

# ITEM 14 – APPENDIX I

## WAVERLEY BOROUGH COUNCIL EXECUTIVE – 1<sup>ST</sup> OCTOBER 2013 COUNCIL – 15<sup>TH</sup> OCTOBER 2013

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### Title:

#### **IMPLEMENTING INCREASED RENTS IN TEMPORARY ACCOMMODATION AND FOR BED AND BREAKFAST ACCOMMODATION**

**[Portfolio Holder: Cllr Keith Webster]  
[Wards Affected: All]**

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### Summary and purpose:

The purpose of this report is to seek approval from Executive on increasing the rents in temporary accommodation and for Bed and Breakfast, as recommended within the 2013/14 budget process. The increase will need approval of Council and will be implemented on 1<sup>st</sup> January 2014.

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### How this report relates to the Council's Corporate Priorities

This report relates to the Council's corporate priority of providing more affordable housing in the Borough for local people in housing need and delivering value for money by maximising rental income from temporary accommodation and Bed and Breakfast.

### Financial Implications:

The Council would benefit from additional rental income from temporary accommodation and Bed and Breakfast.

### Legal Implications:

None

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### **Background**

1. To maximise the rental income from temporary accommodation and Bed and Breakfast approval is being sought to increase the weekly charges from January 2014. An increased rental stream will better reflect the additional costs of providing temporary accommodation and ensure that there is no incentive to applicants to accept temporary accommodation or Bed and Breakfast.
2. The Council's success in tackling homelessness in the borough has resulted from the use of a proactive, preventative housing options approach, including advice to prevent homelessness, mediation, negotiation and housing support, to help people remain in suitable accommodation.

3. Where a potentially homeless household cannot remain in their accommodation, or are unable to access private rented housing, the Council may be required to offer temporary accommodation and/or Bed and Breakfast.

### **Current provision**

#### Temporary Accommodation:

4. The Council's six units of temporary accommodation at Chapel Court, Milford comprises of a mix of one-bedroom self-contained flats and flats with en-suite bedrooms and shared facilities. The five units of temporary accommodation at Ladymead are being replaced by new permanent affordable homes
5. The weekly rent charged for the 1-bed flats at 1 and 2 Chapel Court is £95.34 per week and the weekly rent for the en-suite rooms at 3 – 6 Chapel Court is £79.16 per week. These rents are significantly below the maximum payable by Housing Benefit, which are set at the Local Housing Allowance (LHA) rate.
6. Households that move into private rented housing are likely to be charged rents that are close to the maximum LHA rate and those who access homelessness prevention units provided by local housing associations, pay affordable rents set at 80% of market rents.

#### Bed and Breakfast:

7. The Council has arrangements in place with Bed and Breakfast providers in Ash Vale and Slough. These providers are widely used by homelessness services across Surrey and regarded as reputable establishments to provide a specialised emergency accommodation service.
8. The Council is charged the following rates:
  - Slough/Ash Vale: £60 per night for a single room which is equivalent to £1820 pcm, £80 for a family room equivalent to £2,426 pcm. Both charges include breakfast.
  - Travelodge: £54 per night on average equivalent to £1,638. This does not include breakfast.

The Council makes the following weekly charge to homeless households:

Rent	£81.37
Heating/lighting	£12.50
<u>Breakfast</u>	<u>£ 2.45</u>
Total	£96.32 per week equivalent to £417.39 pcm

9. The net monthly cost to the Council of providing emergency accommodation to a single person in B&B in Slough is £1,402.61. The cost to the Council is greater when accommodating family households as the amount charged to the Council per room is greater for a larger room.

10. Housing Benefit regulations allow the Council to charge for Bed and Breakfast accommodation up to the relevant one bedroom rate as at January of the previous year. This means that the current rates are:

Blackwater Valley: £135 per week

Guildford: £161.54 per week

Slough: £146.54 per week

## Proposal

11. Housing Benefit is payable at 100% of LHA rate for shared accommodation and 90% of LHA rate for self-contained accommodation. This would allow the Council to increase the rents to this level and continue to be covered by Housing Benefit for those who receive it.
12. However, in order to recognise the impact of the benefit cap which will restrict the housing credit element to £133.85 per week for households of up to 5 people, when it is introduced in October 2013, and reduce risk of associated rent arrears, it is recommended that:
- the rent increase for temporary accommodation should be to 80% LHA for 1 bed flats and kept at the same level for the en-suite rooms
  - B&B charges area increased from £81.37 per week to £133.86 per week (£580.06 per month) in line with the proposed rate for one bedroom accommodation.
  - where breakfast is provided, the breakfast charge is increased from £2.45 per household per week to £3 per person per night (£91 pcm) to better reflect the amount and the quality of food provided
  - the heating/lighting charge is increased to £13 per week per household, as set out in the table below:

Address	Monthly (weekly) rent	Maximum LHA rate Monthly	Maximum HB payable (set at 90% LHA rate for 1+ beds)	80% LHA rate	Suggested revised monthly (and weekly) charges
1 Chapel Court (1 bed ground floor flat)	£412.14 (£95.34)	£725.01 (1 bed rate)	£652.09	£580.08	£580.08 (£133.86)
2 Chapel Court (1 bed first floor flat)	£412.14 (£95.34)	£725.01 (1 bed rate)	£652.09	£580.08	£580.08 (133.86)
3-6 Chapel Court (en-suite rooms)	£330.81 (79.16)	£360.01 (shared room rate)	£360.01	£288.01	No increase – to remain at current level of £330.81

Bed and Breakfast		£585.00	N/A		£580.08 (£133.86)
• Ash Vale		£700.01			Breakfast = £91 p/p pcm or £21 p/p per wk
• Guildford		£635.06			Heating = £56 pcm per h/hold (£13 per h/hold per week)
• Slough					

12. It is also recommended the temporary accommodation and Bed and Breakfast rates are reviewed annually and where appropriate increased in line with LHA rates.
13. The majority of households that move into temporary accommodation and Bed and Breakfast are in receipt of Housing Benefit to cover the cost of the increased rent, but they would need to pay breakfast and heating charges from their benefits.

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### **Recommendation**

That the Executive recommends to Council to approve the proposed increase in rents for temporary accommodation and Bed and Breakfast with effect from 1 January 2014.

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### **Background Papers**

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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