

**Report to CABINET**

# **OMBC – Temporary Accommodation Fair Share Policy**

**Reason  
for**

**Portfolio Holder:** Cllr Elaine Taylor, Deputy Leader and Portfolio Holder for Decent Homes

**Officer Contact:** Emma Barton, Deputy Chief Executive (Place)

**Report Author:** Matt Reeves / Simon Shuttleworth  
**Ext. 0480**

**16 December 2024**

## **Decision**

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To consider enactment of a new policy, allowing for charges to be made for occupation of temporary accommodation, based on appropriate affordability checks.

## **Recommendations**

That the proposed policy is approved and adopted

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## OMBC Charging Policy

### 1 Background and Current Position

- 1.1 In October 2024, Oldham had 727 households in temporary accommodation (T.A). Provision of T.A cost the Council £6.3m in 2023/24 and has cost over £5.9m in the year to the end of October.
- 1.2 People housed in T.A, especially over a longer period of time, can lose their sense of independence and control over their lives. Furthermore, the current lack of any requirement for a contribution towards costs can sometimes disincentivise people in T.A from accessing the support that is available to help them to move on.
- 1.3 The Council is empowered to require reasonable charges for the use and occupation of accommodation under s206(2) Housing Act 1996. However, the only mechanism the Council currently has in place to recoup costs is through claiming Housing Benefit at 90% of the 2011 Local Housing Allowance (LHA) rate.
- 1.4 Many working households (approx. 120 in T.A) are currently not contributing at all to the costs of their accommodation, leaving the local authority unable to claim against the stay, because the temporary accommodation user does not qualify for Housing Benefit.
- 1.5 This report proposes the introduction of a policy that will allow the Council to charge those tenants of Temporary Accommodation who can afford to contribute towards the cost of their accommodation. Any charge would be capped at the applicable LHA rate. This would not cover the total cost to the Council but would constitute a fair contribution to these costs.
- 1.6 Importantly, this policy will only apply to tenants placed in self-contained accommodation (i.e. with their own cooking and bathroom facilities, rather than hotels for example), as this is what MHCLG deems to be compliant, and the Council is working to reduce the number of tenants in non-compliant accommodation. Charges in such instances are likely to be subject to legal challenge.

### 2 Proposed Policy

- 2.1 The proposed policy is appended to this report. The policy seeks to ensure a balance, focusing on:
  - Ensuring affordability for the resident
  - Not discouraging residents from seeking employment
  - Ensuring there are no disincentives to residents seeking to move on from temporary accommodation
  - Making sure residents have access to the support that they need to move on and live independently
  - Recouping as much of the costs to the Council as is reasonable, while remaining in line with the above principles

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- 2.2 If adopted, all residents being placed into T.A would receive an affordability assessment, carried out by Housing Options, at the first point of contact. In addition, affordability assessments would also be carried out on current residents of T.A, to assess whether they should be required to contribute to costs going forward.
- 2.3 Alongside these assessments, residents who may end up being placed into T.A would also receive intensive support through Housing Options to identify alternatives and to connect them in to support services who can assist in maximizing income and help with any other issues that affect them.
- 2.4 In order to enact these charges, a new license agreement will be developed, to replace the currently used licenses. For existing residents who are assessed as being able to afford to contribute, they will be required to sign a new license agreement and will have a four week notice period before any charges apply.
- 2.5 Based on modelling conducted around working people who are in self-contained accommodation (i.e. not hotel or bed and breakfast), instigating a scheme that would require a contribution towards costs (from those who can afford to pay) would pay for itself and generate a surplus. At this stage, the extent of this surplus is difficult to quantify, as it depends on collection rates and the outcomes of affordability assessments. However, as more assessments are carried out, it will allow for more robust forward modelling of the potential income.
- 2.6 It is important to note that this policy, along with other changes being made to our approach, seeks to reduce the numbers of people coming into T.A – if successful, the amount of costs that can be offset by charging will reduce. However, any reduction in this income would be vastly offset by the reduction in the costs of T.A that will be seen as the number of households accommodated falls.

### 3 **Implementation.**

This section details the requirements for implementation of this policy within different Council services.

- 3.1 **Capacity from Housing Options.** Any necessary capacity will be met by the proposed service redesign of Housing Options, once implemented and fully staffed.
- 3.2 **IT.** In order to implement this policy, as well as bringing in a more robust approach to understanding (and therefore reducing) TA spend, it will be necessary to purchase the Locata Rent Modules. The service is already using Locata software for management of Housing Allocations and TA and this add-on has been identified as the best possible solution to deliver the Temporary Accommodation Fair Share Policy as it allows for tracking of charges and spend around TA. IT will provide project management support for the integration, and ongoing work to improve processes when required. Locata may be required to link directly to Agresso for invoicing for an automated function.

There will be a cost for initial implementation of the appropriate modules, potentially with some ongoing cost. These costs are still to be confirmed.

- 3.3 **Legal.** The Legal Department will be required to produce an updated license agreement that will be supplied to all placements in self-contained Temporary Accommodation. There may be a requirement for additional legal capacity on a temporary basis (if needed) to deal with any legal challenges to changes to license agreements for existing tenants. It is suggested that provision of up to **£55,000** is made for this eventuality and would cover a six-month period of work.

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- 3.4 **Revenues and Benefits.** To deliver the initial implementation of the Temporary Accommodation Fair Share Policy additional staffing resources will be required to maximise cost recovery.

2 FTE (Grade 3) staff would be required in the Accounts Receivable team, at a cost of **£69,920**.

**NB** – the above staffing would allow the service to initiate and administer this policy up to a certain level. If the number of households eligible to be charged reaches a higher proportion than anticipated, additional staffing may be required in the Council Tax team and Systems and Control Team. Demand will be monitored closely, to determine whether additional resources are required. If so, it is expected that the additional income from charges would be used to offset this cost.

### 3.5 Phasing

If the policy is agreed, it is proposed that it is phased in as follows.

1. Public consultation on the policy will begin, including writing to all current households in temporary accommodation. No charges will be issued until after the public consultation is complete, and any submissions considered.
2. Housing Options Team begin affordability assessments on new tenants coming in to T.A. and the new license format will begin to be used.  
  
**NB** – charging would not be instigated immediately, as there is likely to be a lag in ability to charge and recover. However, it will ensure that tenants are on the new licenses and are aware that they may be asked to pay in the future (where the assessment shows it is appropriate). It will also begin to build insight on the proportion of tenants likely to be affected, allowing for modelling of future income.
3. Housing Options Team to carry out affordability assessments on existing tenants in TA who are working, and issue with new licenses. It is proposed to give four weeks notice of the new license coming into effect.
4. Housing Options Team to carry out affordability assessments on existing tenants in TA who are not working, and issue with new licenses (again, with four weeks notice)
5. When appropriate resources are in place, invoices will begin to be issued to tenants.  
**NB** – it is recommended that a minimum level of payment is set, below which tenants will not be charged. An appropriate level is still to be determined.

## 4 Options/Alternatives

### 4.1 Option 1

Approve the proposed policy in its entirety in order to ensure that residents receive appropriate support to remain independent, and contributions towards costs are obtained from those who can afford to pay.

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## 4.2 Option 2

Do nothing

## 5 Preferred Option

5.1 Option 1 - Approve the policy.

## 6 Recommendations

(a) Approve the policy

(b) Agree that the policy is implemented once appropriate consultation has been carried out, and subject to the necessary collection arrangements (staffing and I.T systems) being in place

## 7 Consultation

7.1 Portfolio holder, Housing Recovery Board. Public consultation to take place.

## 8 Financial Implications

8.1 Initial costs identified for the implementation of the Temporary Accommodation Fair Share Policy include -

Legal Support	55,000
Additional Revs and Bens Staff	69,920
<b>Total Cost</b>	<b>124,920</b>

8.2 In addition to this we have some, as yet unknown costs which include -

- The purchase of Locata Rent Modules
- Installation of these modules by IT
- Ongoing support of Locata Modules

8.3 Therefore, initially the Temporary Accommodation Fair Share Policy will have to recover at least £124,920 to offset the known costs of implementation.

8.4 Currently there are 119 working families in Temporary Accommodation. Of these 119 working families, 59 families would be excluded from the charging policy due to the fact they were in properties deemed non-compliant i.e. hotels (see para 1.6). Of the remaining 60 families, 33 of them are in receipt of some form of benefit whether it be Housing Benefit or Universal Credit. These 33 families would need to be individually financially assessed to gauge their ability to pay. As such it is difficult to quantify the amount of income that may be generated following assessment.

8.5 The remaining 27 working families who are either not entitled to benefits or have refused to answer would be subject to further assessment and an expectation to contribute to their TA costs. Using their housing need i.e. 2 bed, 3 bed, etc. and the assumption of charges capped at 2024 LHA rates the following table summarises the current position -

Expectation of Cash Collected	Charge to be Collected	Less Known Implementation Costs	Surplus/(Deficit)
50%	110,298	(124,920)	(14,622)
60%	132,358	(124,920)	7,438
70%	154,417	(124,920)	29,497
80%	176,477	(124,920)	51,557
90%	198,536	(124,920)	73,616
100%	220,596	(124,920)	95,676

8.6 Assuming the 27 working families were all charged at the maximum rate of LHA 2024 aligned to their bedroom need, the Council would need to recover at a rate of at least 60% to be confident of recovering their known implementation costs. In reality this figure would have to be higher to cater for the unknown costs such as software procurement and installation plus the ongoing support costs.

(John Hoskins)

## 9 Legal Implications

9.1 The Council balances a fine line between managing the costs of the Council and managing the expense of supporting people within the temporary accommodation system of Oldham.

9.2 It is reasonable and lawful for an authority to charge residents for their accommodation and associated costs and most local authorities in the Country do so. This Council has not done this and to do this the Council must have a suitable policy in place. The Council must also make sure that individuals affected must have the correct agreement, such as a license agreement informing the licensee of the charge.

9.3 The report refers to the relevant legislation that permits the Council to make charges in relation to the Housing function offered, specifically (2) of S206 Housing Act 1996. The specific wording being; "A local Housing authority may require a person in relation to whom they are discharging such functions to pay such reasonable charges as they may determine in respect of accommodation which they secure for his occupation (either by making it available themselves or otherwise), or (b) to pay such reasonable amount as they may determine in respect of sums payable by them for accommodation made available by another person".

9.4 The report mentions consultation and it is correct that the Council be mindful of its public consultation requirements. It is important for the Council to suitably consult with the individual service users as a minimum and other relevant stakeholders. This should be done and conclusions considered before implementing any changes. There is potential for legal challenge should this not be done.

(Alex Bougatef –Interim Borough Solicitor)

## 101 Equality Impact, including implications for Children and Young People

10.1 Yes/No [delete as appropriate] Ctrl and click to follow link to complete <https://app.powerbi.com/home?experience=power-bi>

## 11 Key Decision

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11.1 Yes

12 **Key Decision Reference**

12.1 EE-03-24

13 **Background Papers**

13.1 None

14 **Appendices**

14.1 Oldham Council Temporary Accommodation Fair Share Policy



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