

Cabinet

10 March 2020

Name of Cabinet Member:

Cabinet Member for Housing and Communities – Councillor T Khan

Director Approving Submission of the report:

Deputy Chief Executive (People)

Ward(s) affected:

All

Title:

Temporary Accommodation Charging Policy

Is this a key decision?

Yes - the proposals are likely to have a significant impact on residents or businesses in two or more electoral wards in the City.

Executive Summary:

The Council's Housing and Homelessness Strategy (2019-24) sets out Coventry's ambitious agenda and how through the four pillars of prevention, support for people, improved accommodation and greater housing supply, the council aims to tackle homelessness and continue to create a city fit for today and future generations.

Households placed into temporary accommodation (excluding hostels) who are not in receipt of housing benefit do not currently contribute towards rental costs. In addition to meeting the cost of the accommodation, the Council currently also meets the cost for utilities and council tax and the full cost of storing a households' furniture until they leave temporary accommodation.

In December 2019 permission was granted to undertake a public consultation on a draft Temporary Accommodation Charging Policy. The proposed policy contained the following elements:

1. **Utilities charges and Council Tax:** Making households in Temporary Accommodation responsible for the utilities (electricity, gas and water) they use and for paying their Council Tax.
2. **Storage:** Households in temporary accommodation will pay to store their belongings.
3. **Contributions to rent through a licence fee:** Households who are not entitled to full housing benefit because they work and/or have 'excess income' will be asked to make an affordable contribution towards the rent, through a licence fee.

The public consultation ran from Friday 13th December 2019 until Friday 7th February 2020. The results of the public consultation, including key suggestions and recommended changes to the draft policy, can be found in Appendix B and the Equalities Consultation Analysis can be found in Appendix C.

Recommendations:

The Cabinet is requested to:

- 1) Approve the implementation of the Housing and Homelessness Service's Temporary Accommodation Charging Policy from April 2020. The policy includes making Households in Temporary Accommodation responsible for;
 - Utilities
 - Council Tax
 - Storage costs and;
 - For those not in receipt of full housing benefit, contribution to the rent on the property through a licence fee.
- 2) Approve the recommendation that the Council pays the first month of storage for every household in Temporary Accommodation who places their furniture and other belongings into Council arranged storage.
- 3) Note the working group established to explore the most financially viable methods for households in Temporary Accommodation to make utilities payments and reduce their energy bills.

List of Appendices included:

Appendix A – Temporary Accommodation Charging Policy
Appendix B – Consultation Report
Appendix C – ECA

Background papers:

There are no background papers listed.

Other useful documents

[Coventry's Housing and Homelessness Strategy 2019-2024](#)

Has it been or will it be considered by Scrutiny?

No – although the matter was considered by Scrutiny Board 4 on 23rd January 2020 as part of the consultation process.

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No – although the matter was considered by the Disability Equality Advisory Panel on 6th February 2020 as part of the consultation process.

Will this report go to Council?

No

Report title: Temporary Accommodation Charging Policy

1. Context (or background)

1.1 On 2nd February 2020 there were a total of 681 households living in Temporary Accommodation (TA) provided by Coventry City Council: 388 were families with dependent children (lone and two parent families) and 293 were single people, adults with no dependents or childless couples. Temporary accommodation used by the Council includes:

- Bed and Breakfast and Hotels
- Hostels, some of which provide specialist support services
- Private rented accommodation
- A small number of properties provided by a Housing Association

1.2 In 2019/20 it is forecast that the cost to the Council of households in temporary accommodation will be in excess of £9m. It is imperative that the service undertakes a range of activities to both reduce spend and increase income. The service has been working with TA providers to reduce the cost of the Temporary Accommodation and has been successful in reducing the full year costs by in excess of £1 million.

1.3 The Council has the power to require the payment of reasonable charges for accommodation in accordance with s206(2) Housing Act 1996.

1.4 Coventry does not currently have a Temporary Accommodation (TA) Charging Policy and therefore does not charge most households placed in Temporary Accommodation, this means:

- **Council Tax;** The majority of households living in TA do not pay for council tax, it is included in the cost met by CCC.
- **Utilities (Ineligibles);** The majority of households living in TA do not pay for utilities, it is included in the cost met by CCC. Utility costs for most households living in TA cost is estimated to cost in excess of £800K per annum.
- **Furniture storage;** The Council has a legal duty to provide access to storage of furniture for any household who become homeless to protect their belongings. No households in TA meet any of the costs of storing their furniture this is all paid for by CCC. The Council's forecast spend on storage charges is £163k during 2019/20.
- **Rental Charges:** No household makes a contribution to the rent on the property, including those in receipt of partial housing benefit, and those not eligible for housing benefit, due to excess income. Households with excess income living in TA is estimated to cost the Council in excess of £400k per annum.

1.5 Having researched other Councils practices regarding charging households living in TA it is evident that Coventry is unique in not currently charging households with excess income.

1.6 In addition, the Charity Shelter states on their advice pages; *"You have to pay rent in emergency housing, but it must be affordable for you"*; which demonstrates charging for Temporary Accommodation is standard practice. Similarly, many domestic abuse charities (such as Womensaid) who provide refuge accommodation charge for rent and other charges.

- 1.7 We currently have the highest number of households living in TA recorded in the city and this is contributing to a significant budgetary pressure. Whilst not charging households with excess income during times when there was low demand for temporary accommodation is understandable, this is something the city can no longer afford to do.
- 1.8 In addition to the economic case for change, households need to be able to demonstrate they are tenancy ready before securing permanent accommodation. During listening sessions, some third sector partners expressed the view that an unintended consequence of the Council currently not having a TA charging policy is that some homeless households are not developing the skills required to obtain and maintain permanent accommodation.
- 1.9 Therefore, if the policy is approved, a key outcome is that single people and families are tenancy ready by the time they move out of Temporary Accommodation and into Permanent Accommodation to ensure tenancy sustainability. To do this the Council will look to:
- i) Focus on independent living – single people and families will be able to manage their money effectively by the time they leave Temporary Accommodation
 - ii) Provide Appropriate Support - Where single people and families experience financial budgeting difficulties support will be provided through the recommissioned homeless support contracts
 - iii) Only charge proportionately - charging will be based upon what people can pay; the Council will not charge indiscriminately.

2. Options considered and recommended proposal

2.1.1 **Option 1 - Do Nothing:** This option would involve continuing with the situation as it currently stands where some households are not contributing to the council tax and utilities costs and no one is making a contribution towards the rental costs of their temporary accommodation or payment towards the cost of removals and storage of their belongings. As stated above it is imperative that the service increases income and reduces expenditure wherever possible to ensure that the service provides value for money. It is important that households pay their licence fee and utilities to ensure that when they secure permanent accommodation they are prepared to meet future rental and household costs. This is not the recommended option.

2.1.2 **Option 2 - Implement Policy:** This option would involve implementing the proposed Temporary Accommodation Policy. The constituents of the policy are:

- **Utilities and Council Tax:** Households in Temporary Accommodation will be responsible for the Council Tax and the utilities they use.
- **Storage:** Where a household needs to place their belongings in storage, the Council will cover the first month's storage costs and then charge those households for the full cost of removals and storage costs after that point.
- **Licence Fee:** Households who are not entitled to full housing benefit because they work and/or have 'excess income' will be asked to make an affordable contribution towards the rent, through a licence fee. The licence fee will be set at the Local Housing Allowance rate for the property they are temporarily accommodated in.

2.1.3 Option 2 is the recommended option.

2.2 Reasons for Recommended Proposal

- 2.2.1 We currently have the highest number of households living in Temporary Accommodation recorded in the city, rising from 156 households in 2015/16 to 681 households in February 2020. This increased demand is putting the Council under significant budgetary pressure and considerable spend over the Council's allocated budget for housing.
- 2.2.2 This increase in demand combined with the backdrop of public spending cuts means meeting future demands will become increasingly difficult. Therefore, whilst not having a Temporary Accommodation Charging Policy during times when there is low demand for temporary accommodation is understandable, this is something the city can no longer afford to do.
- 2.2.3 The policy is broken down into three elements – the benefits of each element of the policy are as follows:
- 2.2.4 **Utilities and Council Tax:** The Council does not have a consistent approach to who pays for utilities and Council Tax. People living in hostel accommodation, housing association and some private rented Temporary Accommodation currently pay their own utility bills. Most households in private rented Temporary Accommodation and all households in hotels and B&Bs do not pay for their utilities - Coventry City Council currently covers these costs. People in Hotels and B&Bs are not liable for Council Tax.
- 2.2.5 The policy will increase consistency between households living in private rented temporary accommodation, hostels and housing association properties. It is expected that the utilities element of the policy will save the council in excess of £400K per year.
- 2.2.6 **Storage:** Furniture removals and storage currently costs the Council over £163,000 each year. There is no limit set on how many items a household can put into storage. This means the Council pays no storage costs for some households and a considerable amount for others.
- 2.2.7 The policy proposal to charge households for the removal costs and cost of storage may encourage households to organise and prioritise the items they place into storage. The Council recognise, following feedback received during public consultation, that some households may struggle with these costs and therefore it is recommended that each households is not charged for the first month of storage. It is estimated that this element of the policy will save the Council approx. £140K each year.
- 2.2.8 **Licence Fee:** The Council currently pays the full cost of the rent that is not covered by housing benefit, for families with 'excess income' and this costs the City more than £400K per year. Public consultation revealed the 58.7% of respondents 'Strongly Agreed' or 'Agreed' with charging a licence fee and 70.3% of respondents favoured the Local Housing Allowance Rate. Only households with an excess income (currently 20% of households in temporary accommodation) would be required to pay a licence fee. This element of the policy would save the Council approximately £200K per year.
- 2.2.9 The Council has already undertaken a great deal of activity to reduce spend on Temporary Accommodation in other areas, and will continue to do so, including reducing the costs paid to providers and reducing the number of households living in Temporary Accommodation. However, this activity will not be enough to meet the shortfall – the introduction of the Temporary Accommodation Charging Policy will contribute to doing so.

3. Results of consultation undertaken

3.1 Internal Stakeholders

3.1.1 At their meeting on the 23rd January 2020, the Communities and Neighbourhoods Scrutiny Board (4) considered the draft policy. The Board supported the proposals in the policy and in addition recommend that:

- 1) Consideration be given to options other than pre-payment meters for utilities payments for those in temporary accommodation
- 2) A report back be considered by the Board next municipal year following the implementation of the policy, should it be agreed by Cabinet

3.2 External Stakeholders

3.2.1 Listening Sessions took place during November 2019 with third sector organisations to help shape the development of the draft policy and the Council's approach to consultation.

3.2.2 Permission to Consult on the proposed policy was received early December 2019; consultation started on 13th December 2019 and ended on 7th February 2020. The full consultation report can be found in **Appendix C**.

3.2.3 All Respondents

3.2.4 The Stakeholders were able to complete the online Let's Talk survey. Of the 180 responses received Coventry Residents made up 43.9% of respondents, Council Employees made up 23.3% and Households in Temporary Accommodation made up 15% of respondents.

3.2.5 The public consultation revealed support for the Utilities and Council Tax Elements (with 62.8% and 52.2% agreeing or strongly agreeing with each element, respectively). The public were also supportive of the introduction of a licence fee - 58.7% of respondents 'Strongly Agreed' or 'Agreed' with charging a licence fee and 70.3% of respondents favoured the Local Housing Allowance Rate. The most divisive element was the introduction of charging for storage with 41.4% strongly agreeing or agreeing with this element and 37.4% disagreeing or strongly disagreeing.

3.2.6 Households in Temporary Accommodation

3.2.7 Households in temporary accommodation were informed of the consultation, in writing, on the 13th December 2019 in which they were given the option to have their say via an online survey through the 'Let's Talk' website. They were also given the option to attend a focus group to discuss the proposed policy and its implications.

3.2.8 Visiting Officers handed out 60 flyers and one survey to people living in Temporary Accommodation.

3.2.9 180 people completed the online survey – 15% of which were people living in Temporary Accommodation. Three of the people captured in the survey chose to attend a focus group and one person met an officer in person to complete the survey face-to-face, due to communication barriers.

3.2.10 People living in temporary accommodation were largely unsupportive of the policy - their strength of feeling towards each element was as follows:

3.2.11 Utilities and Council tax: 33.3% strongly agreed or agreed with paying for utilities, whilst 51.8% disagreed. Similarly, 25.9% strongly agreed or agreed with paying Council Tax whilst 22.2% strongly disagreed or disagreed.

3.2.12 Storage: 40.7% disagreed or strongly disagreed whilst only 14.7% agreed or strongly agreed.

3.2.13 Licence Fee: 22.2% of people in Temporary Accommodation agreed or strongly agreed whilst 40.7% disagreed or strongly disagreed.

3.2.14 **Third Sector Organisations**

3.2.15 Third sector organisations were able to complete the online Let's Talk survey – 5% of respondents were from this sector. A meeting was also held with Coventry's Frontline Network where they were able to ask questions before submitting a collective response through the online platform.

3.2.16 Third sector organisations were largely in support of the policy, and its constituent elements, however some concerns and suggested changes were raised as follows:

3.2.17 Utilities: concerns were raised over the proposal to use Pre-Payment Meters for Temporary Accommodation due to them being more expensive than quarterly billing and the risk of self-disconnection. As such, a working group has been established between third sector organisations and the Council to work together to find the most appropriate method for utilities payments and to address other issues that may materialise.

3.2.18 Storage Costs: concerns were raised around affordability of storage. A suggestion was made by third sector organisations and other survey respondents that a capped contribution could be applied. After analysing this feedback it is recommended the Council provide the first month of storage free to provide households with the time to carry out budgeting and organise their affairs.

4. **Timetable for implementing this decision**

4.1 End of March 2020 - Letters to all households living in Temporary Accommodation to inform them of the cabinet decision

4.2 Mid-April 2020 - Licence Fee and Storage Payment module (ARA) installed

4.3 End of April/Beginning of May 2020 - Households living in Temporary Accommodation begin paying for their licence fee, council tax, utilities and storage charges.

5. **Comments from Director of Finance and Corporate Services**

5.1 **Financial implications**

5.1.1 The financial implications are included in the main body of the report. The cost of the storage, ineligible charges and excess income is estimated to cost the council in excess of £1.3M in 2020/21 if the policy is not implemented. By asking claimants to pay an affordable contribution to their accommodation costs, a proportion of this cost will be saved / avoided. For the purposes of financial planning we are assuming a reduction in cost of £740K

5.2 Legal implications

- 5.2.1 The Council has the power to require the payment of reasonable charges for accommodation in accordance with s206(2) HA 1996. The Housing Act does not define what is reasonable and therefore, there is a discretion as to what is reasonable, considering the circumstances of the applicant.
- 5.2.2 The policy will need to have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, as discussed at 6.4.
- 5.2.3 With regards to the consultation period there is no set statutory timeline so when consulting the Council must observe basic rules of natural justice. Natural justice requires the decision-maker to give prior notice to persons affected by it and give them an opportunity to make representations. Therefore, a public authority usually has a broad discretion as to how a consultation exercise should be carried out. In formulating the consultation period, the Council should have regard to the principles outlined in *R v London Borough of Brent, ex p Gunning*; namely that the consultation must be at a time when proposals are still at a formative stage; sufficient information must be provided and adequate time must be given for consideration and response.
- 5.2.4 The Council must take account of the provisions of the Human Rights Act 1998 and must not act in a way which interferes with human rights set out in Schedule 1, specifically in this case the Article 8 right to respect for private and family life. If it is found that the Council has interfered with this right this is only justified if the interference is in accordance with the law and is necessary in a democratic society in the interests of the economic well-being of the country.
- 5.2.5 The 1996 Act contains an express power enabling the Council to arrange for housing accommodation to be provided by a third party. Section 74 of the 1989 Act does not state that housing accommodation secured from a third party must be accounted for in a housing revenue account. Consequently, it can be accounted for in the General Fund, without the need for a housing revenue account.

6. Other implications

Any other specific implications

6.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

The introduction of a Charging Policy for Temporary Accommodation will help the council to meet one of its main aims of 'Delivering our priorities with Fewer Resources' detailed in the Council Plan.

6.2 How is risk being managed?

- 6.2.1 There is a risk that there may be an increase in successful applications for Discretionary Housing Payments. Applications for DHPs due to licence fee or storage payments will be monitored on a regular basis.

6.3 What is the impact on the organisation?

The implementation of the policy will be managed within existing resources. A review of the impact of the policy and practice changes on the organisation will be carried out 3 months after implementation.

6.4 Equality and Consultation Analysis (ECA)

6.4.1 A full Equality and Consultation Analysis (ECA) has been carried out. The full document (parts 1 and 2) is located in **Appendix C**.

6.4.2 The equalities analysis has indicated both potential positive and negative equality implications of implementing a temporary accommodation charging policy in Coventry. The consultation process identified the following **negative equality impacts** on people with the following protected characteristics:

- **Age:** Concerns were expressed that the levelling charges would impact on parent's ability to get children to school thus impacting on the child's educational attainment. Especially, under the circumstances when the Council places children in temporary accommodation far from their school.
- **Age and/or disability:** concerns were raised regarding the cost of utilities and the impact on people with higher energy needs (children and people with disabilities such as COPD). Especially if the temporary accommodation used by the Council is of low energy efficiency and if the Council choose to install (more expensive) pre-payment meters.
- **Disability:** Concerns were raised that charging for removals and storage could either cause or exacerbate mental health conditions, during what is already a difficult time.
- **Sex:** Some respondents expressed the view that the storage element could negatively impact people fleeing domestic violence (predominantly women) as they may not have support networks available to help store belongings whilst others' felt they were less likely to be impacted as they often leave without any belongings.

6.4.3 Respondents to the consultation mainly provided more generic positive and negative feedback on the proposals which could apply to all protected characteristics.

6.4.4 Some respondents to the consultation expressed concern that the proposed policy would negatively affect already vulnerable people and/or families; people/families who are already experiencing financial difficulties/poverty, people with physical and mental disabilities and discourage people wanting to leave domestic violence and abusive relationships.

6.4.5 **Positive equality impacts:** Some respondents to the consultation felt that the proposals provided a positive opportunity to support people living in temporary accommodation to develop or regain a sense of personal and financial responsibility for their day to day lives. The overarching benefit of the policy would be potentially increasing the sustainability of longer-term accommodation options for those who have experienced homelessness.

6.4.6 Some respondents expressed the view that the current situation could be widening inequality between people living in temporary accommodation and those who do not – they felt the money currently being spent would be better spent on in other areas, such as adult social care.

6.4.7 Mitigations

Following consultation analysis and discussions with third sector organisations the following mitigations are recommended:

6.4.8 **Storage Costs:** It is recommended a one-month grace period for every household placing furniture into storage is granted to allow households time to settle into temporary accommodation and carry out personal budgeting.

- 6.4.9 **Storage Costs:** A financial assessment will be carried out to ascertain how much a household can afford to pay. The repayment costs of storage will spread over a longer period of time taking into account the affordable amount.
- 6.4.10 **Utility Costs:** A working group has been established to explore the potential impact of charging for utilities on children, and other vulnerable groups. The working group will explore the best form of payment method, including the use of smart meters, with the intention of securing access to more affordable tariffs for households in TA.
- 6.4.11 **Travel Costs:** The Council will explore other financial support options for supporting households in temporary accommodation with children whose current school is not located near their current accommodation (e.g. prevention pot or funding via education service)
- 6.4.12 Households on low incomes can make an application for Council Tax Support, whilst households in receipt of full or partial housing benefit can apply for a Discretionary Housing Payment to help with housing and storage costs.
- 6.4.13 The newly commissioned support providers will also actively work with people and families in temporary accommodation to understand the policy, their responsibilities and support people with their budgeting skills in order to mitigate where possible any overall negative impacts.
- 6.4.14 A review of the revised policy will be undertaken one year after implementation which will include a review of actual ECA impact.

6.5 Implications for (or impact on) climate change and the environment

There are no known implications (or impact on) the environment.

6.6 Implications for partner organisations?

- 6.6.1 Providers, such as the Salvation Army, currently have no way of charging households for temporary accommodation if they do not complete a housing benefit form. They therefore cover accommodation charges themselves. There are positive implications for providers in this situation.
- 6.6.2 If there is evidence following the implementation of the policy that there has been an impact on partner organisations (such as an increase in demand due to the implementation of the policy) the Council will discuss these implications with partners.
- 6.6.3 During implementation, negotiations will take place with partner organisations, and private sector landlords in particular, in order to realise the cost reductions through charging for utilities and council tax.

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