

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

Association of Local Authority Chief Housing Officers written submission, 8 April 2025

Introduction

ALACHO is the membership body for senior housing and homelessness officers working in local government. Our purpose is to provide impartial advice and comment to support the development of legislation, policy and practice in housing and homelessness nationally and locally and to promote best practice and improved outcomes from our housing at all levels. In doing so, we seek to reflect the diversity of views of our members which, in themselves, reflect the range of local contexts in which they work.

Our members are involved in a variety of policy discussions with the Scottish Government, COSLA and other organisations. More details about our work can be found on [our website](#).

This paper has been prepared in response to a request from the Scottish Parliaments Petitions Committee for comment on Petition PE1946: To call on the Scottish Government to pay all charges for homeless temporary accommodation.

Background

Petition PE1946 was first considered the Petitions Committee in July 2022 and reads as follows:

‘Calling on the Scottish Parliament to urge the Scottish Government to use general taxation to pay for all charges for homeless temporary accommodation, including writing off the £33.3 million debt owed by homeless people for temporary accommodation to local authorities.’

Councils have a statutory power to charge for temporary accommodation, but the charge must be “reasonable”. There is, however, no definition of this either in the statutory guidance or case law.

Most homeless applicants spend some time in accommodation at some point whilst they are homeless but at any given time, around 48% of applicants make their own accommodation arrangements. Most are placed in self-contained flats or houses provided either by a council or a Registered Social Landlord (RSL). Some councils also lease self-contained accommodation from private landlords.

However, as the housing emergency has developed some councils have been unable to meet the need for temporary housing directly and have placed a significant number of applicants in bed and breakfast or hotel accommodation.

The Committee has received a number of representations including several from the Scottish Government as well as from COSLA and Shelter. Mr. Clerkin, the petition's author, has also provided a number of further observations.

Between them, they seem to provide most of the relevant facts so there is no need to go over them further here. In their response dated 24 November 2024 the Scottish Government was clear that they have no plans to pay the cost of temporary accommodation.

The current situation

What we know about the financing of temporary accommodation

ALACHO's view is that it's not unreasonable to ask those living in temporary accommodation to pay rent. We are aware that there are long standing concerns about current rent charges. But we have too little information on the financial arrangements that sit behind the provision of temporary accommodation to come to a clear view how "reasonable" rents are or what impact rent debt is having after applicants move into settled accommodation.

Our current data gaps include:

- The cost of provision;
- The variation of costs between councils and accommodation types;
- Charges to occupants;
- Service levels;
- The % of the total charge that is covered by Housing Benefit;
- The number of those in temporary accommodation not entitled to full or partial housing benefit;
- The use of Discretionary housing payments to support those in temp; and
- The extent to which debts are being collected after individuals move on.

As a result, it isn't possible to be clear about value for money or say how much it would cost to fund temporary accommodation through general taxation or what the impact would be if charges were restricted to any given level.

Charges for temporary accommodation

We do know that rent charges vary significantly between councils. The most recent survey carried out by ALACHO for the 2024/25 financial year included weekly charges for self-contained accommodation varying between around £69 to £358.

Most of those in temporary accommodation are eligible for and claim housing benefit. In most cases, housing benefit will cover the full cost to the resident with a deduction for heating or "board" where this is included in the rent charge.

The DWP pays some, but not all of the cost to the Council depending on the type of accommodation.

Arrears are likely to arise where:

- There is charge that isn't eligible for benefit, like "board", or heating and this isn't paid by the applicant;

- Where a benefit claim is late or missed; and
- Where the applicant is in work and is assessed as liable to pay some of the rent charge from their own income but don't make the necessary payment.

These rules are identical to those applied to non-homeless applicants in similar circumstances.

Councils work hard to ensure that those in temporary accommodation receive all the benefits they are entitled to. However, it is clear that this isn't always successful and, in some cases, arrears can rise quite quickly.

Councils also take a proportionate approach to collecting any arrears that do arise. This includes writing off the debt when this is the most appropriate way forward.

Cost to councils

The % of benefit paid by the DWP to the council varies depending on the type of accommodation. The current subsidy calculation for those in temporary accommodation is as follows:

Local Authority homeless accommodation is treated as a rent rebate and not based on the Local Housing Allowance. It is subject to an upper cap limit £375 per week.

Board & Lodging (non-self-contained) including Bed and Breakfast/Hotel Accommodation, which is set at the lower of the:

- weekly (or part-weekly) housing benefit entitlement;
- the one-bed Local Housing Allowance rate for January 2011; or
- upper cap limit of £375 cap.

Leased or licensed self-contained accommodation, including accommodation leased to a council by a private landlord or RSL. The level of subsidy payable is the lowest of the:

- weekly (or part-weekly) housing benefit entitlement;
- 90% of the relevant January 2011 Local Housing Allowance rate; or
- upper cap limit of £375.

Where temporary accommodation is provided in "board and lodging" or "leased or licenced" accommodation, councils will receive significantly less from the DWP than the benefit payment to the applicant.

ALACHO members have estimated that this subsidy loss (and therefore direct cost to the Council) was at least £49m in 2023/24.

The rapid increase in the number of households in temporary accommodation has resulted in a significant rise in costs to council. This has been particularly marked for the six stock transfer councils where leased properties make up a significant % of the temp they provide. Those that are making significant use of "board and lodging" accommodation have also faced rapidly rising costs.

The relative complexity of these arrangements means that costs for temporary accommodation are spread across a number of accounting areas, making it difficult to see the whole picture.

Conclusions and suggested further actions

The funding and charging arrangements for temporary accommodation are complicated and not well understood.

Some applicants face rent charges that they consider unaffordable, some also accrue significant arrears during what can be an extended period in temporary housing.

The current housing emergency has driven a significant rise in the numbers in temporary housing and, in some areas, a rapid rise in the use of accommodation that doesn't meet the requirements of the unsuitable accommodation order or, more importantly, the needs of many homeless people.

Significant numbers of applicants have opted not to take up temporary accommodation. Whilst we know too little about this group, there are good grounds to believe that some have made their own arrangements because the accommodation offered was either unsuitable or too expensive.

The Scottish Housing Regulator is clear that part of the route out of the current housing emergency will involve an increase in the use of temporary accommodation, particularly directly provided or leased accommodation in order to eliminate breaches of the temporary accommodation order.

ALACHO, COSLA and Directors of Finance Scotland (DOFS) (our sister organisation representing chief finance officers in local government) are working with the Scottish Government to get a better understanding of the costs, quality and value for money challenges involved.

We do not think that there is any case for the Scottish Government to take on the cost of funding temporary accommodation or to write off existing arrears.

But we do think that there is a case for targeted funding to support the acquisition of additional, directly provided temporary accommodation to support councils to meet their statutory obligations and provide the quality of temporary accommodation that homeless applicants are entitled to expect.

We also think there is a case for a more consistent approach to accounting for the cost of temporary accommodation to improve transparency around charges and value for money.