

# Scottish Government submission of 12 March 2024

## PE1946/I: To call on the Scottish Government to pay all charges for homeless temporary accommodation

Thank you for your letter of 14 February following the Committee's consideration of the petition PE1946 at its meeting on 7 February, which included the recent submission from the petitioner, submitted on 14 January, alongside the Scottish Government's previous response to the Committee in September 2023.

The Committee asked how the Scottish Government intends to address concerns about those existing households where debt arising from temporary accommodation charges has already been accrued.

We hear those concerns and we are well aware that rental and other debts play a part in people's journeys into and out of homelessness. Local authorities have a legal duty to help people who are homeless or at risk of becoming homeless, which includes providing information and advice on homelessness and the prevention of homelessness. **The Homeless Persons Advice and Assistance (Scotland) Regulations 2002 (SSI 2002 No.414)** prescribe the types of advice and assistance that local authorities must provide at minimum to homeless applicants and applicants threatened with homelessness who have become homeless intentionally. The financial advice provided must be appropriate to an applicant's circumstances and can include:

- advice on the availability of personal benefits, grants (including from Scottish Welfare Fund) and loans directly or indirectly related to the provision of housing;
- advice on rent and mortgage arrears and the financial implications of home ownership;
- advice on the management of personal finance;
- advice on rent guarantee and deposit schemes; and
- advice on specialist agencies providing financial advice to individuals.

However, working against these efforts is the UK Government's continuing freeze of temporary accommodation Local Housing Allowance (LHA) rates at 2011 levels. This has affected all broad rental market areas in Scotland and can lead to significant shortfalls between

benefits received and a household's rent. LHA rates for other private rental properties are being raised to the 30<sup>th</sup> percentile of market rates from 1 April 2024, but rates for temporary accommodation will remain frozen. LHA rates setting is a reserved matter and the Scottish Government has called for immediate action to link rates to rents.

Local authorities also have a responsibility to ensure that charges for accommodation are reasonable for the applicant. The Scottish Government established a Housing Affordability Working Group to bring together stakeholders from across Scotland's housing sector to reach consensus on a shared understanding of housing affordability. Commissioned by the working group, recent focus group research among the public found there was no consensus on the best measure or definition of housing affordability. However, participants agreed that it must be clear, specific and relative to tenants' everyday lives and finances; reflect the realities of the rental market; emphasise fairness and dignity for tenants; and consider what is realistic, affordable and allows for 'future-proofing', especially for people living on benefits or the minimum or living wage. The working group is developing a shared understanding and will be sending recommendations to ministers before the summer recess.

In addition, since 2017, the Scottish Government allocates funding annually to local authorities for Discretionary Housing Payments (DHPs). DHPs are awarded if a local authority considers that a housing benefit or universal credit (including the housing element) claimant requires further financial assistance towards housing costs. DHPs can be backdated to help pay rent arrears caused by a benefits shortfall. In 2024-25, the Scottish Government will invest over £90 million in DHPs, an increase of over £6 million from 2023-24.

There are other ways a household can be supported if they are accruing debt or rent arrears as result of their housing costs. For example, housing costs can be paid straight to the tenant's landlord instead of being part of their universal credit payment. There is also help available for energy costs, such as the Winter Heating Payment and Warm Home Discount Scheme, and people with low incomes may be eligible for help through Council Tax Reduction.

The Committee also asked how unaddressed household debt arising from temporary accommodation charges aligns with the Scottish Government's commitment to reduce the number of households in temporary accommodation by 2026.

The Scottish Government has acknowledged the cost of temporary accommodation – both to the household and local authorities – can be expensive. Reducing the number of households in temporary accommodation is necessary for a number of reasons, one of which is to reduce the financial impact on both local authorities and tenants.

The current economic context is one of the most challenging in recent history, both for national and local governments. The Scottish Government already provides funding to councils to deliver homelessness services through the local government settlement. We also provide funding to local authorities for their rapid rehousing transition plans to help them prioritise settled housing over temporary accommodation. It is a decision for individual councils to waive debts owed to them for temporary accommodation.

We will be making record funding of more than £14 billion in 2024-25 available to local authorities – a real-terms increase of 4.3% compared with the previous year. To enable local authorities to make best use of the resources they have, the Scottish Government's policy towards local authorities' spending is to allow local authorities the financial freedom to operate independently. Individual councils set their own temporary accommodation charges but, in deciding what is a reasonable charge for temporary accommodation, the local authority should take account of what the homeless household can pay in the longer term.

The forthcoming homelessness prevention duties will help public bodies identify households potentially at risk of homelessness at a much earlier stage, consequently reducing their chances of making a homeless application and needing to use temporary accommodation at all.

I hope this response is helpful to the Committee.

**Directorate for Local Government and Housing**