

# **FOR PUBLICATION**

## **REVIEW OF HOUSING ALLOCATIONS POLICY**

---

MEETING:	1. CABINET 2. EXECUTIVE MEMBER FOR HOUSING
DATE:	1. 13 JANUARY 2015 2. 22 DECEMBER 2015
REPORT BY:	SERVICE MANAGER – HOUSING CUSTOMER DIVISION
WARD:	ALL
COMMUNITY ASSEMBLY:	ALL
KEY DECISION REFERENCE (IF APPLICABLE):	321

FOR PUBLICATION

---

### **1.0 PURPOSE OF THE REPORT**

- 1.1 The purpose of the report is to update Cabinet on the changes made to the Housing Allocations Policy in April 2013 and to recommend further changes in order to respond to current needs and legislative requirements.

### **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that consultation commences for a period of 6 weeks regarding the proposed changes to the Council's Housing Allocations Policy as follows:
- Introduction of a 12 month Residency Requirement
  - Discharge of Statutory Duty in the Priority Band and offers to other groups within the priority band by direct matching

- Re-introduction of Children in Flats Points - Transfer Band
- Removal of Lodging Points
- Delegated responsibility for minor policy changes to the Housing Service Manager – Customer Division, in consultation with the Executive Member for Housing
- Ending of Sub-Regional Scheme
- Introduction of a pre-allocation Risk Assessment

2.2 That a further report is brought to Cabinet following the consultation exercise.

2.3 A copy of the Draft Policy containing the highlighted changes is attached at **Appendix A**.

### **3.0 BACKGROUND**

3.1. The Council amended its Allocations Policy in 2013 in response to the changes introduced by the Localism Act 2011 and the Welfare Reform Act 2012.

3.2 Although it is difficult to predict fully what the impact of the Welfare Reform changes may be in the longer term, and what further challenges may arise, we have already experienced an increase in demand for housing advice, and footfall has remained constantly high at around 420 visitors per week since April 2013.

3.3 We receive on average 223 housing applications per month and our current waiting list is around 2200. The numbers of people approaching with complex needs has increased and homelessness within the Borough is increasing. For example, the need to carry out criminal conviction checks has increased by 253% from 2012 to 2013 and homelessness acceptances have increased by 23%.

3.4 The number of households facing repossession is high and in a recent Shelter study which monitored possession claims entered in to court, the Borough ranks 61<sup>st</sup> out of 324 local authorities placing the Borough in the top 20%.

3.5 The impact of the changes made to the Allocations Policy has been reviewed and as a result it is proposed that further changes are made to the Policy.

#### **4.0 CURRENT POSITION**

4.1 The changes made to the Allocations Policy in 2013 have been very successful in meeting the intended outcomes. Smaller properties are now available for households who need to move to smaller accommodation and 45% of all properties have been advertised with a preference to transfer band applicants. 142 two bedroom houses have become available to let (127 in 2012/13) and 440 one bedroom flats (409 in 2012/13).

4.2 By awarding preference to households who are under-occupying properties and by working closely with the Housing Benefits Team we have been able to assist households to move into smaller accommodation.

4.3 Households moving by way of mutual exchange increased by 20% during the year.

4.4 There are however increasing numbers of vulnerable people approaching the Council for accommodation, many of whom may find living independently difficult. One particular group of people are young people aged 18-24 and specific targeted work with this group is essential in order that they can manage and sustain a tenancy.

4.5 In addition, Derbyshire County Council (DCC) is proposing changes to the housing related support programme, the result of which will reduce some services from April 2015. The supported accommodation provision is currently being phased out with no new referrals from 1<sup>st</sup> October 2014. It is proposed that floating support services for vulnerable clients including people with substance misuse problems, ex-offenders and young people are decommissioned from April 2016. It is reasonable to assume that the people previously housed and supported by DCC funded schemes will approach the Council for housing advice and assistance. Derby City Council for example, has experienced a 458% increase in single

homelessness since the ending of Supporting People funded housing related support in Derby in April 2013.

- 4.6 Changes made to Housing Benefit entitlement, most notably the single room rate and under-occupancy charge have led to an increase in young, single people applying to the Council for accommodation. Young people aged 18-24 on benefits are of a particular concern as they do not have the financial means to sustain a tenancy and as such many such tenancies are failing in the first year.
- 4.7 In 2012 the Council let 162 flats to single young people aged between 18 and 24, 58% of these tenancies failed within the first 12 months. In 2013 we let 270 flats to young people aged between 18 and 24. Since April 2013 we have been monitoring the reasons for termination of tenancies with unaffordability/returning to live with family being a major reason for termination.
- 4.8 The rate of tenancy breakdown particularly in one bed flats is unacceptably high and steps must be taken to settle and stabilise our estates.
- 4.9 An annual turnover rate of 10% or more is accepted as an indicator of unstable community. We have tracked the outcomes of new tenants of working age offered introductory tenancies since 2012 and have found that the tenancy turnover rate of 1 bed flats is over 20% in several areas of the Borough, and between 15 and 20% in many others.
- 4.10 There have been a number of meetings with other agencies chaired by the Executive Member for Housing, to discuss the issues surrounding young people, and Officers and Members are currently working with other agencies to look at progressing a number of homelessness prevention and tenancy sustainment options for 18-24 year olds, most of which we are aiming to fund from the Homelessness Prevention Funding and by external funding opportunities available to us.
- 4.11 The Council's strategy to address homelessness issues is set out in its Homelessness Statement 2015/16.

## **5.0 Proposals**

5.1 It is proposed that further changes are made to the Allocations Policy as follows:

### **5.2 Introduction of Residency Requirement**

5.2.1 On 31<sup>st</sup> December 2013 the Secretary of State issued statutory guidance entitled Providing Social Housing for Local People, to Local Authorities regarding the inclusion of a residency requirement for applicants wishing to apply for Council accommodation.

5.2.2 Housing Authorities are encouraged to review their existing allocations policies and to revise them where appropriate in light of the guidance. The Localism Act 2011 gave local authorities the freedom to better manage their social housing waiting list and local authorities can now decide who qualifies for social housing in their area.

5.2.3 The Guidance strongly encourages all housing authorities to adopt a residency requirement and recommends a period of 2 years.

5.2.4 Having carefully considered the Guidance and considering the potential impact on void properties, we are proposing to allow households from outside the Borough to continue to register on the waiting list but they will not be eligible to bid on a property until they have lived in the Borough for a minimum of twelve months. Households from outside the Borough who are working within the Borough or who have an offer of permanent or long term employment, and certain groups of armed forces personnel will not be subject to the twelve month residency requirement. Any other request for an exception will be assessed on a case by case basis as per the Statutory Guidance.

5.2.5 We currently have 302 applications registered for people living outside of the Borough and last year we offered 96 tenancies to people who did not live in the Borough.

### **5.3 Discharge of Statutory Duty in the Priority B and offers to other groups within the priority band**

- 5.3.1 As Members will be aware applicants with the highest housing need are placed in the Priority Band, which includes statutory homeless households, those with high medical needs, alternative to adaptations and statutory unfit and overcrowded. The aim is to provide suitable accommodation as quickly as possible.
- 5.3.2 Under current policy, statutory homeless households are able to bid on suitable properties advertised for a minimum of four weeks before a proxy bid is made on their behalf. Many applicants do not exercise this choice and the four week period passes with no bids being made despite contact from the Homelessness Officer working with the applicant.
- 5.3.3 The average time to discharge duty to a statutory homeless household is currently 15 weeks.
- 5.3.4 It is good practice for many reasons that homeless households are accommodated as soon as possible in suitable accommodation, not least being the financial imperative to reduce the costs of accommodating applicants in bed and breakfast accommodation.
- 5.3.5 It is proposed therefore that duty is discharged by way of direct match rather than allowing applicants to bid. This method will also help the Operational Services Division to prioritise void repairs for properties allocated to households in temporary accommodation, thus reducing the costs to the General Fund and ensuring that the household is settled in to suitable accommodation as soon as possible. We estimate that the average time taken to discharge duty should reduce to an average of 10 weeks.
- 5.3.6 Any offer made must be suitable for the household as defined by the Housing Act 1996 (Homelessness Act 2002) and any individual needs and preferences will be considered and taken into account where appropriate and practicable.
- 5.3.7 At present, there are no time limits for other groups of applicants in the Priority Band. This means that an applicant can wait in the Priority Band indefinitely, despite the fact that suitable properties

have become available during the period that they have been eligible for priority status. It is therefore proposed to time limit priority status for Priority Band applicants (not Statutory Homeless households) to 12 weeks. After 12 weeks a review of their application and circumstances will be made and normally a direct match of the next suitable property will be made.

#### **5.4 Children in Flats Points - Transfer Band**

5.4.1 In April 2013, children in flats points were removed. This was because the Council had to maximise the number of properties available for households affected by the under-occupancy charge, and at that point did not envisage having the luxury of being able to assist households with children who were living in flats but who were otherwise suitably accommodated. (This change only affected households who were not overcrowded, any household that was overcrowded as per policy attracted the points applicable for overcrowding).

5.4.2 Understandably, many households with children living in flats wish to move. Having now had a year to gauge the demand for transfers generated by the under occupancy charge, against the turnover of properties in various areas, we are now in a position to assist some households in flats in some areas of the Borough where there is sufficient supply of properties, and therefore it is proposed to award 25 points for households with children in flats who are not overcrowded in order to recognise their housing need.

#### **5.5 Lodging Points**

5.5.1 At present, points are awarded to applicants who are lodging with family or friends. The majority of these applicants are single young people who have no housing need to move. Following consultation with the Council's Solicitor and a Housing Barrister regarding the proposed changes to the Policy, we are recommending on his advice, that lodging points are removed.

5.5.2 All applicants currently awarded these points will have their circumstances reassessed. If they are a 'household with dependent children living within a household' then the application will be eligible for 70 social/welfare points in General Band 1.

## **5.6 Delegated responsibility to Executive Member for Housing**

- 5.6.1 The current Coalition Government has released two Guidance notes for Local Housing Authorities and several statutory instruments. In order for the Council to respond quickly to minor instructions and make the necessary changes to the Allocations Policy, delegated responsibility to the Service Manager (Customer Division) in consultation with the Executive Member for Housing is required.
- 5.6.2 Any major changes to the Policy will still be reported to Cabinet.

## **5.7 Ending of Sub-Regional Scheme**

- 5.7.1 Funding was secured in 2009 to establish a sub-regional housing allocation scheme with North East Derbyshire District Council (Rykneld Homes) Bolsover District Council and Bassetlaw District Council (A1 Homes) to enable applicants to move more easily between Council areas.
- 5.7.2 The Link scheme was launched in 2010 and the four authorities have worked together to deliver the scheme and monitor the outcomes.
- 5.7.3 In April 2013 it was reported to Members that the scheme was not delivering the outcomes we had anticipated. Indeed Chesterfield Borough Council (CBC), due to the large numbers of flats available in the Borough, had become a net importer of primarily single people often with complex needs. Only 6 CBC households had moved out of the Borough in 2013/14 and 19 households moved in. All authorities reported a negative impact on voids and a disproportionate amount of staff time spent on processing sub-regional applications. For example, another authority may have carried out a criminal convictions check for one of their applicants but they are unable to share that information with another landlord which means that CBC has to carry out its own checks thus potentially impacting on voids time.
- 5.7.4 All four authorities are therefore recommending to their Members to end the sub-regional scheme at an agreed mutually convenient date during 2015.



5.7.5 A quota of 5% of all properties are currently advertised in the Sub Regional Band. It is proposed that this 5% is added to the priority quota increasing it to 25%.

## **5.8 Introduction of a pre-allocation risk assessment**

5.8.1 As outlined in Section 4 of this report, we have specific concerns regarding the ability of some groups of people to maintain a tenancy. The rate of tenancy breakdown particularly in one bed flats is unacceptably high and steps must be taken to settle and stabilise our estates and communities.

5.8.2 An annual turnover rate of 10% or more is accepted as an indicator of unstable community. We have tracked the outcomes of new tenants of working age offered introductory tenancies since 2012 and have noted that the tenancy turnover rate of 1 bed flats is over 20% in several areas, with many others between 15 and 20%.

5.8.3 The main reason for the tenancy failures is affordability and therefore we need to address this.

5.8.4 In addition we have also noted an increase in the number of criminal conviction checks we now have to carry out for new applicants.

5.8.5 We are also noting an increase in the number of applicants who require support, in order to manage and maintain a tenancy, the support varying from low level to more complex needs. ( The issue of supporting vulnerable tenants and the plans we have to expand current provision is covered in a separate report to Cabinet ).

5.8.6 In order to address the issue of tenancy breakdown it is proposed that additional information is gathered from applicants at the point of application in order to assess their potential ability to manage and maintain a tenancy in accordance with the Council's Housing tenancy Agreement.

5.8.7 All applicants will be required to complete a pre-registration risk assessment which will ask for information regarding any criminal convictions, cautions or investigations. In addition financial information will be obtained along with an assessment of income and expenditure and any outstanding debts. Information will also be obtained regarding any medical conditions and/or support needs. This information will also be checked again at the point at which

accommodation is offered to ensure that an applicant's circumstances have not changed.

- 5.8.8 This additional information will enable us to assess the risk of tenancy breakdown and where possible and practical, to manage and mitigate the risks and provide appropriate support where appropriate.
- 5.8.9 If, we are unable to do this and there is evidence to suggest that the applicant would be unable to comply with the terms and conditions of a tenancy, for example not having enough income to pay rent and service charges, then their application will be suspended until they can demonstrate that they are able to comply with the Council's Housing Tenancy Agreement.
- 5.8.10 In June 2014 following extensive research and building on work they had carried out in 2008, the Joseph Rowntree Foundation published a report entitled 'A Minimum Income Standard for the UK in 2014'.
- 5.8.11 This report found that safety-net benefits now provide less than 40 per cent of the minimum income needed by working-age people without children. Based on seven key headings of food and drink, clothing, household goods and services, personal services, transport, social and cultural participation and domestic fuel, their research found that a single person of working age needed £198 per week to live on. The current Job Seekers Allowance for a single person aged 18 -24 is £57.35 per week.
- 5.8.12 These figures are based on a compilation of real information following focus groups with young people on how they actually spent their money.
- 5.8.13 However, some of the figures set against the respective elements are particularly high, for example, over £40 per week was allowed in the calculation against social and cultural participation and therefore the elements have been revisited in order to establish a reasonable income level to enable a tenancy to be sustained in Chesterfield.
- 5.8.14 This level, at current costs has been set at £100 per week, but should the financial risk assessment be approved will be subject to an annual review in line with the cost of living based on the consumer price index.

5.8 15 The financial assessment will only apply to single working age, households or couples with no housing need, where we have a duty under legislation to accommodate a person or household, for example homelessness, then we will continue to discharge any statutory duty irrespective of the financial assessment.

5.8.16 If a person does not satisfy the pre-allocation risk assessment, advice and information will be provided to help the applicant become eligible for an offer of accommodation. This will vary depending on the applicant's circumstances, but will include advice regarding other housing options, referral to the projects regarding education, employment and training, mediation services and pre-tenancy training.

## 6.0 RISK MANAGEMENT

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Adverse publicity	High	Medium	<ul style="list-style-type: none"> <li>• Communication and consultation strategy</li> <li>• Meetings with specific interest groups</li> </ul>	Medium	Medium
Loss of rental income	Medium	High	<ul style="list-style-type: none"> <li>• Develop plans for alternative use of void properties</li> <li>• Partnership working to explore other markets and solutions</li> <li>• Medium to long term strategy to re-configure stock on estates to meet current and emerging</li> </ul>	Medium	Medium

			<p>demands</p> <ul style="list-style-type: none"> <li>• Re-model Business Plan</li> </ul>		
Increased number of void properties on estates	Medium	Medium	<ul style="list-style-type: none"> <li>• Develop plans for alternative use of void properties</li> <li>• Partnership working to explore other markets and solutions</li> <li>• Medium to long term strategy to re-configure stock on estates to meet current and emerging demands</li> </ul>	Medium	Medium
Increased number of homelessness applications	Medium	Medium	<ul style="list-style-type: none"> <li>• Improved information for applicants</li> <li>• Education project</li> <li>• Pre tenancy training scheme</li> <li>• Supported accommodation scheme</li> </ul>	Medium	Medium
Legal challenges	High	Medium	<ul style="list-style-type: none"> <li>• Specialist Legal advice obtained and followed in drafting proposals</li> <li>• Communication and consultation strategy</li> <li>• Meetings with specific interest groups</li> </ul>	Medium	Medium

## 7.0 EQUALITIES

7.1 An Equality Impact Assessment has been carried out and is attached at **Appendix B**.

## **8.0 FINANCIAL IMPLICATIONS**

8.1 There are no financial implications regarding the consultation process, however there will be emerging financial implications as the policy if approved is implemented.

## **9.0 LEGAL IMPLICATIONS**

9.1 Our Legal Team and Counsel have been consulted regarding the proposals and their advice and input has been followed in formulating the proposed changes to the Policy.

## **10.0 RECOMMENDATIONS**

10.1 It is recommended that consultation commences for a period of 6 weeks regarding the proposed changes to the Council's Housing Allocations Policy as follows:

- Introduction of a 12 month Residency Requirement
- Discharge of Statutory Duty in the Priority Band and offers to other groups within the priority band by direct matching
- Re-introduction of Children in Flats Points - Transfer Band
- Removal of Lodging Points
- Delegated responsibility for minor policy changes to the Housing Service Manager – Customer Division, in consultation with the Executive Member for Housing
- Ending of Sub-Regional Scheme
- Introduction of a pre-allocation Risk Assessment

10.2 That a further report is brought to Cabinet following the consultation exercise.

10.3 A copy of The Draft Policy containing the highlighted changes is attached at **Appendix A**.

**11.0 REASON FOR RECOMMENDATIONS**

11.1 In order to comply with the Government's code of guidance and to meet current and emerging demands and issues.

**JULIE MCGROGAN**  
**HOUSING SERVICE MANAGER – CUSTOMER DIVISION** (Further information on this matter can be obtained from Julie McGrogan on extension 5135/5325).

Officer recommendation supported.



Signed

Executive Member

Date 22.12.2014

Consultee Executive Member/Support Member comments (if applicable)