



London Borough of Enfield

Report Title	Temporary accommodation charges
Report to	Cllr Guzel, Cabinet Member for Housing
Date of Report	24 July 2024
Executive Director / Director	Joanne Drew, Strategic Director of Housing and Regeneration
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Ward(s) affected	All
Key Decision Number	KD 5761
Classification	Part 1 & 2 (Paras 3 & 5)
Reasons for exemption	By virtue of the following paragraph(s) of Part 1 of Schedule 12A of the Local Government Act 1972: Information relating to the financial or business affairs of any particular person (including the authority holding that information). Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

Purpose of Report

1. To agree the charging policy for temporary accommodation provided to homeless households, and new contractual arrangements for owners and agents providing properties for use as temporary accommodation.

Recommendations

- I. Agree to the Council procuring leased properties for use as temporary accommodation.
- II. Agree to set charges to residents for these properties at 30th percentile of current market rent for the Outer North London Broad Market Rental Area based on data from [Home.co.uk](https://www.home.co.uk) for properties within Greater London
- III. Agree to set charges to residents for those properties procured outside Greater London at 30th percentile of the Broad Market Rental Area within which they are located.
- IV. Delegate to the Strategic Director of Housing and Regeneration power to set and/or amend charges to residents at up to average market rent of the relevant Broad Market Rental Area where necessary to secure accommodation in a scarce market.

Background

2. The Council has moved to a national placement policy with a single offer as a response to the severe shortage of accommodation in London to support residents who are homeless. We must minimise the use of hotel accommodation which is highly unsuitable especially for families and children and has a wider impact on educational and health outcomes. However, as the housing crisis is affecting the whole country this is not a complete solution. In addition, there are some residents that are required to have accommodation within 90 minutes of Enfield.
3. The cost of securing temporary accommodation (TA) for homeless households is continuing to rise in line with private sector rents. The Council currently supports around 3200 households in TA through a variety of different schemes. There is a significant gap between the cost of procuring TA and the income received through rent. This is exacerbated by the subsidy rules for Housing Benefit. This in turn limits what accommodation the Council can afford to provide.
4. The Council has a dual role for residents in TA. It is the landlord of the properties and therefore charges rent. Residents then claim the cost of the rent through Housing Benefit. The Council administers Housing Benefit system, making the payment to residents' rent accounts. The Council claims back some of the cost of Housing Benefit from central government, based on Housing Benefit rules.
5. Roughly a third of residents in temporary accommodation are claiming legacy benefits. This means that they are not automatically entitled to full Housing Benefit. However, the roll out of Universal Credit has accelerated and is due to complete by December 2024. The number of residents living in TA and claiming Universal Credit will therefore increase significantly over the next 12 months and this means that the Housing benefit subsidy required will also continue to increase.
6. In September 2022 Cabinet approved a new charging policy for residents in temporary accommodation based on Local Housing Allowance (LHA). However, for residents in TA, the Council can only claim back 90% of the 2011

rate of LHA from Housing Benefit. The Council paid £4.5m in 2021/22 subsidising this Housing Benefit gap for residents in temporary accommodation. By 2022/23 the Council spent £6.0m subsidising Housing Benefit for residents in temporary accommodation due to the increased numbers of residents transitioning onto Universal Credit. In 2023/24 this reached £9.6m. We projected that, without action, the cost would rise to £12m pa as the roll out of Universal Credit completed.

7. When the methodology was established in 2011 this did not involve councils needing to make this level of subsidy. The provision of TA by councils was essentially cost neutral at this point. The gap has gradually developed because the formula has not been updated since its introduction. London Councils continue to lobby Government to address this position which is unsustainable for Councils based on the current funding arrangements.
8. There are three different schemes in operation to secure properties outside the Council's ownership:
 - PLA (Private Lease Annex) – where the Council has a licence to use the property for between two and five years. The agent/landlord is responsible for repairs whilst the Council is responsible for void periods.
 - PSL (Private Sector Lease) – where the council leases a property for between three and five years. The Council is responsible for repairs and voids for these properties.
 - NPA (Nightly Paid Accommodation) – where the Council has a license to use the property on a nightly basis. The agent/landlord is responsible for repairs and void costs. This means that in the event that the Council ends its duty towards a household, the agent has responsibility for gaining possession and lost income through an extended void period.
9. The supply of TA from agents and owners has declined dramatically. Higher interest rates, coupled with high capital values, has meant many owners have been exiting the TA market. The shortage of supply has pushed up the pricing of TA as local authorities are competing against each other. In addition, there is a shortage of available accommodation which means that councils are competing against each other for the limited supply.
10. The wider rental market has also been shrinking. The combination of higher cost of landlords and high property values means that many landlords have reevaluated their portfolio. This has resulted in landlords either moving properties previously used as TA into the wider private rental market or outright sale.
11. As a result, there is a shortage of supply of TA, and this has led to further upward pressure on the cost of procuring properties. The result of this has been that the Council is unable to afford the cost of procuring properties in Enfield and the surrounding area.
12. The increased cost for new procurement has increased pressure to increase rates across the historic portfolio. We are also aware that other local authorities are paying significantly more for temporary accommodation. To date the Council has resisted increasing rates. As a result, we have seen a large increase in the number of hand-back requests from agents and owners. At the time of writing, we have received over 350 hand-back requests representing

12% of our portfolio. We are also aware of at least three agents who plan to withdraw their entire portfolios.

13. The cost of the portfolio will therefore rise significantly over the next few months. The alternative to paying more for self-contained accommodation is an increased use of hotel accommodation. This is wholly unsuitable accommodation for families and puts wider pressure on public services in meeting health, social care and education needs. It is more expensive and also result in the Council being at an increased risk of legal challenge.
14. The increase in demand for our services has seen the number of approaches each month rise from 200 in 2020 to over 500 in 2024. The extreme shortage of TA and move on accommodation led to the Council becoming dependent on the use of hotels. In July 2023, there were 304 households in hotels as a result. The introduction of the national Placement Policy and a more robust approach to both offers of accommodation and assessment of need has enabled the Council to reduce the number of households in hotels. However, there are still (as at 12 July 2024) 103 families in bed and breakfast accommodation and a further 46 single people. This is wholly unsuitable accommodation for families and puts wider pressure on public services in meeting health, social care, and education needs.
15. The shortage of affordable TA has also severely limited our ability to push up standards in the sector. Where we require agents to improve standards there is an increased risk of them withdrawing the property. Equally, the shortage of available accommodation means that as long as a property is compliant statutorily, it will be let either as TA or through the wider rental market. There are currently 21 boroughs actively procuring temporary accommodation in Enfield further weakening our ability to improve standards as landlords will simply approach another local authority if they can get either an improved rate or reduced expectations in terms of standards. The current arrangements mean that there is no incentive for landlords to meet more than the absolute minimum standards. This is resulting in a progressive decline in the standard of accommodation.
16. This combination of rapidly increasing costs and demand, led to an £18.5m budget deficit in 2023-24.
17. There is therefore an overwhelming need to develop a new approach to the provision of temporary accommodation that will enable the Council to fulfil its statutory duties whilst controlling the cost of provision.

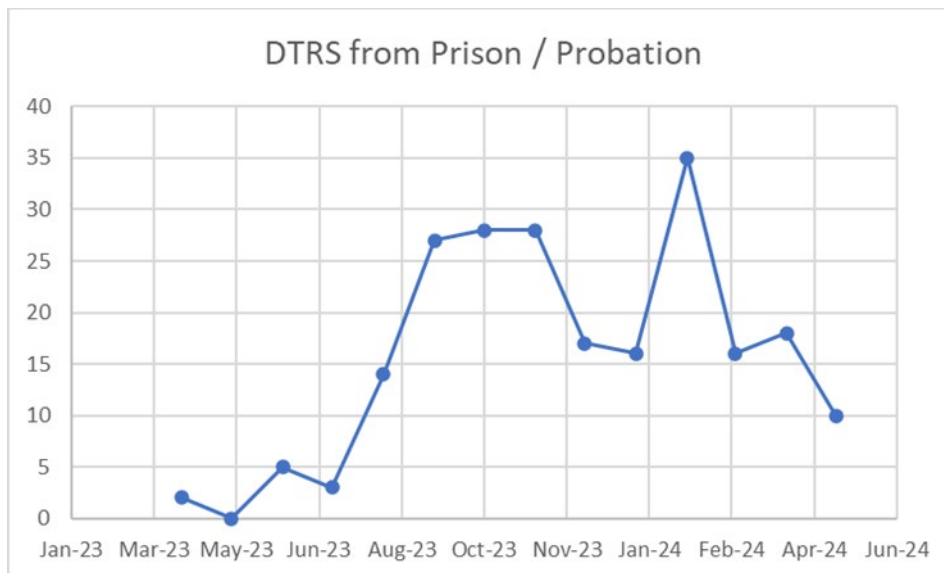
Impact on Residents

18. The impact on residents of the shortage of and poor quality of accommodation has been immense. Although properties are designated as temporary, the reality is that some households can spend years in TA. The average length of stay in TA is over three and a half years. 150 families have been in TA for over 10 years, and a further 933 families have been in TA for more than 5 years.
19. Most residents entering TA are initially placed in hotel accommodation for the first few weeks. Two years ago, the Council did not use hotels at all. The impact on families of living in a hotel room cannot be overstated. The disruption to schooling, family life and the consequences of living out of a single room for and extended period of time mean that residents frequently need additional support.

20. Longer term temporary accommodation is usually of low quality. Whilst we aim to ensure that the properties are compliant with statutory requirements there is little scope for improvements in the quality of accommodation for the reasons outlined above. This has led to a continuing rise in the number of complaints about the quality and suitability of the accommodation offered.
21. The most serious cases will be subject legal action or investigation by the Local Government Ombudsman. Over the last twelve months the Ombudsman has ruled against the Council on seven cases, and we are currently managing 20 disrepair cases where residents have initiated legal action against the Council for disrepair.

Impact on other public services and the Duty to Refer

22. The Council's ability to secure temporary accommodation has a significant impact on other public services. Within the Council there is a significant impact on both Children and Family Services and Adult Social Care as residents need increasing levels of non-housing related support as a direct result of their housing conditions.
23. The Duty to Refer covers a wide variety of different public bodies. The duty requires the specified public authorities to identify and refer a service user who is homeless or may be threatened with homelessness, to a local housing authority of the service user's choice.
24. The specified public authorities are:
- prisons
 - young offender institutions
 - secure training centres
 - secure colleges
 - youth offending teams
 - probation services (including community rehabilitation companies)
 - Jobcentres in England
 - social service authorities (both adult and children's)
 - emergency departments
 - urgent treatment centres
 - hospitals in their function of providing inpatient care
 - Secretary of State for defence in relation to members of the regular armed forces
25. Most referrals through this route are from prisons, probation, hospitals and mental health services. Delays in the provision of temporary accommodation therefore lead to bed blocking in hospitals and mental health services and increased pressure on probation and prison services.
26. The pressures on both prison and hospital services have meant a large increase in the number of referrals under the Duty to Refer. We expect this to rise further as a result of the prisons early release scheme which is due to start in September and as we move into the autumn and winter with the increased pressure on hospitals.



27. The effect of this is that delays to the provision of temporary accommodation lead to increased public sector costs beyond the Council. Whilst the programme will lead to an increased cost to DWP, it will ensure an improved supply of TA, reducing costs for other public sector bodies. Overall there is therefore a net benefit to the public purse due to the reduction in costs in other areas.

Existing Mitigation

28. The regulations around Housing Benefit are critical to resolving our ability to source and pay for TA. In November 2023, approval was granted to begin transferring our TA portfolio to Housing Gateway Ltd (HGL) as we believe the regulations only apply to councils and housing associations and not to companies such as Housing Gateway Limited. This programme has been very successful. To date over 1000 properties have been transferred across, saving the Council over £3m pa.

29. However, this measure does not enable the Council to recover the cost of provision. There is a significant gap between the payment to owners and the rental income. There are also additional management costs where these are provided through HGL (primarily due to VAT). This means that even all of the Council's TA was provided through HGL, there would still be an estimated cost of around £6m at existing costs of provision.

30. Any increase in the cost of provision (i.e. the amount paid to the agent/owner) will lead directly to an increased cost to the Council.

31. We are aware the rising costs being experienced by landlords has seen a continued challenge with ensuring properties are maintained at the right standard. Ensuring the provision of quality accommodation including to vulnerable groups has been a priority for the service.

32. This means that the cost avoidance of transferring properties to HGL is being overtaken by the increased cost of procurement.

Preferred Option and Reasons For Preferred Option

Housing Benefit and subsidy regulations

33. There are exclusions to the Housing Benefit regulations on TA. The regulations do not apply where:

- The landlord is not a local authority or registered provider
 - The local authority owns the property
 - The local authority has a lease on the property of over 10 years
34. For residents in Council run temporary accommodation, there is no link between LHA and the amount of rent that is covered by Housing Benefit. The regulations state that the rent must be reasonable. Under existing arrangements, having a rent higher than LHA would increase the Housing Benefit subsidy gap and therefore be of no financial benefit to the Council.
35. However, we are advised that if the property is leased to the Council for more than 10 years, the property is not subject to the Housing Benefit regulations around TA subsidy. It is reasonable for the Council to levy a charge for providing TA that enables us to secure accommodation to meet the needs of vulnerable households.
36. Housing Benefit regulations do not apply to properties managed by HGL because they are an independent company. However, residents are unable to claim more than the LHA rate through Universal Credit. This means that the proposal can only be applied to properties leased by the Council.

Temporary Accommodation Charges

37. The charge made to residents in TA procured through this scheme will be based on 30th percentile of current market rent for the Broad Market Rental Area in which the property is located. This is to keep to the principle behind the calculation of Local Housing Allowance. This will be calculated annually based on data collated by Home.co.uk. This level will be kept under review to ensure accommodation can be secured with officer delegation to move a higher level if needed. A key factor will be the supply of properties for residents with specific needs. It may be necessary to offer a higher rate for properties that have been adapted for residents with disabilities.
38. TA charges are currently linked to the LHA rate across all types of schemes. The Long Leasing Scheme will fall outside the current portfolio in calculating the rent to be charged. This would mean that the charge to residents for TA procured through this scheme would be based on the 30th percentile of current market rent for the relevant Broad Market Rental Area. For properties in Enfield this would mean:

Size	Current TA Charge (LHA)	Long Lease TA Charge (30% Percentile)
1 bedroom	£1,146	£1,400
2 bedroom	£1,396	£1,800
3 bedroom	£1,690	£2,350
4 bedroom	£2,193	£2,800
5 bedroom	£2,193	£3,800

6 bedroom	£2,193	£5,400
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39. The housing costs of residents would be met in full through Housing Benefit (despite being over LHA) provided that they are in receipt of Universal Credit.
40. The charge to residents for TA provided through other schemes would remain at current LHA. This is important because residents not in receipt of Universal Credit would not be able to afford the proposed level of charges.

Procurement

41. The Council will offer agents and owners a lease of at least ten years and one day with appropriate early exit clauses. The rate paid to the agent/owner would be based current market value. The rate would be indexed annually to movement in rents based on the data provided by Home.co.uk, giving agents confidence in the viability of a longer-term arrangement.
42. This would be a more competitive offer and enable us to secure new TA from a much greater pool of properties. Indicative rates are set out in Part 2 of this report, however it should be noted that officers will always try to negotiate the best value rate and therefore these are an upper limit.

Agents and Landlords

43. From a landlord's perspective, the Council will be assuming responsibility for void costs. This means that where the Council seeks to discharge its duty towards a household, the landlord will continue to receive an income. Landlords have been unwilling to enter into longer agreements due to concerns about escalating costs and income not keeping pace with changes in the wider market. The proposal therefore is that rates paid to agents will be linked to changes in the wider private rented sector. This will ensure that agents and landlords will have a greater degree of certainty over income over the term of the lease.
44. The preferred option is therefore to lease properties with a term of at least 10 years and one day. This removes the property from the Housing Benefit regulations around TA subsidy.
45. Housing Benefit regulations do not apply to properties managed by HGL because they are an independent company.

Procurement

46. The Council will offer agents and owners a lease of ten years and one day with appropriate early exit clauses. The rate paid to the agent/owner would be negotiated based current market value of individual properties. The properties' market rate is anticipated to be below the 30th percentile of the rents in the Broad Rental Market area. The rate would be indexed annually to movement in rents based on the data provided by Home.co.uk, giving agents confidence in the viability of a longer-term arrangement.
47. The agent will retain responsibility for repairing obligations and property management with the council being responsible for intensive housing management and the lettings process. This is because of the nature of the relationship between the agents and landlords. The agents recharge repairs to the landlords working with them. This provides a significant part of their revenue stream and market testing suggests that they are unwilling to forego this.

48. Where a landlord wishes to contract directly with the Council on a lease basis, the Council normally assumes responsibility for repairing obligations. This arrangement will continue under the proposed scheme, but the rate paid will be lower, reflecting the increased cost to the Council of providing repairs services.
49. Officers are in the process of developing a quality regime that would be built into the lease agreement. This would enable us to drive up standards of existing properties moved to the new arrangements. From a landlord/agent perspective, the increased income and certainty over the level of future payments would enable greater investment in the property, raising the quality of accommodation and the management services particularly in relation to repairs and to ensure safe accommodation that is free from hazards including damp and mould which has become increasingly prevalent in the private rented sector and is a particular risk for children and vulnerable adults.
50. Landlords and agents moving across to the Long Lease scheme would be given eighteen months to deliver improvements to their property recognising that the benefits of the new scheme would be incremental. This would enable the council to secure accommodation avoiding the need for handbacks and resorting to alternative hotel provision. Without this provision it is likely that many properties would not need the quality criteria for the scheme and result in increased handback requests.
51. The Council operates a selective licencing scheme for private sector tenants. We will ensure that residents in temporary accommodation are able to raise issues around the quality of their accommodation, including repair problems, with the service. We will utilise the existing mechanisms under the licencing scheme to assist in resolving any issues. This will be part of the way in which we ensure that property standards are driven up through this route.

Relevance to Council Plans and Strategies

Good homes in well-connected neighbourhoods

52. In seeking to drive up the quality and availability of properties for use as temporary accommodation, the proposal will increase the number and quality of homes available as temporary accommodation to low-income households in the borough. As set out in this report, the current mechanisms are leading to a steady decline in the quality of temporary accommodation. The proposal will increase both the supply and quality of temporary accommodation.

Sustain strong and healthy communities

53. Poor quality housing and homelessness have been identified as key factors in health inequality. Through increasing the supply and quality of temporary accommodation we will help to reduce the impact of homelessness and poor housing on the health and wellbeing of our residents. The impact of poor quality housing is set out in this report and our aim is to end the use of hotels for families as quickly as possible. By increasing both the supply and quality of temporary accommodation we will improve the wellbeing of residents.

Build our local economy to create a thriving place

54. The proposals aim to ensure higher quality temporary accommodation that is accessible to low-income households. By acting proactively to engage with and support landlords we aim to increase the supply of rented homes for move on accommodation. As set out in this report, the current mechanisms are leading to a steady decline in the quality of temporary accommodation. The

proposal will increase both the supply and quality of temporary accommodation.

Financial Implications

55. The vast majority of the Temporary Accommodation (TA) stock currently used by Enfield is procured on short to medium term agreements. Enfield own very little TA stock. The bulk of the portfolio (c60%) is through nightly paid arrangements with the remainder on leases of between 1 and 3 years. This means the accommodation is highly expensive, in short supply and of a generally low standard.
56. Tenants pay rent on the accommodation they reside in, primarily through claiming Housing Benefit. This causes an additional financial pressure for the Council as although Enfield can charge the tenants the current LHA rent (based on the property size and location) Enfield are only able to retain 90% of the 2011 LHA rate due to the HB Subsidy regulations. The remainder of the funds collected from rent are returned to Central Government.
57. Enfield's total rent loss in 23/24 was £9.58m through this arrangement. The loss is projected to be even greater in 24/25 due to LHA being increased in April 2024 which widens the gap further between the rent charged and the 2011 rates.
58. The proposal to enter into leases of 10 years (plus 1 day) with local accommodation providers seeks to enable Enfield to meet its statutory homelessness duties in securing accommodation, driving up accommodation standards for residents in temporary accommodation and mitigating the financial deficit.
59. We believe that leases of over 10 years agreed between Enfield and private accommodation suppliers (agents) are permitted under the Housing Benefit subsidy system – income derived by Enfield from those leases will not be subject to subsidy loss and therefore Enfield will be able to retain 100% of the rent paid. This will mean that instead of TA generating a significant deficit (not in the spirit of the originally agreed formula) it should be possible for Enfield to cover the full cost of property procurement from the rent received. Enfield will need to levy a rent above LHA in order to achieve this.
60. Leases of over 10 years bring an element of stability to the portfolio, making it easier to assess when additional stock may need to be added and preventing on the spot handback requests from agents which frequently leave Enfield hunting for property on an urgent basis under the current system. Lease payments to agents will be processed on a monthly basis through the adam dynamic purchasing system and will be subject to an annual adjustment to ensure rents paid remain competitive. Rents payable to agents will be at market level for the individual properties procured (below 30th percentile). The assumptions for the purposes of this paper are set out in Part 2 of this report.
61. Offering a competitive negotiated rent and being first to market for long term leases is likely to give Enfield significant advantage in negotiating with favoured reputable agents in and around the borough. It is therefore expected that Enfield should be able to procure large numbers of properties on long term

agreements quickly and that doing so will enable the complete cessation of the ongoing use of commercial hotel rooms and expensive block booked accommodation. It is likely there will be interest from agents currently not used by Enfield due to the nature of the scheme and the rents on offer. Therefore, if an agent(s) is reluctant to move onto long leases for the rents on offer it is likely those properties can be replaced with new additions that will be within the cost base. The rents payable to agents have been analysed and all offer a significant uplift on those currently available in the TA market.

62. However, offering a negotiated rent on long term lease deals does carry some element of risk for the authority.
63. Enfield will need to be able to exercise a release from the contract should there be an accommodation surplus in years to come or if the Housing Benefit regulations are altered in a way that affects this scheme.
64. Basing the rent charge to tenants on the 30th percentile of market rent will see the average weekly charge to tenants for accommodation increase from £341.51 to £443.25, however this will be covered by Housing Benefit.
65. There has been sustained lobbying around the HB Subsidy system. However, the outcome is currently unknown as are timescales for implementation of any changes. It therefore would not make economic sense to place the long lease idea on hold due to this. However, agreements should be structured in such a way that Enfield could exit relatively quickly in future if forthcoming regulations dictated it would be beneficial to do so.
66. If agents are also granted a release clause from the contract it may be that handback requests are still plentiful, as other Local Authorities may also decide to enter into long term leases and offer more for them than Enfield is prepared to do.
67. Enfield must be careful not to create demand for the homelessness Service. If agents can let their property to Enfield on a long-term contract at a competitive rate with a guaranteed rent, then the pool of available properties in the PRS could shrink. The properties left in the PRS will be more expensive and could be of declining quality. This will mean more PRS tenants struggling to find their own accommodation will have no choice but to approach Enfield for assistance. In turn Enfield will have to procure more units to meet the self-created demand.
68. Enfield can charge tenants a rent above LHA level for TA so long as it is deemed "reasonable". Logically, a reasonable rent can be assumed to be the full ongoing cost to Enfield of providing such accommodation. Charging the 30th percentile of market rent is likely to be acceptable based on housing benefit regulations and will allow Enfield to reclaim the full agent charge for property plus a small percentage of overhead costs. Enfield will need to make sure that tenants are given advance warning of the change to enable HB claims to be adjusted. Any tenants not in receipt of benefit would be likely to end their tenancy agreements as it is probable they could find cheaper accommodation in the PRS.

69. Charging this rent to tenants will result in a higher void loss even on a relatively low void rate. The same can be said of bad debt where even a 4 week period of non-payment will see arrears of c£2k accrue. These two areas will need to be tightly managed to control costs and ensure viability of the scheme.
70. Should Enfield only be able to charge an LHA level rent to tenants then a negotiated level rent to agents would not be affordable for the Council. Thought should then be given to negotiation of a lower rent level over a 10-year lease period. This would give both Enfield and agents assurance over costs and income over the long term while simultaneously still allowing Enfield to benefit from avoidance of subsidy loss.
71. A comparison between the current BAU and the long leasing concept is shown below, focussing on the cost of property and related income and expenditure for the year 2025/26;

Long Term Leasing v BAU Property Overview	Assumptions	Year 1 Long		Pressure/Saving (-)
		Leasing	BAU	
Properties	3307			
Rate Paid to Agents	20,085	65,827,920	6,126,000	59,701,920
Rent Received from Tenants	-23,112	-76,432,800	-2,784,000	-73,648,800
Voids	10%	7,643,280	100,000	7,543,280
Repairs	-	0	510,000	-510,000
Bad Debt Provision	15%	10,318,428	139,000	10,179,428
Stamp Duty	-	2,512,030	0	2,512,030
HB Subsidy Loss	0%	0	3,948,000	-3,948,000
Nominations Fees	0%	0	10,375,000	-10,375,000
Total		9,868,858	18,414,000	-8,545,142

72. Assuming every property in the portfolio is moved to a long lease Enfield should be able to realise property related savings of at c£8.5m against the current BAU model which is generating a significant deficit. This will help to address the creep of expenditure that has arisen over the last decade and in particular as a result of the introduction of Universal Credit. This amount will grow with successful bad debt mitigation and sound voids management.
73. Below is a summary of the MTFP over the next 5 years once the entire TA portfolio has been migrated to the Long Leasing Scheme compared to the BAU model.

Long Leasing	2025/26	2026/27	2027/28	2028/29	2029/30
Total Income	-81,679	-83,099	-84,852	-86,749	-88,652
Total Expenditure	95,326	93,920	96,221	100,265	102,926
Net Cost of TA & Homelessness	13,646	10,821	11,369	13,516	14,274
BAU	2025/26	2026/27	2027/28	2028/29	2029/30
Total Income	-16,338	-14,211	-15,113	-14,281	-14,037
Total Expenditure	37,766	32,879	36,443	39,520	38,317
Net Cost of TA & Homelessness	21,428	18,668	21,330	25,239	24,280
Reduction in cost through Long Leasing	-7,781	-7,847	-9,961	-11,723	-10,005

Risks

74. The reduction in cost to Enfield against the current operating model is significant. However, it would be sensible to take a cautious approach in the initial stages until Enfield receive confirmation that the proposed rent charge to tenants is in line with the "reasonable" rent which is eligible to be charged for TA. Therefore, Enfield will seek to protect the £10m homelessness reserve rather than using the reserve to finance the homelessness pressure in 2024/25. An alternative mechanism is for Enfield to ringfence the income received above LHA level for the remainder of the financial year in a Homelessness Reserve. Assuming all the portfolio is transferred to long leases during 2024/25 this figure will be in c£5m by the end of March 2025.
75. A byproduct of increasing rents paid by tenants through this scheme is that Enfield can also look to increase the rents paid on any TA stock which is currently owned or will be purchased by the authority. This will mean that a much broader range of accommodation will be viable for purchase. Caution should be exercised on this in the short term until confirmation has been received that the rent being charged is "reasonable".
76. Due to the mechanisms of the Housing Benefit system it may be some time before the amount paid out through increased levels of HB by Enfield is recompensed by the DWP. It is expected the reimbursement will occur in May 2025. Enfield may need to borrow funds to cover the estimated c£5m difference between the standard HB and enhanced level of HB which will be payable under long leases. This is likely to cost Enfield c£100k in interest charges over the timeframe assuming all current agreements are migrated to long leases.
77. Enfield will need to closely monitor demand for the service, void costs and arrears levels to maximise savings from this proposal. The level of the proposed rent charge means that arrears will clearly increase and transferring more properties over to leased terms from nightly paid agreements will also mean a guaranteed rise in the percentage of the portfolio which is void at any one time. The key will be to keep both as low as possible. Monitoring demand for the service and the reasons why families are presenting as homeless will help to ensure that Enfield do not create additional demand for the service through the Long Leasing Scheme.

Legal Implications

78. Section 193(2) of the Housing Act 1996 imposes an immediate, unqualified, and non-deferable duty on the Council to secure that accommodation is available for applicants who are homeless, in priority need, and who the Council is satisfied are not homeless intentionally. The Council is also subject to interim duties to accommodate applicants who appear to the Council to be homeless and in priority need while the Council makes enquiries and decides whether to accept this 'main' housing duty. It is imperative that the Council secures sufficient accommodation to discharge these duties, and the Council must buy, lease, or procure under licence such accommodation as it requires for this purpose. The legal risk associated with breaching duties under owed Part 7 of the Housing Act 1996 is high.
79. Regulation 70 of the Housing Benefit Regulations 2006 permits the Council to lawfully pay 100% of an applicant's eligible rent as housing benefit, where that applicant is residing in Council-let TA including accommodation which the Council has leased for a term of at least 10 years plus one day. So long as the Council is satisfied that it is reasonable to meet an applicant's full rent by way of housing benefit, then that applicant's eligible rent for the purposes of housing benefit will be the total rent that they pay to the Council for their TA. The Council may therefore let TA at the rents proposed above (i.e., up to 30% of Outer North London BRMA rents) and lawfully pay housing benefit in those amounts for TA leased on terms of ten years plus one day.
80. The housing benefit subsidy that the Council can claim from the DWP is 100% of the Council's qualifying expenditure in respect of housing benefit (per Article 13 of the Income-related Benefits (Subsidy to Authorities) Order 1998). i.e., the Council may claim back 100% of the housing benefit that it lawfully pays to applicants for this type of accommodation as subsidy from the DWP.
81. Our view is that the Council has the necessary powers to enter into these arrangements, to pay housing benefit at rents which reflect prevailing market conditions and exceed the LHA, and to claim 100% of these benefit payments back from the DWP through subsidy, but it is important to note that the legislation on housing benefit payments and subsidy is effectively silent on properties leased by the Council on terms of greater than ten years. There is consequently some residual legal risk associated with relying on the absence of a statutory prohibition in the legislation, rather than an express legal power.
82. There remains a legal risk that the DWP may reach a different determination on the issue of whether it is reasonable to meet rents capped at 30% of the Outer North London BRMA (or the appropriate BRMA for properties outside Greater London) rather than the LHA by way of housing benefit. The DWP may lawfully refuse to pay housing benefit subsidy at the full rate the Council claims (in reliance on the Secretary of State's power under section 140C(3) of the Social Security Administration Act 1992), as the ultimate discretion to decide what is reasonable in these circumstances vests in the Secretary of State and not the Council. This could leave a funding gap but this is addressed above.
83. There is a further legal risk that the DWP may change the legislation that we believe allows local authorities to claim housing benefit subsidy for rents above the LHA for properties leased by those authorities on terms of greater than ten years, in future. However, we are not aware of any such proposals at the current time. Providing adequate break clauses are included in all ten years plus one day leases, the Council (and the owner) should be able to exit these arrangements if necessary.

Equalities Implications

84. Overall, there is a significant positive impact on residents with protected characteristics due to the lack of affordable housing. The 'Housing and race equality in London: An analysis of secondary data' research published by the GLA in March 2022 concludes that on average, 'Black Londoners and those from most other minority ethnicity groups experience worse housing conditions, less tenure security, higher rates of housing need, worse affordability and lower wealth than White Londoners'. The research note also concludes that whilst social housing makes an important contribution to addressing these inequalities, there is not enough of it to meet 'all of London's acute housing needs'¹. As we work with Government to address the 1.5m homes the Country needs over the next 5 years the provision of quality temporary accommodation must be secured to avoid further impacts.
85. The structural inequalities within the housing market identified by the GLA, mean that the Council needs to take action to mitigate the impact. The proposal will increase both the supply and quality of temporary accommodation, which in turn will address many of the core issues identified.
86. The primary impact on residents is financial. Residents in temporary accommodation currently have their housing costs covered through Housing Benefit or Universal Credit. Under the new scheme their housing costs will be covered through Housing Benefit. There are two main effects of this:
- Housing costs through Housing Benefit will be an automatic entitlement for those on Universal Credit
 - Some residents who are affected by the benefit cap which restricts income from benefits to no more than £25,000 per year will no longer be capped.
87. The impact on residents in TA is determined by the nature of the scheme within which their property sits, the household makeup and the nature of the welfare benefits they receive. This means that the impact on groups with protected characteristics differs according to the nature of the accommodation that they are currently in. The existing plan was for Housing Gateway Ltd to manage all of the Council's temporary accommodation. The comparison is therefore between the potential impact of HGL managing accommodation and the proposed scheme.
88. The key differences are set out below.
- Properties leased by Housing Gateway (HGL)*
89. For residents in existing properties leased through HGL there will be a positive impact. All of these residents are currently on Universal Credit and their housing costs are met through Universal Credit. This means that their housing costs are included in the benefit cap calculation and means some households need to contribute towards their housing costs as a result of the cap.
90. Residents under 35 years old are only able to claim the single room rate for accommodation meaning that accommodation provided by HGL is not affordable to them.
91. This means that there is a significant financial benefit to residents on Universal Credit who move from HGL to Council managed property as their housing costs

¹ GLA, [Housing and race equality in London: An analysis of secondary data](#), March 2022

would no longer be means tested and they would not be subject to the single room rate.

Properties leased by the Council

92. Residents in properties leased by the Council as TA are entitled to have their full housing costs met through Housing Benefit provided that they are receipt of Universal Credit. This means that almost all households will have their housing costs covered in full by housing benefit. The only exception to this is where a household is on legacy benefits or has an income that is too high to be able to claim Universal Credit.
93. The roll out of Universal Credit is due to complete in December 2024. This means that the number of households on legacy benefits is very small and can be accommodated within other schemes (ie Regen properties and properties where the landlord has not wanted to move across to the proposed scheme.
94. Residents with higher incomes will be offered private rented accommodation in line with the Council's existing placement policy.
95. Of the 1533 households in TA who are not exempt from the Benefit Cap, 250 will be more than £10 per week better off, 77 households will be more than £20 per week better off, and 23 households will be more than £30 per week better off.

Age

96. The proposal will mean that young people (including care leavers) under 35 years old will not be subject to the single room rate for temporary accommodation. This is a significant impact as it will bring parity between older and younger people. There is therefore a positive differential impact on young people under the age of 35.
97. There are around 2900 households in settled temporary accommodation. The breakdown of ages of the lead applicant for whom we hold data is set out below:

Age	No	%
18-25	179	6.26%
26-35	733	25.62%
36-45	936	32.72%
46-55	691	24.15%
56-65	252	8.81%
66-75	51	1.78%
75+	19	0.66%

98. In the 2021 Census, Enfield's age structure shows the working-age population to be 216,693 which is 65.7% of the population. People under the age of 16 represent 20.5% of the population, and over 65s represent 13.7% of the population.
99. There is a disproportionate positive impact on households of working age. This is because they are disproportionately represented within temporary accommodation and because the benefit cap only applies to households of working age.

Disability

100. Increasing the supply of adapted properties will have a positive impact on disabled residents. There is a severe shortage of adapted properties and

taking on a longer lease of the property will enable better and targeted use of Disabled Facilities Grants to ensure that the residents needs can be met.

101. There is no financial impact on households in receipt of disability benefits as they are already exempt from the benefit cap. We are currently unable to identify households with a disability, who are not in receipt of disability benefits. However, households in this situation will be covered as part of the wider mitigation for those affected by the benefit cap.

Gender Reassignment

102. There is no differential impact on people who are or have reassigned their sex. Analysis is based on the 2489 households in temporary accommodation for whom we hold financial information. Of the 2489 households, 14 people stated that their gender was different to that assigned at birth and a further 25 declined to answer the question.

103. Eight people are affected by the benefit cap and there will therefore be a positive impact for these households. We do not hold the financial data on the remaining individuals. We will monitor the impact of the new arrangements.

Marriage and Civil Partnership

104. There is no differential impact on households based on the status of their relationships. The benefits regulations do not distinguish between cohabitation, marriage and civil partnerships. This means that there is no differential impact between these groups.

105. In the first four months of 2023 the Council accepted a duty towards 1582 households. The breakdown of these households is as follows:

Co-habiting	49
Divorced	28
Married	188
Separated	39
Single	724
Widowed	7

106. Single parents make up over 85% of all households that have had their benefits capped, according to Department for Work and Pensions data. Single people with or without children also make up majority of households in temporary accommodation.

107. There are around 2900 households currently living in more settled temporary accommodation. Of these, 629 are couples with the remainder being single people with or without children. Single people, with or without children, will therefore be disproportionately positively impacted by the change in management arrangements for temporary accommodation. The positive impact for single parents will be higher as they are more likely to be subject to the benefit cap.

Pregnancy and Maternity

108. There is no differential impact on people who are pregnant or expecting a baby. The analysis is based on the 1582 households for whom the council has accepted a duty in the first four months of 2023. 107 women had had a baby in the previous 12 months and a further 95 were pregnant.

109. One household is affected by the benefit cap and there is therefore a positive impact for them.

Race

110. Because the majority of households in temporary accommodation predate the establishment of the Housing Advisory Service, the data available to us is more limited. We currently hold data on 1697 households in this area. Of these households, 1461 are from minority ethnic groups and we hold financial information on 950 of these households.

111. The impact of the benefit cap is predominantly on larger households. There is considerable variation in the impact on different minority groups, but this is largely driven by the size of the household.

112. The table below breaks down the average benefit to households of the proposal broken down by ethnicity.

	No of Households	Not Exempt from the cap	Would have become Benefit Capped	Average weekly Gain
Not held	1559	773	343	£11.00
Any other ethnic group	137	64	38	£9.07
Asian or Asian British - Bangladeshi	23	10	4	£5.48
Asian or Asian British - Indian	9	5	1	£2.32
Asian or Asian British - Other	3	0	0	£0.00
Asian or Asian British - Pakistani	19	11	5	£18.28
Black or Black British - African	375	180	90	£9.17
Black or Black British - Caribbean	145	63	28	£7.88
Black or Black British - Other	49	24	11	£9.59
Don't know / refused	468	227	105	£8.73
Mixed - Other	27	6	2	£9.72
Mixed - White and Asian	5	2	1	£23.83
Mixed - White and Black African	35	20	12	£9.85
Mixed - White and Black Caribbean	29	12	7	£10.42
Other ethnic group: Arab	19	10	5	£6.69
White - British	220	104	37	£8.95
White - Irish	1	0	0	£0.00
White Other - Greek/ Greek Cypriot	1	0	0	£0.00
White Other - Gypsy/Roma	7	4	3	£4.58
White Other - Irish Traveller	1	0	0	£0.00
White Other - Kurdish	1	1	1	£7.88
White Other - Other	30	4	3	£4.55
White Other - Turkish	13	0	0	£0.00
White Other - Turkish/Cypriot	2	0	0	£0.00

113. There is therefore a positive differential impact on households regardless of ethnicity. There is a clear need to work with households affected by the cap to enable them to secure employment or disability benefits to mitigate the impact of the benefit cap.

Religion and Belief

114. Data on households in temporary accommodation is scarce and there is insufficient data to draw a full conclusion. Many of the households in temporary accommodation have been living there since before the introduction of the Homelessness Reduction Act meaning that the equalities data was not collected in key areas.

115. For the households for whom we hold data, Christian households are the largest single group with 533 (33.7%) identifying as Christian. 397 households declined to answer (25.1%). The next largest groups are Muslim households with 373 (23.5%) identifying as Muslim, 198 (12.5%) stating that they had no religion, and 69 (4.4%) identifying with a religion not listed. Ten households identified as Hindu, Jewish, Sikh or Rastafarian (0.6%)

116. This compares with the 2021 census data which found that across the borough the breakdown of religious affiliation is as follows:

Christian - 153,015 people or 46.4%
Buddhist - 1,716 people or 0.5%
Hindu - 10,231 people or 3.1%
Jewish - 3,713 people or 1.1%
Muslim - 61,477 people or 18.6%
Sikh - 1,199 people or 0.4%
Other - 98,633 people or 29.9%

117. The data currently held is not sufficiently robust and we are unable to draw conclusions on the financial impact by religion or belief.

Sex

118. 73% (2357 households) of households living in temporary accommodation are headed by a woman.

119. There is therefore a disproportionate impact on women as women make up 52% of Enfield's population but 73% of those to whom the council has provided accommodation. 16% of households headed by a man are likely to be benefit capped whilst 23% of households headed by a woman are likely to be benefit capped.

120. There are several factors impacting on these figures. Couples with children are more likely to have a least one person in employment, exempting them from the benefit cap. Around a quarter of male households are single men without children meaning that they are unlikely to be capped.

121. This means that there is a disproportionately positive impact on women.

Sexual Orientation

122. The analysis is based on the 1582 households for whom the council has accepted a duty in the first four months of 2023. During this period 5 people identified as not being heterosexual and another 25 decline to say. There is no identifiable differential impact on people with a particular sexual orientation.

123. Data on households in more settled forms of temporary accommodation is more scarce and there is insufficient data to draw a conclusion. Many of the households in temporary accommodation have been living there since before the introduction of the Homelessness Reduction Act meaning that the equalities data was not collected in key areas.

Care Experience

124. The proposal will mean that young people (including care leavers) under 35 years old will not be subject to the single room rate for temporary accommodation. This is a significant positive impact as it will bring parity between older and younger people.

HR and Workforce Implications

125. There are no immediate impacts on staffing stemming from the proposals. To enable the full development of a quality management regime for temporary accommodation will require changes in roles and structures. These requirements will be built into future restructure proposals for the service and subject to consultation with both staff and unions.

Environmental and Climate Change Implications

126. Improving the quality of temporary accommodation, including EPC requirements, will assist in the delivery of the Council's Net Zero aspirations.

Public Health Implications

127. Poor quality housing and homelessness have been identified as key factors in health inequality. Through increasing the supply and quality of temporary accommodation we will help to reduce the impact of homelessness and poor housing on the health and wellbeing of our residents.

128. The proposal for the future management of temporary accommodation will improve the quality of accommodation being offered whilst also ensuring that the necessary casework support is available.

129. Keeping households in hotel accommodation for extended periods is a key risk to public health. Moving families to self-contained accommodation will reduce the risks to vulnerable households and residents.

Property Implications

130. These are addressed in the body of the report.

Safeguarding Implications

131. Safeguarding is a key concern for the service. Ensuring that the service is financially stable is a prerequisite for ensuring adequate staffing levels for temporary accommodation services. This will enable the Council to manage the risks of working with vulnerable households more effectively.

132. Keeping households in hotel accommodation for extended periods is a key safeguarding risk. Moving families to self-contained accommodation will reduce the risks to vulnerable households and residents.

133. The proposal for the future management of temporary accommodation will improve the quality of accommodation being offered whilst also ensuring that the necessary casework support is available.

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Appendices

1. EQIA

Background Papers

Homelessness in Enfield (4) (KD5511)

Departmental reference number, if relevant: