if he or she is absent from the property but case law has established that the tenant must have an "intention to return". The report recommends that secure tenants be asked make a decision to either return to their home on the estate or relinquish/ surrender their secure tenancy by 30

September 2018. If the tenant does not return home the Council may take action to bring the tenancy to an end.

- 6.2 The reasons for the recommendation are set out in section 3 of the report. Whether a tenant decides to return home or move in temporary accommodation they will benefit from the Wider Grenfell Rehousing Policy which gives them a priority for rehousing.
- 6.3 Any secure tenants who surrender their tenancy will be provided with suitable temporary accommodation pursuant to Part VII of the Housing Act 1996 (Homelessness). They will be liable to pay the rent and associated costs in accordance with the Council's Temporary Accommodation Charging Policy. If they do not surrender their secure tenancy they may also be liable to pay the rent for that property.
- 6.4 As set out in the report a tenant has a statutory right to review the suitability of temporary accommodation offered pursuant to Section 193 of the Housing Act. In addition, the tenant can ask the Grenfell Independent Adjudicator to conduct an informal review of the suitability of the accommodation.

7. EQUALITIES IMPLICATIONS

- 7.1 In adopting this policy, the Council will have due regard to the need to:
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.2 If tenants are required to return home or relinquish their tenancy pending rehousing, support and assistance will be made available to help them make a decision. Further, support and assistance will be available to residents who require support in exercising their choice (eg support and practical help for those deciding to return home). For example, tenants may ask for support from their key workers, healthcare professionals, and advice agencies when discussing their options with their allocated housing advisor. A range of communication methods will be made available, including face to face meetings, and translation services will be offered when requested.
- 7.3 Support will be provided to tenants who wish to return home, or wish to remain in temporary accommodation, where the property requires

adaptations or adjustments in order to make it suited to their needs. A resettlement team will assist people with their move.

- 7.4 Households are invited to find out more about future options. An open drop in session for affected residents in temporary accommodation is being held on 19 July, ahead of the decision. Therefore, tenants for whom written or electronic communication is less effective will have the chance to ask questions about these proposals, as well as being able to discuss them with their allocated housing advisor and other support agencies.
- 7.5 Issues raised in the Wider Grenfell Rehousing Policy Equalities Impact Assessment apply to this strategy. However, a separate Equalities Impact Assessment for this strategy will be undertaken.
- 7.6 The Council is committed to gathering diversity and equality monitoring information relating to tenants affected by this policy. Tenants will be asked (though not required) to provide this information when they engage with their allocated housing advisor.

8. FINANCIAL AND RESOURCES IMPLICATIONS

- 8.1 The report recommends that tenants of the Walkways, Treadgold House and Bramley House in temporary accommodation are asked to decide whether to return home or rescind their tenancy by 30th September 2018. Although tenants can make that decision prior to then, there will be no additional charge for their accommodation until that date. At present the Council has not made budget provision in either the HRA or General Fund for any additional costs for accommodation for this group after the end of June 2018.
- 8.2 In order to cost this decision period, it is assumed that the existing accommodation arrangements continue until 30 September. For this three-month period, the cost of housing 99 households in a combination of Private Rented Sector (PRS) property [77 households], Registered Provider (RP) accommodation [11 households] and hotels [11 households] is estimated at £1.080m. This cost will fall to the Council's General Fund. At the same time the HRA will receive income for the unoccupied properties at the Walkways, Treadgold House and Bramley House estimated at £0.182m. The net cost to the Council is estimated as £0.899m. This is an unbudgeted, but unavoidable cost, if a reasonable decision period is to be offered. This will be an overspend

in the Council's General Fund which will need to be addressed by management action.

- 8.3 The report recommends that those who wish to be rehoused but who do not feel able to return to their home in the Walkways, Treadgold House or Bramley House relinquish their existing tenancy and are charged for their temporary accommodation at standard temporary accommodation (TA) rates. The report recommends that the use of hotel accommodation is discontinued and that the Council seeks to reduce its reliance on PRS accommodation as quickly as possible by securing standard TA into which former tenants of the Walkways, Treadgold House and Bramley House will be moved.
- 8.4 The report indicates that alternative options are not financially sustainable. The following table indicates the cost for one and two years of continuing with current arrangements including the use of hotels and using all PRS accommodation for those who do not have an RP property as temporary accommodation. It is anticipated that it will take on average two years to be rehoused. It is assumed that all 99 households ask to be rehoused.

Temporary Accommodation - General Fund Costs

	One Year	Two Years
	£	£
Current Arrangements*	4,322,507	8,645,014
All PRS/RP	1,464,968	2,929,936
*HRA Income under this arrangement	-728,155	-1,456,311

- 8.5 In contrast the annual cost of all standard TA would be £0.329m (or £0.658m over two years). It is highly unlikely that this quantum of standard TA could be secured by the end of September 2018. This table illustrates the costs of different proportions of PRS and standard TA:

Options for Temporary Accommodation			
PRS	Standard TA	Annual Cost	Two Year Cost
Proportion	Proportion	£	£
100%		1,464,968	2,929,936
50%	50%	904,099	1,808,197
	100%	328,739	657,479

- 8.6 It is hard to anticipate how much standard temporary accommodation can be acquired or how long that acquisition will take. The following table looks at some scenarios:

Scenario	Year 1	Year 2	Total	Assumptions
Worst Case	1,464,968	1,464,968	2,929,936	All PRS for two years
Best Case	896,854	328,739	1,225,593	From all PRS to all STA within after six months
Forecast	1,464,968	904,099	2,369,067	All PRS for one year then 50% PRS in year two

- 8.7 The forecast scenario assumes that PRS will be used for the first year and only 50% of the accommodation can be covered by standard TA in the second year. This is fairly conservative as this is prudent given the high level of uncertainty. It also reflects the reality that leases for PRS are often for 12 months with no break clause, thus limiting the Council's flexibility.
- 8.8 As was noted earlier, the Council has no provision for additional costs in respect of temporary accommodation for former tenants of the Walkways, Treadgold House and Bramley House.
- 8.9 In the case of the HRA, when a tenant returns home, the HRA will continue to receive rent in the normal way and the Council will incur no additional costs other than those which would normally fall to the HRA as the tenant's landlord. On the other hand, if the tenant relinquishes their tenancy, the HRA will lose rent income from 1st October 2018. However, the HRA will gain a vacant property that it can relet. Provided that repairs costs and void period are within the levels normally experienced for an HRA property, there will be no additional cost to the HRA. If the property is returned before 30 September, the HRA has

additional time in which to do any works. Taking this point into account, it is assumed that the recommended approach will be financially neutral to the HRA.

- 8.10 For the General Fund there will be a cost in rehousing these tenants and as these tenants are in addition to those who would normally present themselves as homeless, the full cost of this group of residents needs to be considered as an additional unbudgeted cost rather than just the net cost over and above normal TA costs. The forecast of these costs is set out in this table:

GF Cost	2018-18 £	2019-20 £	2020-21 £	Total £
Forecast	732,484	1,184,533	452,049	2,369,067

- 8.11 An all standard TA solution would be more cost effective, but is unlikely to be achievable as noted already. The forecast scenario will cause the Council's General Fund considerable financial pressure that may impact on the Council's ability to deliver services at current levels. However, if it is the Council's decision as a matter of policy to offer a rehousing option to former tenants of the Walkways, Treadgold House and Bramley House, the Council is in effect deciding that this is a priority and that funding will need to be found to facilitate this. The overspend outlined for the current financial year will need to be included in the 2018-19 budget monitoring. The future year budget requirements will need to be included in the Medium Term Financial Strategy.
- 8.12 At the time the Council budgets were set, it was not assumed that the households described in this report would continue to be supported in hotels or temporary accommodation. Therefore, as stated, no provision was made in either the Grenfell Budget or the Housing General Fund budget to meet the cost of these placements. Hence the cost of the proposals in this report are currently unbudgeted.
- 8.13 Within the Housing General Fund, a significant budgetary problem is currently anticipated on the existing Temporary Accommodation budget in 2019/20. This is mainly due to increases in rent payments to landlords whilst Housing Benefit levels remain fixed.

- 8.14 Housing will continue to look for ways to reduce demand and avoid/control costs; however, realistically the TA budget will be a key budget pressure for the Council in future years. Supporting these additional households will increase this budget problem.
- 8.15 Overall, the considerable revenue and capital expenditure that the Council incurred in 2017-18 and continues to incur both in the current and future years in support of Grenfell has radically altered the Council's financial outlook. Its reserves have fallen to a level where any significant further reduction would take them below the amount which prudence would require it to retain. This view was endorsed by a recent review by CIPFA which concluded that the "level of ear-marked reserves are planned at a prudent level against specific commitments and foreseeable risks." This means that the Council has little scope to fund additional expenditure in this area without making savings in other areas. The cost of the proposals in this report are at the upper limit of the additional expenditure that the Council can realistically manage within its current financial plans.

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Director of Housing Needs and Supply

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Background papers used in this report

Wider Grenfell Rehousing Policy. A copy of this policy can be found on the Grenfell Support website at <https://grenfellsupport.org.uk/housing/>.

Temporary Accommodation Procurement Strategy 2017 to 2019. A copy of this policy can be found on the Council's website at

<https://www.rbkc.gov.uk/housing/useful-contacts-and-info/housing-publications>.

Criteria For The Placement Of Applicants Into Temporary Accommodation In Compliance With The 1996 Housing Act Part VII (RBKC, March 2012). A copy of this policy can be found on the Council's website at <https://www.rbkc.gov.uk/housing/useful-contacts-and-info/housing-publications>.

BACKGROUND INFORMATION

The decision to return home or relinquish an existing tenancy and seek rehousing, and the rent commitment to tenants living away from home

- A.1 At the time of the Grenfell Tower tragedy, 338 Council tenants and their households resided in the Walkways, Treadgold House and Bramley House. A further 29 households occupied self-contained temporary accommodation in the same blocks, having been placed there by the Council. All of these households, a total of 367 tenants and households, are eligible to apply for rehousing through the Wider Grenfell Rehousing Policy (see key decision 05128/17/H/A February 2018).
- A.2 In response to the Grenfell Tower fire and the evacuation of the surrounding residential blocks (and subsequently to failures to hot water and heating systems and gas supplies in the Walkways), the Council placed a very large number of tenants and households in emergency accommodation. Approximately two thirds of the tenants returned home in the following weeks. By November 2017, 128 tenants and their households remained in emergency or self-contained temporary accommodation feeling unable to return home.
- A.3 There are currently 77 households with a secure tenancy in the Walkways, Treadgold House and Bramley House placed in self-contained accommodation procured from the private rented sector. 11 secure tenants remain in emergency housing; at least 7 of which have stated an intention to return home. A further 11 households are placed in self-contained temporary accommodation managed by Registered Providers (housing associations). 40 households have already returned home.
- A.4 On 14 November 2017, the Council made the following commitment to secure tenants of Barandon Walk, Hurstway Walk and Testerton Walk (the Walkways), Treadgold House and Bramley House living in emergency or self-contained temporary housing provided by the Council.

From 29 January 2018 you will pay the same rent as you did in your Walkways property, whether you are in your home on the Walkways or in private rented accommodation.

The Council will cover any difference between your Walkway rent and service charge (excluding heating and hot water) and the cost of your interim accommodation. Your council tax will also be capped at the same level as your Walkways property.

This arrangement will remain the same until at least the end of June 2018.

- A.5 The Council subsequently repeated this commitment: for example, in the documents accompanying the Walkways Rehousing Policy consultation. The decision was formalised in the key decision *Temporary Accommodation Charging Policy for Wider Grenfell Households* (05162/17/K/A) 6 February 2018.
- A.6 The Council has written to tenants living away from home to advise that the current rental arrangements will be extended to the 30 September 2018.
- A.7 The rental commitment is closely aligned with the decision that may be asked of secure tenants living away from home, to either return home or relinquish their tenancy and transfer to another home. In other words, the end of the rental commitment will correlate with the date by which tenants should decide to return or relinquish.
- A.8 The Council committed to giving tenants a period of reflection following the wrapping of Grenfell Tower before deciding whether to return home or relinquish their current tenancy pending rehousing to an alternative social housing tenancy. Such a decision is an extremely difficult one, especially for those families with children.
- A.9 The Council expected Grenfell Tower to be wrapped by mid-February when it published the 30 June rent commitment. It was anticipated, therefore, that tenants would have four months to consider whether they felt able to remain in their current home following the wrapping of the tower (and in light of other commitments, such as consultation on investment into estate and progress on repairs). Completion of the wrapping of Grenfell Tower has been delayed several times, often at short notice, and therefore it did not prove possible to reliably predict when the wrapping would be completed. The tower was finally wrapped in June 2018. It should be noted that management of the Grenfell Tower site does not fall within the remit of the Council.
- A.10 The likely waiting time for tenants wishing to be rehoused to an alternative social housing tenancy (whether they have chosen to return home or to relinquish their tenancy and remain in temporary accommodation) differs depending the size and type of property needed. The supply of smaller properties (one and two beds) is

greater than the supply of larger properties, and the supply of accessible properties (wheelchair accessible, level access or limited steps) is also limited compared to demand. For example, tenants who require a one bed property may find that it is possible to be rehoused within twelve months. Tenants who require a two bed property might be rehoused within less than two or three years. Tenants who need a larger property may well ordinarily wait longer than three years until they are rehoused to a new social housing tenancy. However the council will shortly make available housing surplus to the needs of Grenfell Tower and Walk former residents. This does mean a larger than usual number of new council homes will become available over the summer. Council officers are ensuring that all affected residents are aware and can express interest in these homes. Vacant accessible properties are first offered to residents assessed as requiring them.

- A.11 It is difficult to provide accurate predictions of how long a tenant may wait to be rehoused. For example, it can depend upon a tenant's priority for rehousing (the number of points they have been given) compared to other residents on the Housing Register. It can also depend upon the number of properties that become available that are suitable for a tenant. Further, it can also depend upon how flexible the tenant feels they can be when moving to a more suitable home. The more locations and types of home a tenant is willing to move to, the greater the chance that will see an available property they like advertised on Home Connections (the Council's choice-based lettings scheme for available social housing).
- A.12 At the present time 88 secure tenants and their households, living away from home, are accommodated in temporary housing secured in the private rented sector, or hotel accommodation. In other words, they are not residing in standard temporary accommodation procured and provided for households who present to the Council as homeless. In essence, the Council was required to procure properties from the private rented sector (leased by the Council, not directly by the tenants) in order to meet the demand for local interim housing as a result of the Grenfell Tower tragedy given that there was insufficient supply of local standard temporary accommodation. While standard temporary accommodation procured by the Council is of a high quality (the Council has in place rigorous health and safety compliance processes), the cost of accommodation directly procured in the private rented sector is considerably greater.
- A.13 In order to determine the suitability of temporary accommodation offered to residents, the Council undertakes a comprehensive needs assessment of each household, in accordance with *Criteria For The Placement Of Applicants Into Temporary Accommodation In Compliance With The 1996 Housing Act Part VII, March 2012*.

Therefore, the Council takes into account a variety of factors that might affect members of the household including medical and healthcare needs, employment, training and schooling, the receipt of statutory services, and the role played by support networks.

- A.14 Having undertaken suitability assessments for all the tenants and their households placed in temporary accommodation procured from the private rented sector, it is clear that the majority of families will require temporary accommodation within or close to Kensington and Chelsea.
- A.15 It would be the Council's preference, its active choice, to offer self-contained temporary accommodation that is within or close to the Borough to each resident, single or otherwise. All London local authorities are finding it increasingly difficult to procure self-contained temporary accommodation and it is a particular challenge to Kensington and Chelsea to secure self-contained temporary accommodation in or close to the Borough. In spite of offering higher rates to established agents and landlords, this challenge has become harder and harder. This is reflected in the fact that recent procurement efforts have revealed the only available studio and one bed properties to be in Hounslow and Barnet. It is worthwhile noting that, unlike many other local authorities in London, the Council does not systematically at present use the inherently insecure 'nightly let' market for temporary accommodation, into which the majority of landlords' temporary accommodation portfolios have moved.
- A.16 It is a distinct possibility that the Council may have to renew a number of private sector leases in order to ensure tenants and their households can continue to be accommodated locally, pending their rehousing to an alternative social housing tenancy. However, the Council cannot sustain the cost over the medium and long term of retaining temporary accommodation secured through the private sector market without risking cuts to important services. It is reasoned, therefore, that it will be necessary to transfer residents currently residing in temporary accommodation secured from the private sector market to suitable temporary accommodation secured through the standard temporary accommodation procurement process where the opportunities to do so arise.
- A.17 A transfer to alternative temporary accommodation, preferably standard temporary accommodation, may arise for other reasons. For example in the event that the landlord does not wish to renew the lease to the Council (over which we have no control), and if the tenant faces a longer wait to be rehoused because they require a larger, and / or more specific type of property. The majority of existing private

sector leases acquired by the Council to accommodate residents end in October and November 2018.

- A.18 Tenants offered alternative temporary accommodation they feel is unsuitable can ask the Council to review that offer. Where an offer is an interim offer of temporary accommodation (1996 Housing Act, Part VII s.188) the tenant will be offered an informal review. Where an offer is an long term offer of temporary accommodation (1996 Housing Act, Part VII s.193) the tenant has the statutory right to review the suitability of that offer. Further, the tenant can ask the Grenfell Independent Adjudicator to review the suitability of an offer of temporary accommodation.
- A.19 At present 99 homes in the Walkways, Treadgold House and Bramley House remain unoccupied, as the tenants and their households are residing away from home. The unoccupied properties cannot be let to families in need of rehousing because their respective tenants quite correctly possess the legal right to live there while they retain the existing tenancy. It is the hope of the Council, and of local residents (expressed through informal consultation) that properties that become available in certain if not all areas of the Estate are first offered to existing tenants on the Estate through a local lettings plan. Many tenants in the wider Grenfell area have felt able and have chosen to remain at home, even if they would prefer to move to a more suitable property, for example due to overcrowding or mobility problems. It is hoped that a local lettings plan may allow some existing tenants to address their housing need while remaining within the community. The ability to let unoccupied properties to local residents supports the recommendation to ask tenants, currently living away from home, to choose whether they wish to return home or relinquish their secure tenancy in the Walkways, Treadgold House or Bramley House.
- A.20 The Lancaster West Neighbourhood Office has been holding informal discussions with local residents, and with the Lancaster West Residents' Association, on the development and principles of a local lettings plan. The Neighbourhood Office launched a 'getting to know you' exercise in late June to better understand the needs of tenants on the Estate. It is anticipated that this exercise, and an improved understanding of housing need on the estate, will inform the final local lettings plan.

Security of tenure

- B.1 Tenants who relinquish their existing Council tenancy on the Walkways, Treadgold House or Bramley House will lose their security of tenure.
- B.2 Any existing tenant who is transferred to an alternative social housing tenancy while holding a lifetime tenancy must be offered a lifetime tenancy, unless the property they choose to accept is on an Affordable Rent (2011 Localism Act). Therefore, tenants who relinquish their secure tenancy before being rehoused lose this protection.
- B.3 The Wider Grenfell Rehousing Policy has addressed this issue by stating the following at section 6.1 of the Policy.

Homes advertised and offered on the Housing Register will be from both the Council and registered providers (housing associations).

The Council will let properties to tenants rehoused with Wider Grenfell Priority on lifetime secure tenancies, subject to the commencement of Part 4 of the Housing and Planning Act 2016 (implementing Schedule 7 amendments to secure tenancies) and associated regulations.

For registered providers, all tenancies will be let on Assured Tenancies under the Housing Act 1988.

Where the tenant is rehoused by a registered provider property, the new landlord's tenancy terms will apply. However, the Council will request the registered provider to grant a tenancy of at least the same length as that held by the tenant previously.

Housing Info leaflet

**Temporary Accommodation Charging Policy
Kensington and Chelsea Council**

<p>Cabinet Member</p> <p>Date of decision</p> <p>Forward Plan reference:</p>	<p>Cllr Feilding-Mellen Deputy Leader and Leader Member Housing, Property and Regeneration</p> <p>KD04987/17/H/A</p>	 <p>THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA</p>
<p>Report title</p>	<p>AMENDMENTS TO THE TEMPORARY ACCOMMODATION CHARGING POLICY</p>	
<p>Reporting officer</p>	<p>Laura Johnson – Director of Housing</p>	
<p>Key decision</p>	<p>Lead Member only.</p>	
<p>Access to information classification</p>	<p>Public</p>	

1 EXECUTIVE SUMMARY

- 1.1** The Council's Temporary Accommodation Charging Policy sets out how the Council sets rents for homeless households placed in temporary accommodation. The Policy reflects the Government's temporary accommodation subsidy regime that has been in place since 2010.
- 1.2** In late summer 2016, the Department of Communities and Local Government (DCLG) announced that it intended to change the way in which temporary accommodation would be funded. In spite of assuring local authorities that an announcement would be made by January 2017, the DCLG is yet to reveal the new funding mechanism for temporary accommodation.
- 1.3** The Council has necessarily delayed amending its Charging Policy while it waits for the Central Government announcement. However, the Council must now act in order to meet legal and regulatory requirements (notice to clients of rent changes), and must prepare for a change in rent charging arrangements prior to the new financial year. Should the Government defer the new funding mechanism beyond April 2017, the Council will postpone the implementation of the amended Charging Policy accordingly.
- 1.4** It is recommended that Temporary Accommodation Charging Policy is amended to remove the £40 management fee from the rent charged to clients in TA.

2 BACKGROUND

- 2.1** The Housing Act 1996 places a statutory duty on local authorities to provide TA for homeless applicants during the period between initial application and the decision to accept or reject the application and, if accepted, until an offer of settled housing is made. The Council has a right, under the same Act, to make a reasonable charge for the accommodation.
- 2.2** In 2009 the Council undertook a comprehensive review of TA rent setting practices. In February 2010 the Council established the existing charging policy for temporary accommodation (TA), in response to government subsidy changes, to minimise the cost of TA to the Council's General Fund.
- 2.3** For our present purposes, 'temporary accommodation' or 'TA' only includes accommodation secured through a Private License

Agreement (PLA). Subsidy for Bed & Breakfast accommodation will remain as it is now (100% Local Housing Allowance (LHA) with no management fee), so there will be no changes to rents charged in hotels.

3 CURRENT CHARGING ARRANGEMENTS

- 3.1** At present the Department for Work and Pensions pays local authorities a management fee (in arrears) for each placement of a homeless household in temporary accommodation, excepting certain types of accommodation such as B&B accommodation, and accommodation in local authority stock.
- 3.2** The management fee covers the costs relating to the administration of providing TA and the management of the property, such as bad debt provision, staffing and void costs.
- 3.3** The maximum amount of weekly Housing Benefit (HB) subsidy is based on ninety per cent of the LHA (Jan 2011) rate in the area within which they have been temporarily housed, plus a fixed management fee of £40 per week.
- 3.4** This model was promoted by the government at the time and, in principle, the rent charged should reflect the type, location and size of the property in which households have been placed.

4 THE NEW SUBSIDY ARRANGEMENTS

- 4.1** In late summer 2016, the Department of Communities and Local Government (DCLG) launched an 'informal consultation' with local authorities with regard to the future design and funding of temporary accommodation. The Council responded to the consultation.
- 4.2** In spite of assuring local authorities that an announcement would be made by January 2017, the DCLG is yet to reveal the new funding mechanism for temporary accommodation. The DCLG has, however, informally provided some detail and assurance on the new model.
- 4.3** It is understood that in April 2017 the TA management fee will no longer be paid retrospectively on a case by case basis by the Department for Work and Pensions (DWP) and instead local authorities will receive a lump sum amount in the form of an up-front grant. As a result, it is necessary to determine how best to manage this development. This paper sets out the Council's future rent setting arrangements.

- 4.4 The Council understands that TA subsidy will remain 90% LHA - Jan 2011 rate per unit. There will be no £40 management fee.

5 THE MANAGEMENT FEE GRANT

- 5.1 The Council understands that new funding, in the form of an up-front grant, will go directly to local housing authorities. Its use will not be restricted to temporary accommodation; authorities will be able to use it flexibly to prevent and tackle homelessness. However, given that the procurement of new TA (to replace properties withdrawn from the scheme and to meet an increasing demand) in a highly competitive market is proving increasingly challenging, the Council must take a judicious approach should it consider diverting grant away from the payment of management fees.
- 5.2 To protect local authority finances, and support their planning, the DCLG has stated that 2017/18 allocations will be no less than the estimated amounts authorities would have been eligible for under the Management Fee, assuming increasing demand in line with recent national trends. However, there is a risk that funding in subsequent years will be less than current amounts received from the management fee.
- 5.3 As stated, to date no announcements have been made as to the actual management fee grant allocations for individual local authorities. Nor have details of how many years' allocations will be included in this year's announcement, and whether the grant will be ringfenced in any way.

6 CONCLUSION AND RECOMMENDATIONS

- 6.1 The Council has necessarily delayed amending its Charging Policy while it waits for the Central Government announcement. However, the Council must now act in order to meet legal and regulatory requirements (notice to clients of rent changes), and must prepare for a change in rent charging arrangements prior to the new financial year.
- 6.2 **It is recommended that Temporary Accommodation Charging Policy is amended to remove the £40 management fee from the rent charged to clients in TA.** This means that the charge to clients will simply be £40 less than their current charge as the management fee element is removed.

6.3 The Authority will be able to determine how best to utilise the grant received in place of the management fee once the precise mechanism for and amount of funding is known.

6.4 Benefits for clients in TA:

- Clients in receipt of housing benefit (and not subject to the Benefit Cap) will continue to have their rent covered.
- Clients in employment who pay their rent in full for their temporary accommodation will be financially better off.
- Clients who are subject to the Benefit Cap will be subject to a lower shortfall between the amount of (capped) benefit they receive and the eligible rent for their temporary accommodation, and some households may no longer be capped at all. This is because the amount of benefit they might receive were it not for the cap will be £40 lower per week due to their rent falling by the same amount.

6.5 Benefits for the Council:

- The Council should not be worse off financially as a result of lowering rents by £40 per week. The DCLG has assured local authorities that they will receive sufficient grant funding through 2017/18 to ensure fiscal neutrality at a minimum.
- The Council will be required to commit less Discretionary Housing Payment funds to support clients in TA subject to the Benefit Cap.

7 Equalities implications

7.1 The placement of clients into temporary accommodation is governed by legislation and statutory regulation. In order to meet its statutory duties, the Council places clients in temporary accommodation in accordance with its 'placements policy' (Criteria For The Placement Of Applicants Into Temporary Accommodation In Compliance With The 1996 Housing Act Part VII). The affordability of the TA in which a client is placed, to the client or the Council, is not a criterion in the placements policy. An amended TA Charging Policy will have no impact upon the placements policy or the criteria by which clients are placed.

7.2 The Council's placements policy complies with the Council's equalities duties.

8 Legal implications

- 8.1** The placement of clients into TA is governed by the 1996 Housing Act and the Homelessness (Suitability of Accommodation) (England) Order 2012. There are no legal implications arising from amending the Temporary Accommodation Charging Policy.

9 Financial and resources implications

- 9.1 The Housing Finance Manager has been consulted and supports the recommendation.

Laura Johnson
Director of Housing

Cleared by Finance (officer's initials)	SM
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Temporary Accommodation Charging Policy Kensington and Chelsea Council

CHARGING POLICY FOR TEMPORARY ACCOMMODATION 2011

1 INTRODUCTION

- 1.1 From 1 April 2010, the Income-Related Benefits (Subsidy to Authorities) (Temporary Accommodation) Amendment Order 2009 will introduce changes to the way Housing Benefit subsidy is calculated for households living in Private License Agreement and Bed and Breakfast temporary accommodation provided by a local authority.
- 1.2 Without changes to the Council's current rent charging arrangements for temporary accommodation (TA), it is anticipated that the government's subsidy changes will have a significantly negative impact on the Council's overall financial position. This paper sets out the issues and options for the Council's charging arrangements for TA and makes recommendations for future rent setting policy. This review of charging policy forms part of a wider project which seeks to minimise the cost of TA to the Council's General Fund.

2 BACKGROUND

- 2.1 The Housing Act 1996 places a statutory duty on local authorities to provide TA for homeless applicants during the period between initial application and the decision to accept or reject the application and, if accepted, until an offer of permanent housing is made. The Council has a right, under the same Act, to make a reasonable charge for the accommodation.
- 2.2 For our present purposes, 'temporary accommodation' or 'TA' only includes accommodation secured through a Private License Agreement (PLA) and Bed and Breakfast (B&B). As of 25 September 2009, there were 836 Royal Borough households in PLA and B&B accommodation. The remaining units of TA have different rent levels, set independently by Housing Associations and landlords, and are not discussed in this paper.

3 CURRENT CHARGING ARRANGEMENTS

- 3.1 In 2007, the Council undertook a comprehensive review of TA rent setting practices and the existing charging policy subsequently came into effect from 7 April 2008. The weekly rent charged to the tenant is dependent on the actual rent paid to the landlord, plus an additional fixed management fee of £57.40. The rent varies according to the size and location of the TA. A family in a two bedroom property in Ilford, east London would be charged in the region of £250, for example, compared with £580 for the same sized household in Kensington and Chelsea.
- 3.2 As part of the 2007 TA rents review, the management fee was set at £56 following an exercise to determine the actual management cost for TA. This was subsequently increased to £57.40 in 2008/09 to keep in line with inflation. The management fee covers the costs relating to the administration of providing TA and the management of the property, such as bad debt provision, staffing and void costs.

4 THE NEW SUBSIDY ARRANGEMENTS

- 4.1 Under the government's proposals, subsidy will be calculated using a new set of formulae that relates to the type, location and size of TA properties as follows:
- (i) For PLA accommodation, the maximum amount of weekly Housing Benefit (HB) subsidy will be based on ninety per cent of the Local Housing Allowance (LHA) rate appropriate to the size and location of the property, plus an additional £40 for management costs for London boroughs.
 - (ii) For B&B accommodation, the maximum amount of HB subsidy will be the appropriate weekly LHA rate for a one-bedroom self-contained unit.
- 4.2 In all cases, the actual level of HB subsidy will be the lower of either the weekly HB entitlement of the customer or the subsidy cap. On expenditure up to the cap, 100 per cent subsidy is payable and, for expenditure above the cap, nil subsidy is payable. The maximum LHA rate to be used in the formula is the five-bedroom rate.
- 4.3 Table 1 below illustrates that under the Council's current charging arrangements, only 7.6 per cent of out of borough PLA placements are under, or equal to, the ninety per cent LHA subsidy level. The position is less worrying for in borough PLA, at 87 per cent, but there is still a shortfall. With regard to B&B accommodation, 100 per cent of in borough placements and over 93 per cent of out of borough placements are under or equal to the LHA levels. However, whilst B&B subsidy will not be reduced by ten per cent of the LHA one-bedroom level, the government will not pay a management fee for B&B. The Council currently charges £57.40 for both B&B and PLA accommodation.

Table 1

Total no. of PLA properties	No. in borough	No. out of borough	No. in borough under or equal to 90% LHA	No. out of borough under or equal to 90% LHA
708	145	563	126	43
% of total properties	20%	80%	87%	7.6%
Total no. of B&B properties	No. in borough	No. out of borough	No. in borough under or equal to LHA	No. out of borough under or equal to LHA
128	50	78	50	73
% of total properties	39%	61%	100%	93.5%

Data extracted 25 September 2009

5 OPTIONS FOR FUTURE RENT SETTING

In view of the intended subsidy changes, a number of rent setting options were modelled to assess their financial impact. As set out below, the combined effect of the proposed ten per cent discount and the lower management fee is substantial.

- 5.1 **OPTION 1 - Charge same as payments to providers plus £57.40 management fee**
 The first option would maintain the current arrangement of charging tenants the same amount of weekly rent as we pay the providers, plus an additional £57.40 management fee.

Table 2

	Projection 2010/11 (£,000)
EXPENDITURE (Contract payment to landlords)	11,663
INCOME Claimable from DWP (less cost of voids and bad debt)	-10,920
NET DEFICIT/SURPLUS (-)	743

Table 2 above illustrates that, based on a number of assumptions, direct expenditure (i.e. the payments to landlords) incurred by the Council will not be covered by the income from tenants' rents and HB subsidy from the government. The shortfall is projected to be in the region of £743,000.

Impact on clients

As this option continues with the current charging model, there would not be any impact on the household income of clients. The government's intended subsidy changes do not alter the way HB is calculated or awarded by local authorities to clients in TA. Instead, the proposals change the proportion of HB that is refunded to local authorities by the government.

Implementation

This option does not require any administrative changes to be made as it is the structure already in place.

5.2 OPTION 2 - Charge same as payments to providers plus £40 management fee

The second option would maintain the current pricing structure of charging tenants the same as we pay TA providers but would reduce the weekly management fee from £57.40 to £40 to bring the fee in line with the government's proposed amount for London boroughs. However, unlike the government's intention, the management fee will apply to both PLA and B&B accommodation.

Table 3

	Projection 2010/11 (£,000)
EXPENDITURE (Contract payment to landlords)	11,663
TOTAL Claimable from DWP (less cost of voids and bad debt)	-10,796
NET DEFICIT/SURPLUS (-)	867

Similar to Option (1), the direct expenditure to landlords will not be covered by the income from rents and HB from this pricing structure.

Impact on clients

At present, only one household in TA is paying full rent and does not qualify for any Housing Benefit because of savings over £16,000. If this option is adopted, this household would end up paying £17.40 less because of the difference between the current and proposed management fee. With the exception of this household, Option 2 would not have any impact on the household income for clients in TA as all households have been assessed as being eligible to receive a HB contribution. Owing to the way that HB tapers work, the proposed changes to the weekly charge will not result in any change to the amount payable by the tenant - as long as they remain in receipt of HB.

Implementation

All active rent accounts will need to be changed to take account of the new management fee rate. This is a relatively straight forward process, although there will need to be a transition period of at least one month as the Housing Benefit Team will need time to amend their assessments and to advise clients of the changes.

5.3 OPTION 3 - Charge ninety per cent LHA plus £40 management fee for PLA / LHA 1 bed rate, no management fee for B&B

The third option would mean charging tenants in PLA ninety per cent of the LHA rate in the area they have been temporarily housed, plus a fixed management fee of £40 per week. Tenants in B&B will be charged 100 per cent of the one-bedroom LHA rate appropriate to the area of their placement but no management fee.

This is the model promoted by the government and, in principle, the rent charged should reflect the type, location and size of the property in which households have been placed. This is also the model that all the other six West London Housing Sub-Region boroughs have indicated that they will be adopting from 1 April 2010.

Table 4

	Projection 2010/11 (£,000)
EXPENDITURE (Contract payment to landlords)	11,663
TOTAL Claimable from DWP (less cost of voids and bad debt)	-11,990
NET DEFICIT/SURPLUS (-)	-327

Table 4 shows that there would be a surplus of £327,000 from rental income and HB subsidy if this option is adopted. In this option the surplus is in effect a contribution towards the costs of managing the TA function which are already funded within the Housing Services budget. l.

Impact on clients

If this approach is adopted, and all clients remain in their current accommodation, only the household which does not receive HB, due to savings of over £16,000, would end up paying more rent per week. One further household, currently paying £343.08 per week after a HB contribution has been paid, would pay a lot less (£268.47 per week). All other households, including all working households, would pay exactly the same rent per week as they currently pay - as long as they remain in receipt of HB.

Implementation

As Option (2) above.

6 CONCLUSION AND RECOMMENDATIONS

- 6.1** This review of the charging arrangements for temporary accommodation was undertaken on the basis that a new Housing Benefit subsidy scheme will be in place from 1 April 2010.
- 6.2** Based on an analysis of the options set out above in section (5), it is recommended that:
- (i) From 1 April 2010, Option (3) is adopted as the model for setting rents for households in TA for the following reasons:
- This approach is consistent with the government's policy of encouraging local authorities to charge customers a fair market rent for the type and location of the property occupied;
 - It is the most financially advantageous option
 - With very few exceptions, the impact on clients' household income would be negligible; and
 - The existing administrative processes and IT infrastructure could support the changes with relative ease.