Devonshires

What's happening on the ground?

How councils are meeting rising TA demand…

a focus on rent subsidy

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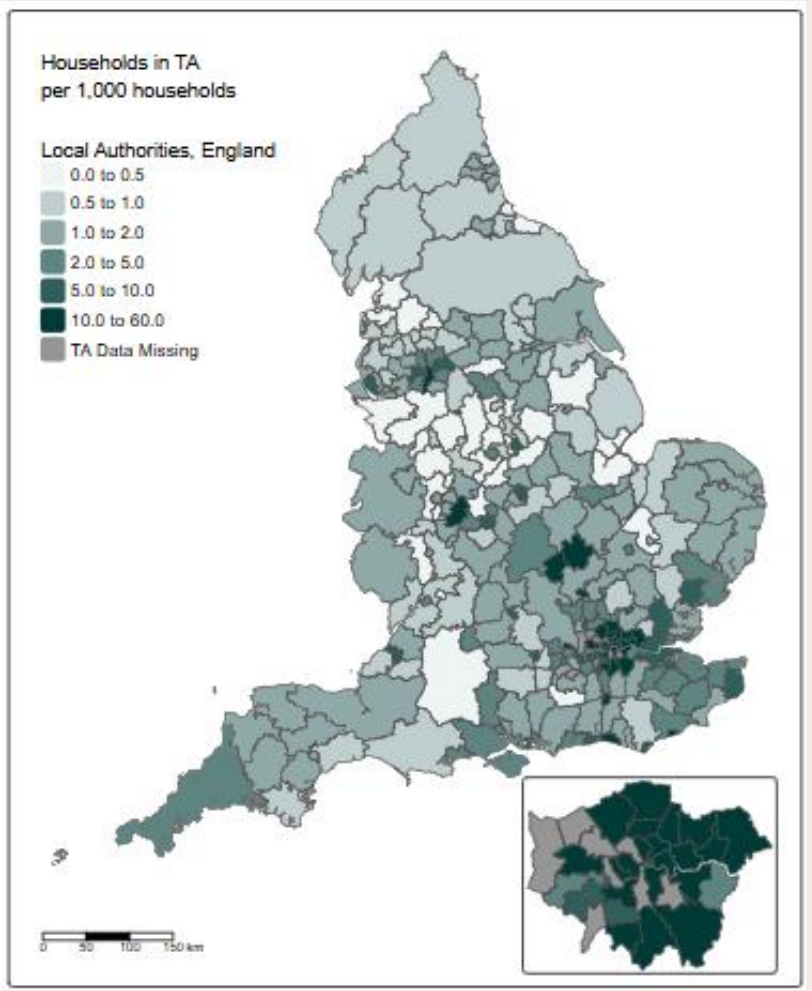
Some stats…

- LAs lost over 31.8bn in TA costs over the last decade
- Between 2019 and 31 March 2025:
  - TA placements were up 54% to 131,140 households
  - Households with children up by 11% to 83,150
- HB subsidy gap grew by 244% to nearly £360m
- 2,070 families in B&B for longer than the 6-week statutory limit
- Spend on B&B and nightly-paid accommodation increased from £309m, in 2023/24 to £620m in 2024/25 and now accounts for nearly half of LAs spend on TA.



What the issue?

- **The Income-related Benefits (Subsidy to Authorities) Order 1998**
  - Subsidy recovery capped at 90% of 2011 of Local Housing Allowance rates for TA provision (**LHA 2011 Rate**)

- LAs are having to bridge the gap in actual TA cost and LHA subsidy by either:
  - passing on full cost to the occupant, award HB against the charge but only recover LHA 2011 Rate which can lead to significant arrears, or.
  - charge the occupant the LHA 2011 Rate only as this is all that can be recovered from central government and absorb the additional procurement costs.

= LOSE LOSE!

Potential alternatives

- Wording of Subsidy Order is specific and scenarios not meeting the restrictions could potentially give rise to higher subsidy recovery.

Article	Applies to	Rate (if no loophole)
17	Subsidy in respect of **non self-contained licensed accommodation, and board and lodging accommodation**, provided by an **authority** as temporary or short term accommodation	1 bed self-contained January 2011 LHA rate
17A	Subsidy in respect of **self-contained licensed accommodation, and leased accommodation**, provided by an **authority** as temporary or short term accommodation.	90% LHA for January 2011
17B	Subsidy in respect of **non self-contained licensed accommodation, and board and lodging accommodation**, made available by a **registered housing association** as temporary or short term accommodation	1 bed self-contained January 2011 LHA rate
17C	Subsidy in respect of **self-contained accommodation, or owned or leased** accommodation, made available by a **registered housing association** as temporary or short term accommodation	90% LHA for January 2011

Considerations

- Does the Rent Standard apply?
- Reasoning for HRA/GF use
- Appetite for long term liability
- Alternative strategies to support efforts
  - intervention to prevent homelessness
  - Supported placements
  - Criteria review
  - Longer term housing strategies

Get in touch to find out more:

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