

Service Charges in Temporary Accommodation

The City of Edinburgh Council

21 December 2006

Purpose of report

1. To seek approval for an increase in temporary accommodation service charges effective from 1st January 2007

Main report

2. Under housing legislation the Council has a range of duties towards people who are homeless including the provision of temporary accommodation. Over recent years the city has faced increasing demand for temporary accommodation from homeless households. Legislative changes have resulted in a significant enhancement of the rights of homeless people, with a consequential expansion of the duties placed on local authorities in meeting these. This has been combined with an increasing shortfall in the supply of affordable housing in the city. These factors combined result in a significant increase in demand for temporary accommodation. Current use is in excess of 220,000 household days per annum, an average of more than 600 households each night.
3. The Council meets its duties to provide temporary accommodation primarily through it's stock of dispersed furnished flats, and 24 hour staffed accommodation. Since 2002 the Council has significantly invested in and increased it's stock of temporary accommodation in response to the increased legal duties and increasing demand. At the current time the Council has a stock of 515 units compared to 240 units in 2001.
4. Through this period of expansion there has not been any detailed re-examination of service costings. In particular, service charges have not been re-assessed in light of changes to important aspects of service delivery. These changes reflect increased legislative burdens on the service arising from the Housing (Scotland) Act 2001 and the Homelessness etc. (Scotland) Act 2003.
5. The costs of providing the temporary accommodation have increased but these increased costs have not been reflected in the service charges. As a consequence service charge income is not sufficient to cover the costs of

providing a temporary accommodation service and the budget for this service faces a significant deficit.

6. There are a number of factors which have driven up the costs of temporary accommodation. There is no allowance for periods when temporary accommodation properties are vacant built into service costs, as there is for other homeless accommodation. The short term nature of temporary accommodation means that there is greater turnover and consequently higher vacancy rates than in mainstream housing stock. Furthermore the Unsuitable Accommodation order which prohibits the use of B&B accommodation for families means that a number of properties are kept in reserve so that such households can always be accommodated in Council furnished accommodation. Properties are also kept empty so that the Council can meet its statutory duties to provide emergency accommodation out of hours. Additionally, there has been a significant shift in the customer base to a younger (predominantly under 30), single male population. Associated with this is a more chaotic life style with a high incidence of risk-taking behaviour. This combination results in much higher requirements for refurnishing, redecorating and repair between lets, increasing the time and resources necessary to prepare properties for occupation. It is proposed that an additional allowance for void periods and associated costs of work to re-let is incorporated into service charges (+30%).
7. Management costs: The shift in the customer base has a further impact on management costs for the Temporary Accommodation Service, specifically the frequency of moves in to, out of and between different temporary accommodations. At the time service charges were last examined, the majority of homeless households used one or two forms of temporary accommodation provision before being re-housed. Data for October shows that 387 households were provided with temporary accommodation during the month. However, there were 521 instances of households being admitted to temporary accommodation during the month. This activity is much higher than is currently incorporated into the calculation of service charge. There are a number of other costs that have also increased significantly reflecting the increasing volume of people being accommodated and the expansion of stock including, transport and removals and storage. A further 20% increase in service charge is required to cover this additional activity.
8. In total service charges are required to increase by 50%. This would see service charges for a dispersed furnished flat increase from £26.42 to £39.75 per day. (details of the increased service charges across the Council's temporary accommodation stock is contained in Appendix 1). Service charges are fully eligible for housing benefit. In order to address the existing pressures within the temporary accommodation budget this increase would need to take effect from 1st January 2007. These increases will not fully address the pressure in 2006/7 but will provide a robust basis for 2007/08 and mitigate the pressure in the current financial year.

9. Approval of the increase in service charges in the current year from 1 January 2007 will result in additional income of £527,000 in the current financial year and ensure that the service is on a sound self-financing basis for the future.
10. These changes have been discussed with Revenues & Benefits and have their support.

Recommendations

11. The Council is asked to approve an increase in temporary accommodation service charges with effect from 1st January 2007 as proposed in the report.



Mark Turley
Director, Services for Communities

13/12/06

Appendices	Appendix 1: Temporary Accommodation Service Charges
Contact/tel	David Lyon – 529 7047
Wards affected	All
Background Papers	None

APPENDIX 1

TEMPORARY ACCOMMODATION SERVICE CHARGES PROPOSED INCREASES

Accommodation	Current Daily Service Charge -	Proposed Daily Service Charge from 01.01.07
Dispersed flats	26.43	39.75
24 hour staffed accommodation		
Bingham Way,	38.57	57.86
Broomhouse Medway,	27.86	41.79
Bruntsfield Place,	30.42	45.64
Crewe Road Gardens,	28.14	42.21
Oxgangs St,	24.86	37.29
West Pilton Park, (single)	40.43	60.64
West Pilton View,	43.57	65.36