

East Herts Council Non-Key Decision Report

Date: 27th November 2020

Report by: Councillor Peter Boylan – Executive Member
for Neighbourhoods

Report title: Cessation of the charge levied to homeless
people temporarily housed in bed and breakfast
accommodation for costs not eligible for housing
benefit

Ward(s) affected: All

Summary

- The reports makes the case that the continued levying of a charge to homeless households temporarily housed in bed and breakfast accommodation for costs ineligible for housing benefit is putting pressure on the households impacted while generating a marginal level of income for the council in return for the staff time spent billing for, processing and remitting the income. It is proposed to cease levying the charge.

RECOMMENDATIONS FOR DECISION: That:

- **the council ceases to levy a charge to homeless people temporarily housed in bed and breakfast accommodation for costs not eligible for housing benefit.**

1.0 Proposal(s)

- 1.1 The purpose of this report to recommendation the cessation of charges to homeless households in bed and breakfast accommodation for costs that are ineligible for payment through housing benefit.

2.0 Background

- 2.1 Over the last year there has been a significant increase in the council's use of bed and breakfast accommodation as temporary accommodation for those approaching the council facing or experiencing homelessness. Of note, there was an average of just five households in bed and breakfast at any one time in 2018/19 which has risen to an average of 21 so far in 2020/21, *excluding additional need resulting from the coronavirus emergency*. The increase is due to a combination of local housing price and private rent inflation and the extension of duties to homeless households brought in by the Homelessness Reduction Act 2017.

3.0 Reason

- 3.1 This recent increase in bed and breakfast accommodation use has highlighted the difficulties for those placed in bed and breakfast posed by the charge made by the council to cover costs not eligible for housing benefit. The weekly charge levied by the council is £27. This charge is made regardless of the size of the household or income/benefits received which can be challenging for those reliant on Job Seekers Allowance.
- 3.2 This situation is untenable for a number of people placed in bed and breakfast accommodation who then do not pay it. The payment rate over the period 2015/16 – 2019/20 inclusive has been only 30.5% despite the council's best efforts to collect the monies owed.
- 3.3 The recent acquisition of The Rectory flats for use as temporary accommodation will dramatically reduce the use of bed and breakfast accommodation. It is anticipated that some bed and breakfast accommodation will, however, still be used when (a) the household only needs temporary accommodation for a few days, (b) all flats are full at The Rectory and Hillcrest (the council's other flats used for housing homeless

households) or (c) The Rectory or Hillcrest would not be suitable for the homeless household.

- 3.4 The Service Manager – Housing Services has reviewed all bed and breakfast placements in 2019/20 and calculated that once The Rectory is fully operational a total of around 40 households are likely to be placed in bed and breakfast in any one year, corresponding to a total of 53 whole weeks. Thus, it can be calculated that the charges levied at £27 per week given this residual level of bed and breakfast use would summate to £1,431 for the year. If the current payment rate of 30.5% continued, this would give the council an annual income of £436.46.
- 3.5 Considerable staff time is incurred raising and issuing invoices for these charges, chasing and remitting any income gained and ultimately writing off bad debt. It is thus proposed to cease levying this charge as soon as this decision is made.
- 3.6 The Housing Service has asked Hertfordshire authorities what approach they take to charging. We have had responses from six authorities plus Harlow. All of those responding (Dacorum, Harlow, North Herts, St Albans, Three Rivers and Welwyn Hatfield) do not levy any charge, except Watford who levy a charge of £17 per week, however, they make virtually no use of bed and breakfast given the other options in their borough; they have only one household in bed and breakfast at present.

4.0 Options

- 4.1 Continue to levy the charge – NOT RECOMMENDED as the staff costs to process the charges far outweigh both the total sums to be levied once The Rectory is fully utilised and the likely income payable at historic payment rates. Staff time would be redirected to providing direct support and advice to homeless households and maximising repayment of rent deposits and rent in advance payments.

- 4.2 Levy a reduced charge – NOT RECOMMENDED as the staff costs to process the charges far outweigh both the total sums to be levied once The Rectory is fully utilised and the likely income payable at historic payment rates and the imbalance is likely to only increase if a lower charge were to be levied.
- 4.3 Increase the charge to recover staff costs – NOT RECOMMENDED. The charge would need to be significantly increased and already the ability to pay the current charge is proving so challenging for many homeless households that the payment rate is less than one third.

5.0 Risks

- 5.1 The main risk identified is that approval of the recommendation would deprive the council of income at a time of financial pressure. However, the council's Head of Finance and Property has been consulted about this decision and supports the proposal. He is particularly keen to see the staff time released used, at least in part, to ensure a continued high level of, and where possible further increase, the repayment of rent deposit and rent in advance monies made available by the council. This has been included in the proposal.

6.0 Implications/Consultations

Community Safety

None identified.

Data Protection

None identified.

Equalities

No adverse impacts, indeed, the removal of the charge would help a number of people with protected characteristics by removing a financial burden.

Environmental Sustainability

None identified.

Financial

The income foregone by the proposal, a maximum of £1,431 per year, though more likely £436.46 a year given historic collection rates, is marginal to the council's overall budget and is in fact lower than the cost of staff time expended to make the charges. The Head of Finance and Property is particularly keen to see the staff time released used, at least in part, to ensure a continued high level of, and where possible further increase, the repayment of rent deposit and rent in advance monies made available by the council. This has been included in the proposal.

Health and Safety

None identified.

Human Resources

Freed up staff time would be redirected to providing support and advise to homeless households.

Human Rights

None identified.

Legal

There is no legal obligation to make this charge. There are, however, duties under the Housing Act 1996 and the Homelessness Reduction Act 2017 to provide temporary accommodation to homeless households in certain situations. This proposal would continue to ensure temporary accommodation is available to residents who are typically in acute need.

Specific Wards

All.

7.0 Background papers, appendices and other relevant material

None

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