



London Borough of Hammersmith & Fulham

Cabinet

12 NOVEMBER 2012

**CABINET MEMBER
FOR HOUSING**

*Councillor Andrew
Johnson*

**MINIMISING THE COSTS OF TEMPORARY
ACCOMMODATION**

Wards: All

This report outlines the current position regarding the use of temporary accommodation for homeless households and in particular the increase in the use of Bed and Breakfast (B&B) accommodation. The report proposes a short-term, spend to save initiative to minimise the costs of B&B. This consists of a package of financial incentives to private landlords and an extension of the successful HB Assist initiative to negotiate directly with landlords and tenants affected by changes to benefit and subsidy arrangements.

A separate report on the exempt Cabinet agenda provides exempt information regarding the cost implications of incentivising public sector landlords.

CONTRIBUTORS

EDHR
EDFCG
DoL

**HAS AN EIA BEEN
COMPLETED?
YES**

**HAS THE REPORT
CONTENT BEEN RISK
ASSESSED?
YES**

Recommendations:

- 1. That approval be given to the provision of incentives to landlords at a total cost of £750,000 funded from general reserves, as set out in sections 9.1 – 9.2 of the report.**
- 2. That the HB Assist project be funded at a cost of £112,000 from general reserves, as set out in sections 9.3 – 9.9 of the report**

1. BACKGROUND

- 1.1 The Council has statutory obligations to provide accommodation for households it accepts as homeless. This usually involves a period in temporary accommodation, most of which consists of properties owned by private landlords. Over recent months it has proved increasingly difficult to procure such accommodation and this has contributed to an increase in the use of Bed and Breakfast (B&B) hotels as an alternative. The proposals in this report seek to address this issue in the short-term in order to respond both to the existing situation and to developments that may arise from planned changes to benefits available to applicants.
- 1.2 The report's proposals are to take short-term measures to minimise the costs of temporary accommodation through (1) Incentives to Private Sector Landlords and (2) a Project Team (HB Assist) to respond to the impact of benefit and subsidy changes.

2. PROPOSED ACTION

- 2.1 The proposed recommendations are that approval is given to:
 - 2.1.1 provide incentives to landlords at a total cost of £750,000 funded from general reserves as set out in sections 9.1 – 9.2 of this report
 - 2.1.2 fund the HB Assist project at a cost of £112,000 funded from general reserves as set out in sections 9.3 – 9.9 of this report

3. SUMMARY

- 3.1 The Council has statutory obligations to provide accommodation for households it accepts as homeless. To date, the Council has been successful in preventing homelessness, with only 1 approach in 10 leading to such an acceptance. Where a duty is accepted, this usually involves a period in temporary accommodation. Most of this temporary accommodation consists of property owned by private landlords. It is becoming more difficult to acquire such accommodation and this situation is likely to persist as changes arising from Welfare Reform and changes to Housing Benefit impact on the private rental housing market.
- 3.2 Members will recall that the position of households accepted as homeless was one of the matters addressed in the Building a Housing Ladder of Opportunity strategy documents package approved by Cabinet in October 2012. The new Housing Allocation Scheme creates a more level playing field in the allocation of social housing between homeless households and other applicants and includes measures to dis-incentivise some categories of homelessness application. For new homeless applicants,

after the introduction of the relevant provisions of the Localism Act, the Council's intention is to discharge its homelessness duty into the private sector. In any event, the Council will continue to need access to a supply of accommodation from private landlords.

- 3.3 Over the last few months, the number of households in temporary accommodation has risen. Within this total, there has been an increase in households accommodated in Bed and Breakfast hotels (B&B) and nightly lets. This is a trend being seen across London. In the City of Westminster, for example 432 households were in B&B at the end of June 2012, compared to 194 households a year before. At June 2012, RB Kensington & Chelsea reported 125 households in B&B and annexes. In April 2012 the then Leader of this Council received a letter from the then Housing Minister Grant Shapps expressing concern at the number of families which had been in B&B for more than 6 weeks. LBHF was one of 20 councils to receive such a letter.
- 3.4 There is a direct relationship between the ability of local authorities to procure private sector properties elsewhere and the use of B&B. Use of B&B brings a net cost to the General Fund; the net cost is greater the larger the household being accommodated and the more expensive the hotel being used. In recent months, the Council has on occasion had to use expensive hotels such as the Premier Inn due the competition for B&B space in London.
- 3.5 The current position primarily relates to the supply of accommodation rather than increased demand from applicants. There are a number of factors at play:
- The strength of the private rented market in London means landlords may have little incentive to provide accommodation to local authorities as opposed to on the open market
 - There is uncertainty for landlords about the future system the Government will put in place to provide subsidy for temporary accommodation
 - The introduction of and changes to Local Housing Allowances has restricted the Housing Benefit available to clients and hence the ability of local authorities to compete in the market. This has also affected the ability of local authorities to retain properties when the existing arrangement with the landlord comes to an end.
- 3.6 In addition, there are a number of matters on the horizon, which create risks either that demand will increase or that the difficulty of procuring or retaining accommodation will intensify, or both.
- Changes to the temporary accommodation subsidy system due to be brought in by DWP from 2013 (nature and timing still unspecified)

- The ongoing effects of Housing Benefit Caps and changes to Local Housing Allowances, particularly on residents living in the private rented sector and receiving benefits
 - The advent of welfare reform, universal credit and the overall benefit cap from 2013
 - The loss of some existing arrangements with private landlords, via Housing Associations, which will no longer be financially viable
 - A specific issue at Hamlet Gardens, where the freeholder has decided to sell the property and 121 households will need to be moved to alternative temporary accommodation
- 3.7 The key risk is that a combination of these leads to further increases in the use of B&B and substantial unbudgeted costs to the Council estimated to be circa £500k in 2012/13 of which £118k is not covered by savings made elsewhere. The risk can be quantified as being between £0.9m and £1.4m in 2013/14 with an additional risk assuming an additional 300 clients of between £3.9m and £6.6m per annum, depending on the type of B&B accommodation available and a potential risk exposure of up to circa £16m. To mitigate these risks it would make financial sense for the Council to put itself in a position in which it can, if necessary, deploy additional funds to secure accommodation from private landlords in order to avoid the need to spend substantially greater sums on B&B.
- 3.8 In addition, there is a challenge for the Council in managing advice and assistance to residents, particularly in terms of their relationships with private landlords, in a way which both sustains their accommodation while minimising the costs to the Council.
- 3.9 This report therefore proposes funding for two linked initiatives:
- a package of one-off payments to private landlords to be available as an incentive for them to either continue providing accommodation or providing new accommodation for this purpose. This would be used to avoid the spending of greater sums on B&B and to seek to reduce the current numbers in B&B to comply with government guidance.
 - an extension of the role of the successful HB Assist Team in Housing Options to encompass work with landlords and residents to be affected by the issues around temporary accommodation over the next year described above.
- 3.10 The proposals are also necessary to assist delivery of MTFs savings in 2013/14 relating to the current costs of temporary accommodation and the decanting of Hamlet Gardens in particular which could cause a significant cost to the Council (through consequent use of B&B) if it is not dealt with in a proactive and planned way.

4. FURTHER BACKGROUND

- 4.1 In March 2003, Hammersmith & Fulham Council had 624 homeless households accommodated in Bed and Breakfast (B&B) hotels. Through a combination of homelessness prevention work and the procurement of access to private sector accommodation the Housing Options service succeeded in reducing this figure to 26 in March 2010. None of these cases were families. This was associated with a substantial reduction in the use of all forms of temporary accommodation (TA).
- 4.2 Officers are now finding it increasingly difficult to source a sufficient stock of temporary accommodation which is sustainable for TA clients. This problem is the result of a buoyant private rented sector market in the borough, exacerbated more recently by Local Housing Allowance (LHA) changes which have restricted the borough's ability to compete in the market.
- 4.3 In addition, there has been some increase in demand from people on housing benefit and low incomes who either approach the Council as homeless or seek assistance for a letting in the private rented sector (PRS). Primarily, however, the current issue is one of the supply of accommodation rather than demand. Due to increasing competition among local authorities to procure temporary accommodation contracts with landlords, this position threatens to result in significant costs for the Council.
- 4.4 The combination of these factors has resulted in a large increase in the use of Bed and Breakfast (B&B) accommodation and a concomitant increase in TA expenditure. In order to move away from placing families in B&B additional private rented properties urgently need to be sourced. There are additional requirements such as properties to be used for homelessness prevention; a number of properties to house those being moved on from the HB Assist project; and, to meet on-going demand.
- 4.5 Looking to the position over the next year, additional properties are also required for a number of other purposes and in mitigation of a number of risks. These include the replacement of properties which will need to be handed back to the landlord. The key one is Hamlet Gardens, where the freehold of the blocks have been sold and 121 households will have to be moved over a period which is still the subject of negotiation with the new owner. There are a number of instances where hand back will be required because changes to LHA caps and the TA subsidy system will render the current financial arrangement unviable. This is because the cap on rents payable is less than the market rent required by the landlord. There is a particular difficulty around larger accommodation, where there is a large difference between what landlords are able to achieve in the private rented market and the rents that are able to be paid for temporary accommodation which, in most cases, are dependent on housing benefit subsidy. There are additional risks surrounding the introduction of Universal Credit and the overall benefit cap from 2013, which could result in a greater demand for access to private sector accommodation.

- 4.6 Alongside the need to secure more private sector accommodation, the Council also faces a significant challenge in dealing and negotiating with private landlords who already accommodate existing or potential homeless clients and with households who are already or who may become homeless under the terms of the legislation. The challenge is to meet the needs of those clients other than through the use of B&B and to minimise the cost of doing so to the authority. The Council already has a successful model of how this can work in HB Assist, which over the last year has been dealing with households in temporary accommodation affected by LHA changes.
- 4.7 In response to the current position a proposal has been developed to increase the supply of accommodation from the Private Rented Sector through making incentive payments to both private sector providers and registered providers. This proposal sets out the financial case to demonstrate that incentivising providers to secure contracts will reduce the net cost to the Council of managing the increase in demand for TA.

5. CURRENT SITUATION

- 5.1 At July 2011, there were no families in B&B and approximately 50 single people in this accommodation. Due to lack of provision of properties via the usual procurement methods the Council is now placing families directly into Bed and Breakfast accommodation.
- 5.2 There are currently 60 families in B&B and 51 single people. Of the 60 families 40 have been in B&B for longer than 6 weeks. Prior to the current year it was always possible to place families directly into council-owned hostels, private sector properties and Housing Association Leasing Schemes. Additionally there was a large supply of Direct Letting (DL) properties, usually in the borough, which were offered to clients to prevent them making a homelessness application. This supply has also dwindled and some of those living in existing Direct Letting properties are now approaching the Council for assistance
- 5.3 As many landlords offering B&B to homeless families have switched operations to become tourist providers, the supply of B&Bs has also now shrunk. In order to meet the statutory duty to place, the Council have been forced to look at more expensive categories of hotel than would otherwise have been the case.

6. DEMAND FOR TEMPORARY ACCOMMODATION

- 6.1 Annex 1 sets out the key potential sources of demand for temporary accommodation at the present time. As the Annex explains, it is extremely difficult to predict the future demand for temporary accommodation. For the purposes of this proposal it has been assumed that the target of procuring

300 additional units of private sector accommodation via the use of incentives over the next year is both prudent and realistic

7. COST OF BED & BREAKFAST ACCOMMODATION

- 7.1 The anticipated cost of placing clients in B&B accommodation has been modelled and is likely to result in additional unbudgeted costs for the Council in 2012/13 of approximately £500k. This assumes an average of 161 households over the year 2012/13, with a peak of 250 households in B&B by March 2013. The forecast overspend for B&B reported to Cabinet in period 5 via the Corporate Revenue Monitor of £382k is offset by favourable variances which are being achieved through the Temporary Accommodation portfolio. This element of the forecast can therefore be contained within departmental budgets. However, the difference between the period 5 forecast and the latest modelling represents an unbudgeted overspend of £118k.
- 7.2 For 2013/14, it is anticipated that without action, an average of 342 households would result over the year, with a peak of 424 households in B&B by March 2014. This is forecast to produce additional unbudgeted costs ranging from £0.9m to £1.4m depending on the impact of factors outlined below.
- 7.3 The extent to which the projected costs can be contained depends on a number of influential factors such as the eventual numbers of clients, and the fact that the cost of B&B accommodation to the Council varies with the size of the household, the category of hotel and the location of the accommodation¹. Many B&B providers have left the business of providing 'Housing Benefit' B&B and have converted their businesses to tourist hotels. On some occasions over the last few months there has been no choice but to house homeless families in Premier Inn-type accommodation at a higher cost to the Council.
- 7.4 In illustrating the risks to the Council of the use of expensive B&B hotels, take the current real example of a large family accommodated in the Premier Inn. The financing of this works as follows:

Cost per night;	£178.00
Cost per week;	£1,246.00
Weekly subsidy available;	<u>£173.08</u>
Net Weekly cost to LBHF;	£1,072.92
Net Annual Cost to LBHF;	£55,791.84

If this position translated into the use of B&B for 300 such households, rather than their being placed with private landlords, the annual net cost to the Council would be over £16m.

¹ Broad Rental Market Areas (BRMA) affect the level of LHA receivable and the rent payable to landlords

7.5 Clearly the existing profile of clients does not consist entirely of larger households. In further illustrating the risk to the forecasts above, should an additional 300 clients require to be housed in B&B accommodation, based on the existing profile of clients between household types, this would result in additional net annual costs for the Council, over and above the projections in paragraphs 5.1 and 5.2, of £3.9m in standard accommodation and £6.6m in the more expensive hotels. Further illustrations are set out in Annex 2.

8. INCENTIVISING LANDLORDS

8.1 Since the introduction of the Local Housing Allowance (LHA) in April 2010, the rate of procurement for Direct Lettings with private landlords for the prevention of homelessness has slowed markedly (see table 1):

Table 1: Procurement Numbers	DL
2007/08	309
2008/09	430
2009/10	448
2010/11	205
2011/12	150
2012/13 – year to date	40

8.2 Between 2007 and 2009 the Council was able to offer Direct Lettings landlords up to £1.3k incentive payments and this had a positive effect on the ability to acquire units. This was possible as there was specific funding from CLG's Homelessness Directorate funding stream

8.3 There is no doubt that the incentive scheme introduced and implemented by the Council between 2007 and 2009 had a positive impact on procurement. Officers were able to negotiate up to £1.3k per property but in that climate were able to procure many of the 1,000 properties with incentives as low as £500. Due to the Housing Benefit changes implemented from April 2011 this would no longer be possible.

8.4 Since April 2012, officers have been operating a pilot to test the impact of offering incentives in the current environment. This has secured 19 properties at a cost of £20.2k – an average of £1k per property. Prior to the introduction of this pilot scheme, officers were finding it almost impossible to acquire units for Direct Lettings. There is no doubt that the introduction of the new incentive scheme has increased acquisitions. However, it is clear that higher sums would be required to acquire on the scale discussed in this report, particularly for larger households.

9. THE PROPOSALS

(1) Incentives to Private Sector Landlords

- 9.1 The request in this report is for a total budget of £750k for incentives.
- 9.2 This would be as a direct alternative to the use of B&B either for existing households or for those for whom B&B would be the likely option in the future. The arrangement would be for a minimum of one year though with the intention of seeking to negotiate a longer term.

(2) A Project Team (HB Assist) to Respond to the Impact of Benefit and Subsidy Changes.

- 9.3 The second element of the proposal in this report is to extend the existing HB Assist scheme to address the challenges outlined in Section 2 of this report. The initial HB Assist project was set up in December 2010 to deal with the impact of the introduction of Local Housing Allowance (LHA) on those properties already being used as temporary accommodation. The aim was to examine the scope of the financial impact of the properties which exceeded LHA (mostly Housing Association Leased properties) and then to start negotiations with landlords with the aim of either reducing the rent payable to the landlord or moving the tenant. The project started with a cohort of 546 tenancies where existing rents exceeded LHA rates. There are currently only 24 tenants still to be moved from the original cohort of 546. (See below)

HB Assist Data as at 15 August 2012	
Total Number Initially Affected	546
Successfully Negotiated Reduction (Landlord Said 'YES')	-344
Landlord Said 'NO'	202
Resolved by HB Assist	172
Of which -	
* Remained in borough	-116
* Resettled in Neighbouring Borough	-16
* Resettled in Other Areas	-10
Assistance no longer required	6
Still to be Resolved	24

- 9.4 Further changes to TA subsidy, Housing Benefit, and Council Tax Benefit will be implemented between 2012 and 2013. In addition, one of the government's major welfare reforms, Universal Credit is also due to have an impact from 2013 onwards. All of these policy changes will be affecting tenants in all rented sectors including the private rented sector, social housing and all forms of temporary accommodation. Housing Association Leasing Schemes (HALS) will be particularly affected as rents have been high, units are larger and all properties are in-borough.

9.5 Households will be affected by these changes in a number of different ways and the primary responsibility for adjusting and reacting to the changes will sit with the household itself. However, in some cases, the council will have a role. Members of the household may be vulnerable for a variety of reasons. Others may require advice about how they can resolve their housing requirements themselves or assistance in negotiating with their private sector landlord. In some instances, appropriate, alternative accommodation and potential other solutions will need to be found to address their circumstances. Central to this will be the need to ensure that breakdown of the current tenancy does not lead to a growth in the use of B&B

9.6 It is therefore proposed to set up a new HB Assist project team. Staffing required to manage the distinct work streams arising from these complex changes would be a Project co-ordinator, Project Manager, and 3 officers. The first two would be on a 1 year fixed term basis and the 3 officers for 6 months. Additionally existing staff from Procurement, Housing Benefit, TA Management and Economic Development would be needed to attend Project and Project Board Meetings and contribute to the work of the project. The Project Sponsor would be the Director of Housing Options.

9.7 The proposed budget for the project is set out below:

HB Assist Project Team				
HB Assist Project Co-ordinator	1	PO6 (1 Year)	£	56,201
HB Assist Officers	3	PO1 (6 Months)	£	61,925
Project Officer	1	PO3 (1 Year)	£	46,523
2 x potential additional officers if required	2	PO1 (6 Months)	£	41,283
TOTAL SALARIES			£	205,932
Resettlement Assistance				
(1) Floating Support	0	Assume 150 households @ 2 hrs per week over 3 months, £11ph	£	39,600
(2) Removals and packing	0	Assume £350 for 200 moves	£	70,000
(3) Out-of-London viewing travel costs	0	Assume £75 for 150 viewings		£11,250
(4) Furniture for new properties	0	Assume £700 for 50 households	£	35,000
TOTAL RESETTLEMENT COSTS			£	155,850
GRAND TOTAL			£	361,782

Notes:

- (1) Tenants moving from existing HALS and PRS schemes to new areas will require floating support. The current contract only covers existing Council TA tenants and this will therefore need to be bought in
- (2) Where necessary, in order to expedite a quick move prior to eviction, it would be prudent to help the tenants move from their existing property

- (3) We are hoping that tenants will be prepared to accept offers and view properties in other parts of the country. This one-off payment would cover travel costs
- (4) Some tenants will be giving up furnished property and a one-off payment for furniture could make the move possible

9.8 Of the £1.373m held by HRD as general fund earmarked reserves, £250k has been committed to resource the HB Assist project. Approval is therefore sought for £112k from general reserves.

9.9 Further detail about the governance and scope of the projects can be found in Annex 3.

10. CONCLUDING POINTS

10.1 The proposals in this report are aimed at mitigating the risks currently facing the Council in managing its responsibilities in an environment in which both the housing market and public subsidies which relate to it are in a state of flux. In particular, they seek to address the risk facing all London Boroughs of a return to the large scale use of B&B. Although the scale of this risk is difficult to assess, the experience of the last few months in this borough, but especially in other boroughs, shows that it is real. Offering incentives to private landlords will give more flexibility in the acquisition of temporary accommodation and potentially save the Council large sums of money. Bed and Breakfast is the least desirable and most costly form of TA and offering incentives to landlords at a potential cost of £750k is a cost-to-save initiative that will make savings in the long run. An Order from the Secretary of State specifies that housing authorities should avoid using B&B hotels to discharge a duty to secure accommodation for homeless applicants unless in very limited circumstances. Where B&B accommodation is used it should not be any longer than 6 weeks, after which alternative suitable self-contained accommodation must be secured.

10.2 The HB Assist project is an allied proposal which builds on the successful work already carried out with one cohort of households affected by benefit changes and seeks to apply a similar model to a wider range of residents. The numerous and imminent changes in welfare, benefit and subsidy rules will impact on residents and their housing circumstances in different ways and some of these will have implications for the Council. The Council's Housing response will need to be co-ordinated and managed and in particular to ensure that where alternative accommodation is required this is other than in B&B.

11. RISK MANAGEMENT

11.1 This report is a response to risks that have been identified with actions identified to mitigate the likely negative impacts.

11.2 The likely negative impacts can be highlighted as follows:

- Reputational – increased use of B&B accommodation is not accepted as a satisfactory form of temporary accommodation, beyond meeting a basic obligation to providing an initial secure and safe environment for the applicant.
- Financial – increased and extended use of B&B is not good value for money as it is both expensive and should only be treated as a very short term accommodation option
- Social – increased and extended use of B&B for families will not be conducive to children's and vulnerable adults' well-being

11.3 The report also highlights the likely need to decant Hamlet Gardens in the short to medium term which will cause a significant 'spike' in demand for temporary accommodation. This will be alleviated by continuation funding for the HB Assist Team to help manage any decant process, together with funding from the private sector incentives fund to encourage landlords to accommodate homeless households.

11.4 The identified risks are all likely to have a high impact on the council and will need to be carefully managed in order to mitigate the majority of negative impacts that have been identified. The resources sought will help achieve those objectives. A medium to longer term strategy in tandem will need to be developed under the auspices of the Council's Housing Allocation Scheme to ideally eliminate altogether the use of B&B accommodation, barring the most exceptional cases for the shortest terms possible.

12. EQUALITY IMPLICATIONS

12.1 An Equalities Impact Assessment has been undertaken for this report. Where the Council is providing a service in one way and is seeking to change it, the impacts on equality groups, e.g., age, gender, disability, race and other groups) need to be considered.

12.2 It is expected that the overall impacts will be positive. Homeless households in bed and breakfast accommodation – which the Council is seeking to reduce the use of following agreement of this report's recommendations – are largely drawn from the protected equality groups, as demonstrated in the Equality Impact Assessment.

13. COMMENTS OF THE EXECUTIVE DIRECTOR OF FINANCE AND CORPORATE GOVERNANCE

13.1 This report proposes that the more cost effective option of offering incentives to individual private rented sector landlords from a budget of up to £750k to house temporary accommodation clients is approved. Taking no action would

lead to the need to house an increasing number of clients in B&B accommodation at an unbudgeted cost of £118k in 2012/13 and between £0.9m and £1.4m in 2013/14 with an additional risk assuming an additional 300 clients of between £3.9m and £6.6m per annum depending on the type of B&B accommodation available and a potential risk exposure of up to circa £16m.

- 13.2 It is noted that the 2013/14 MTFs plans relating to Hamlet Gardens decants for £350k is dependent on this invest to save initiative.
- 13.3 The anticipated cost of the HB Assist project has been validated and the anticipated split of the funding required is £207k for 2012/13 and £155k for 2013/14. As HRD have already set aside £250k towards funding this project, it is recommended that the balance of £112k is funded from general reserves.
- 13.4 The HRD revenue outturn for 2012/13 produced an under-spend of £1.3m which was transferred into the Council's general reserves. The level of uncommitted balances at 31st March 2012 was £17.436m. It is recommended that the funding for the two projects of £0.862m is resourced from general reserves.

14. COMMENTS OF THE DIRECTOR OF LAW

- 14.1 Sections 24 and 25 of the Local Government Act 1988 give the Council the power to provide financial assistance for privately let housing accommodation. This could include the making of one-off grants or incentive payments to private landlords to encourage them to let dwellings to homeless households. The use of this power requires the consent of the Secretary of State. General consent C under section 25 gives the Council power to provide this financial assistance.
- 14.2 In addition Section 111 of the Local Government Act 1972 allows the Council to do anything (whether or not involving the expenditure borrowing or lending money or the acquisition or disposal of an property rights) which is calculated to facilitate or which is conducive or incidental to the discharge of any of its functions. It is considered the proposal to make these payments is conducive and incidental to the Council's housing duties.

15. COMMENTS OF THE DIRECTOR FOR PROCUREMENT AND IT STRATEGY

- 15.1 There are no procurement issues relevant to this report.

LOCAL GOVERNMENT ACT 2000
LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext holder of file/copy	Department/ Location
1.	None		
CONTACT OFFICER:		NAME: Aaron Cahill Tel. 020 8753 1649	

Annex 1 - Demand for Temporary Accommodation

The table below sets out the current estimates of the demand levels for TA across the various schemes currently operated within the Housing Options division. It should be stressed that it is extremely difficult to predict the likely actual demand at any one time. The Table below assumes an aspiration to remove all households from B&B. In addition, it does not take account of the fact that some of the households concerned may decide to make their own arrangements or may indeed receive a permanent offer of accommodation. In some instances additional accommodation may be secured without the need for incentive payments. For the purposes of this proposal it has been assumed that the target of procuring 300 additional units of private sector accommodation via the use of incentives over the next year is both prudent and realistic.

Table 1

TA Type	Number Required 2012/13	Number Required 2013/14	TOTAL REQUIRED	Comments
TA – all private sector schemes including out-of-London units(1)	125	130	255	To meet ongoing demand and to move all of those currently placed in B&B.
Direct Lettings (2)	100	100	200	Homelessness prevention
TOTAL – DL and TA	225	230	455	
HALS (Housing Association Leasing Scheme) (3)	40	201	241	To replace loss of Hamlet Gardens (121 units) and all Housing Association Leasing scheme units to be handed back after new TA subsidy cap is introduced
HB Assist – Phase 1 (4)	24	N/A	24	Further units required after majority rehoused
TOTAL Housing Association replacement units	64	201	265	
GRAND TOTAL	289	431	720	

Explanatory Notes

(1) TA is Temporary Accommodation; (2) Direct Lettings are arrangements where the Council places an applicant with a private landlord but then has no formal responsibility for the tenancy; (3) HALS are housing association leases from private landlord and Council nominates applicant to Housing Association; (4) HB Assist is a scheme whereby the Council negotiates with private landlords with the aim of reducing the rent to the level of Housing Benefit Caps.

Annex 2

Illustration of Costs of Bed and Breakfast

The table below uses real examples from to illustrate the variability in the cost of B&B accommodation by household type between standard and higher cost providers. The net cost is arrived at after taking account of LHA subsidy, which is fixed regardless of household size. This means the larger the household and the more expensive the hotel, the greater the net cost to the Council. For example, based on the cost of a room for a single person being £33 per night, this would be a net weekly net cost to the Council of £57.92 per household per week.

Examples of costs for typical families in B&B are shown in the table below:

Table 2 - Gross Cost of B&B to the Council from the Provider

Provider / Household size	Single per night	Small family per night	Large family per night
Altwood	£33.00	£75.00	£120.00
Premier Inn (Bath Road, Heathrow)	£76.00	£76.00	£178.00

Table 3 - Net Cost of B&B for a single household to the Council (based on weekly subsidy of £173.08)

Cost / Provider	Altwood (Single)	Altwood (Small family)	Altwood (Large family)	Premier Inn (Single)	Premier Inn (Small family)	Premier Inn (Large family)
Weekly	£57.92	£351.92	£666.92	£358.92	£358.92	£1,072.92
Annual	£3,011.84	£18,299.84	£34,679.84	£18,663.84	£18,663.84	£55,791.84

Annex 3

Proposed HB Assist Team and Projects

The projects will be governed by a Project Board consisting of Housing Options senior managers and Housing Benefit managers. Where necessary staff from Adult Social Care and Children's Services will be brought in to advise and make decisions on individual cases.

8.2 The workstreams covered by the projects will be as follows:

- **Hamlet Gardens Decant** – 121 families need to be moved by June 2013 when the lease on this large HALS scheme ends (NB: this date is subject to negotiation and the decant process may be phased over a period up to 2015.)
- **HALS tenants (Temporary Accommodation)** – Registered Providers have already informed us that they are having difficulty renewing leases and this problem will multiply when the Housing Benefit subsidy regime is introduced very shortly. Large numbers of the tenants in HALS properties will need to be moved to cheaper properties both outside the borough and outside London. There are currently 120 HALS properties in management
- **Effect of LHA on the Private rented sector** – it is estimated that approximately 450 tenants renting privately will be affected by the cap post December 2012 in addition to those for whom transitional protection is dropping out during 2012. Housing Options are already noticing an increased number of approaches from tenants being asked to leave their current Assured Shorthold Tenancy
- **Universal Credit/Welfare Reform** - modelling and therefore the numbers affected has not yet started but with the introduction of the £500 welfare benefits cap, tenants on benefit currently living in temporary accommodation, Housing Association and Council stock will be affected especially those with large families and high rents.
- **Employment project** – all of the above projects will work with tenants to link them into existing employability services as caps do not apply for those who are in work for 24 hours a week and more.