



## Report to Safer & Stronger Communities Scrutiny & Policy Development Committee

**Report of:** Executive Director, Communities

**Subject:** Draft Lettings Policy Review

**Author of Report:** Sharon Schonborn, Allocations Policy Review Project Manager

**Summary:**

This report details the draft revised Lettings Policy for the attention of the Members of the Safer & Stronger Communities Scrutiny Committee. The Scrutiny Committee have been heavily involved in the development of the draft revised policy and this report provides the Committee with an opportunity to consider the draft policy in its entirety.

**Type of item:** The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	x
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Other	

**The Scrutiny Committee is being asked to:**

Consider the policy in its entirety and provide views and comments as required

**Background Papers:**

None

**Category of Report:** OPEN

## **Report to Scrutiny – 8<sup>th</sup> November 2012**

### **Draft Housing Allocations Policy**

#### **1 Why have we fully reviewed the Allocations Policy?**

Part VI of the Housing Act 1996 states that Local Authorities are required to have an Allocations Policy. Our current Allocations Policy (also known as the Lettings Policy) was implemented in 2004, having been agreed in 2002. We need to update our Policy to reflect both national and local changes that have taken place since this time. These changes include increased demand for Council housing, a reduction in housing stock, and legislative change, particularly the Localism Act 2011, which gives local authorities more flexibility to manage their Housing Registers.

The principles of the draft new policy are established but the document is still undergoing some minor redrafting. The latest version is attached but this is likely to undergo minor drafting changes prior to being issued for consultation.

#### **2 An overview of how the current system works.**

The Housing Register is open to people who do or do not live in Sheffield aged 16 years or over.

Applications to join the Housing Register require only minimal supporting documents and there is encouragement to join the Housing Register. There is no requirement to be in housing need at the time of registration. For many people who are not in housing need, registering is seen as an 'insurance policy'.

Allocations are made based either on peoples waiting time or on the level of priority they have been awarded. There is no requirement to be actively looking for housing, so some people have very long waiting times.

Applicants who need to move quickly can be assessed for priority. There are 23 different types of priority for re-housing. Priorities have different time limits within which the priority must be used. All priority types are treated on an equal basis and applicants who have bid for a property are considered in order of the length of time the applicant has had the priority.

To ensure that waiting time has relevance and remains a route into accessing housing there is a quota that a minimum of 25% of vacant homes must be allocated to people with waiting time. In practice, because of refusals by priority applicants between 30% and 40% are actually allocated to people with waiting time.

We use a Choice Based Lettings system whereby vacant properties are advertised and applicants bid for them.

Unlike most other local authorities our policy allows unlimited bidding for all applicants and unlimited refusals for waiting time applicants. This maximises choice but means some people bid for homes that they are not seriously interested in and cause unnecessary delays and expense.

Owner occupiers are eligible to be allocated a home if they confirm they intend to sell their current home.

### **3 What works well in the current Allocations Policy?**

Applicants find it very easy to register and a lot of support is given to all applicants. The Policy was very successful in attracting a lot of people to register when supply outstripped demand for certain property types.

The waiting time quota is very popular. Council Housing is a tenure of choice in Sheffield. In many other authorities, waiting time applicants can only have properties that were rejected by priority applicants.

The generosity of the eligibility criteria has been effective in making sure some properties that would have otherwise been vacant are occupied. This includes the flexibility to relax the criteria if no-one meets the criteria.

Choice Based Lettings enables customers to see which properties are available and make informed choices (the information available to people will be improved by a new IT system). It is a transparent way of allocating properties. The system is customer led rather than officer led with applicants choosing to bid for homes they want rather than waiting for officers to allocate them one. Aside from the wider benefits of customer choice, this is a lot less labour intensive in terms of managing shortlists and making offers.

### **4 What doesn't work well in the current system?**

Demand for Council Housing now far outstrips supply and our open Housing Register has resulted in Sheffield having the largest Housing Register in the country. New tenants can rejoin the register as soon as they are re-housed, which again adds to the size of the register and also encourages churn within Council housing. This is too costly to review each year, and means the register is out of date. It may also send an inaccurate message that there is a greater affordable housing shortage in Sheffield than in the rest of the country.

- There are approximately 87,500 households on the housing register in Sheffield.
- This equates to 40% of households.
- This compares with between 5-11% in other core cities.
- 18,500 people are actively seeking housing by bidding.
- We let around 4000 properties a year.

As applications to the housing register are only required to provide minimal supporting information and little advice is routinely given about housing options, some applicants have raised expectations of what the sector can provide.

The Allocations Policy was developed with the aim of being simple, clear and transparent. Customer and stakeholder feedback does not always reflect this. For example, it is often perceived that almost all properties go to priority applicants, even though the actual figure is around 63%.

Sheffield's refusal rate is very high compared to other authorities causing rent loss.

Welfare reform will affect our tenants and applicants. The under occupiers' penalty (or bedroom tax) will be introduced in April 2013, and brings size criteria into the calculation of Housing Benefit for people of working age. This means that they will only receive Housing

Benefit for the amount of bedrooms they are deemed to require. Around 65% of tenants receive some level of Housing Benefit and it is calculated that a maximum of 7,000 of our current tenants are under occupying. It is important we do not allocate properties that prospective tenants are unable to afford and we enable tenants who can no longer afford their property to downsize.

The Localism Act brought in the self financing HRA. It is now even more important the Allocations Policy contributes to effective stock management, minimising the costs of allocations and void periods and promoting sustainable communities.

As there is only one level of priority we are not able to meet the most urgent housing need transparently. The most urgent cases are dealt with via the use of discretion and special cases.

There are a lot of priority types (23 in all), some of which are very specific.

The time limits on using priorities are confusing and are frequently renewed because applicants have not been able to find a suitable property in the original allocated timescale.

One fifth of properties have age restrictions applied so only people aged either over 40 or over 60 are eligible but often people of those ages are not interested in those properties. People under 40 can find it difficult to get re-housed and as age restrictions are not evenly spread throughout the city, there are concentrations of particular age groups in particular areas which does not contribute positively towards sustainable communities.

The IT system has become outdated and is being replaced. It does not encourage customer engagement. Applicants cannot see where they rank following the placement of a bid.

## **5 How will the new draft Allocations Policy improve things?**

The new Policy aims to manage expectations by providing information on the scarcity of social housing. It also seeks to provide holistic housing options advice up front and signpost applicants for help to prevent homelessness at the earliest possible time.

The emphasis is upon self service and active engagement with the system including a requirement to re-register annually with additional support for the vulnerable or those with literacy/language/access issues.

An 'inactive' register for those who wish to register and accumulate waiting time will separate out those actively seeking housing and those adequately housed. It will also negate the need to carry out a full assessment on all 87,500 applicants.

Applicants who are re-housed will be excluded from rejoining the Housing Register for two years unless their circumstances change to the extent that alternative accommodation is needed.

A requirement to provide more information, original documents and references means we will have more insight into our applicants and their support needs. This in turn means more appropriate lets as we have better information to aide sustainable lets.

Instead of just one level of priority there will be three levels to ensure those in most urgent need can be housed in a more timely manner therefore reducing human suffering and costs to the local authority of those bed blocking or in expensive temporary accommodation.

The grounds for awarding priorities have been reduced from 23 to 8 and incorporate broader headings to enable more transparency, less confusion and easier assessments for applicants and staff alike.

Local priorities have been recognised, such as giving more priority to applicants that have a local connection to Sheffield, those honourably discharged from the Armed Forces, approved Foster Carers and Adoptive Parents, prisoners who have given up a Council property on being served a sentence. There is capacity within policy to address other local priorities through Local Lettings Policies and deal with estate management issues such as deprivation in an area, high child density, anti-social behaviour.

Bedroom eligibility criteria have been tightened to provide a system which better reflects the demand/supply issues and rations a scarce resource fairly and transparently. The criteria is in line with Welfare Reform in order to future proof against the effects of reduced benefit incomes that will make larger properties unaffordable to some applicants.

The new policy builds on the downsizing principles already established by extending priority to applicants needing to downsize from two bedroomed properties, rather than just from three bedrooms and above.

The ability to deal with adapted properties in a more efficient manner and enable disabled applicants to access the accommodation they need more easily by taking some properties out of the CBL process, better definitions and information provided on properties.

All 40+ age designations will be removed and all 60+ age designations will be reviewed.

Applicants will be restricted to three bids per advertising cycle (approx 6 days) but staff will be authorised to place additional bids where necessary for priority applicants in order to fulfil the Council's duty to applicants with urgent housing needs.

Diminished Band applicants who refuse three reasonable offers of accommodation within a 12 month period will have their application cancelled.

People from out of the city without any local connection will still be able to join the Housing Register but will be ranked below everyone else in priority or general needs bands and so will only be able to access housing not sought by people in priority or general needs bands.

## **6 How it will look in the future**

The expectation is the new policy will reduce the Housing Register in size by better managing expectations and encouraging applicants to consider if social housing is the right option for them. Some people without housing need who currently register only as an 'insurance policy' will choose not to undertake annual re-registration.

The decision was taken not to adopt all the flexibilities local authorities have been empowered with that would be likely to further shrink the register, such as the ability to

exclude categories of applicants or a requirement to be active on the register. However, there is the option of re-visiting these powers at a later date when the impact of the new policy can be measured in terms of how effective it has been in addressing the issue of the size of the register and managing expectations.

The removal of age designations will improve housing opportunities for younger people across the city and reduce the high concentrations of younger people in some areas. Tenancies will become more sustainable as young people are more able to access areas nearer to their support networks.

Costs will be reduced by limiting bids and refusals and ensuring that applicants are fully informed regarding properties/areas/information to enable them to place their bids more strategically and successfully.

## **7 How it will help sustainable tenancies**

Reviewing age banding across the city means younger people will be able to access accommodation nearer to support networks therefore making their tenancies more sustainable.

Holding more information about applicants will better ensure that lets are appropriate and that applicants with support needs are placed more appropriately.

Restricting bids and refusals together with a better IT system that provides applicants with up-to-date information such as where their bid ranks will empower applicants to manage their bidding in terms of being able to remove bids and place them more effectively and by focussing applicants on bidding for properties that they really want to live in.

The flexibility to introduce Local Lettings Policies will allow a response to issues that affect specific communities rather than applying blanket policies across the whole city that don't necessarily meet the needs of individual communities with unique issues.

## **8 How does the new Policy contribute to the clear outcomes of the city?**

- Better Health and Wellbeing – by ensuring the most critical cases are dealt with as quickly as possible and by enabling people with disabilities to be able to access the types of accommodation they need to live as independently as possible
- Successful Children and Young People – by providing routes into council housing for families in crisis, care leavers, responding to Safeguarding issues requiring alternative housing, giving priority to foster carers and adoptive parents.
- Safe and Secure Communities – by ensuring we understand our prospective tenants and their support needs, by making appropriate informed allocations.
- A Great Place to Live – by ensuring council housing continues to be a tenure of choice and that communities are mixed and sustainable.

## **9 How the Policy has been developed**

The Project Team formed in March 2011 and proceeded to carry out a scoping exercise, visiting 43 teams within Sheffield Homes and SCC, looking at complaints, Councillor and MP enquiries, customer feedback, results of previous consultation and bench marking against other authorities. Out of this the key challenge areas were identified, which helped frame the questions and focus the consultation.

A period of open consultation commenced between September 2011 and February 2012 whereby the project team set up and attended over 90 events to carry out face to face consultation, focusing on harder to reach groups. There was also a questionnaire produced which could be completed online or via hard copy which was mailed out to over 4,000 people. This received 519 responses and sought to gain feedback around the Key Challenge areas noted above.

Once the consultation was completed, the team analysed all consultation responses and put together Policy options for Members to consider and steer on. The team worked closely with the Safer and Stronger Scrutiny Committee to formulate the draft Policy.

## **10 Outcomes from Safer and Stronger Scrutiny Committee**

Scrutiny provided a total of seven steers as follows:

### **1. Banding – 12.04.12**

Options:

1. Keep the system as it currently is.
2. Adopt a banding system that recognises levels of priority, reduces the number of priorities, introduces other local agreed priorities and considers priorities first for all properties.
3. Adopt a banding system that recognises levels of priority, reduces the number of priorities, introduces other local agreed priorities, reviews time restrictions on priorities and retains a quota for applicant's in general housing need with waiting time only.

Scrutiny's preferred option - Option 3 - but flesh out local connection and priority, with clearer definitions and detail about how it would work.

### **2. Housing Register – 12.04.12**

Options:

1. Keep the system as it currently is.
2. More proactive management to maintain up-to-date register e.g., annual registration requirement, identification checks and references – more time is needed to work up details.
3. Run two registers – one for active bidders and one for those only expressing interest.

Scrutiny's preferred option - Options 2 and 3.

### **3. Bedroom eligibility criteria – 19.07.12**

Options:

1. Keep the system as it currently is.
2. Allocation in line with Welfare Reforms i.e., 'need' only.
3. Allocation in line with Welfare Reforms with relaxed criteria for specified groups.

Scrutiny's preferred option - Option 3. Agreed to bring forward to introduce in line with welfare reform.

#### **4. Age designation – 19.07.12**

Options:

1. Keep the system as it currently is and pursue reviews more rigorously.
2. Remove all age designations.
3. Remove all 40+ age designations and reduce 60+ age designations to only specified properties, identified through comprehensive review.

Scrutiny's preferred option - Option 3

#### **5. Choice Based Lettings – 11.09.12**

Options:

1. Keep CBL as the advertising and matching mechanism using the new ICT to manage more effectively.
2. Officer allocations of each property.

Scrutiny's preferred option – Option 1.

#### **6. Bidding – 11.09.12**

Options

1. Keep the system as it currently is and reverse the previous Cabinet decision, therefore keeping unlimited bids for all applicants
2. Implement the formerly agreed Policy change to restrict the bids of Waiting Time applicants only
3. Extend the restriction to apply to all applicants, therefore restricting all applicants to 3 bids per cycle. Retain the facility for staff to place additional bids, where necessary, for priority applicants in order to fulfil Council's duty to applicants with urgent housing needs.

Scrutiny's preferred option - Option 3.

#### **7. Adaptations – 11.09.12**

Options

1. Keep the system as it currently is noting that the acquisition of a new CBL system is going to provide enhanced functionality
2. Retain and develop the adapted features already in the Policy, building in the additional flexibility to take highly adapted properties out of CBL and match manually.
3. Take all adapted properties out of CBL

Scrutiny's preferred option - Option 2, with caveats around families with children needing adaptations and developing an adapted property list.

Following the Scrutiny Committee recommendations detailed above the Project Team put together a draft Allocations Policy. The team have worked with The Project Board and various teams of operational staff with differing expertise to develop this into the attached



draft. Some of the teams contributing to the policy development have been Lettings Policy Unit, Homefinders, Housing Solutions, Health and Housing, Housing Advice, The Property Shop, Antisocial Behaviour Team, Equipment and Adaptations Team, Vacants Management Service, Legal Services, Private Sector Housing, Income Management Team, staff from the areas.

## 12 Further Consultation

There is a statutory requirement to consult with our partner RPs - Registered Private Providers of Social Housing (formerly known as Housing Associations) for a reasonable period. We also want to consult with groups that the EIA have identified will be adversely affected by changes and groups that have asked us to return following the previous consultation. The consultation will not be as extensive as the previous public consultation and will be for an eight week period. Targeted consultation will be carried out with the following groups:

- RPs (statutory)
- People with access to children (EIA)
- People with disabilities (EIA)
- Interested groups (requested return)

## 13 Implementation Timetable

Statutory consultation will conclude in early January and it is proposed, having taken account of the feedback received, to submit the new policy for the approval of the Scrutiny Committee on the 10<sup>th</sup> January, 2013. The plan is to then proceed onto Cabinet on 20<sup>th</sup> March 2013. Once Cabinet has approved the new policy it is estimated it will take up to 12 months to complete full implementation. A key factor in this timetable is the IT systems changes. The draft timetable is set out below.

<b>Milestones</b>	<b>Timeframe</b>
Specification Configuration Consultancy and Policy familiarisation Specification development Cost and timescale quotes Quotes from Capita/Northgate Approval by SCC and Capita (12 weeks Capita)	16 weeks
Build phase Customer front end Back office Interface amendments Northgate amendments	16 weeks
Delivery and test phase	4 weeks
Final set up Including re-writing of all web pages	6 weeks
Training development	(during testing and final set up- 8 weeks estimated)
Training delivery	(during testing and final set up and post go-live- 12 weeks estimated)

Go Live for A Britas/ Letters sent to applicants	
Policy changeover for applicants Re-banding and notification 2 letters min, with subsequent queries/complaints Time to allow applicants to use current priority/waiting time Annual review of registration	8 weeks
Go-live for advertising	1 week
Go-live for bidding	
<b>Total time</b>	<b>51 weeks</b>

## 14 Financial Implications

Estimates broadly show net savings of £240,000 per annum with set-up costs recouped within the first six months. Some savings are fairly intangible such as prioritising housing to reduce costs associated with those bed blocking/use of expensive temporary accommodation and out of borough placements, reducing churn and the associated costs, better information on applicants in order to create more sustainable lets, providing applicants affected by welfare reforms with the opportunity to move rather than get into rent arrears, enabling foster carers and adoptive parents to access appropriate housing etc.

Members have agreed that some of the changes will be implemented before the new Policy is fully adopted. This will be made possible by the new IT system that is scheduled to be in place by August 2013 and will mean that savings can be realised ahead of the full Policy implementation. For example there are estimated savings of £170,000 per annum to be realised by restricting bids and refusals which will improve relet times and reduce vacant rent loss. It is envisaged that tightened bedroom eligibility criteria will produce further costs savings by ensuring applicants can afford the properties they are bidding for and extension of the down sizing priority will enable those that cannot afford larger properties to move quickly.

The main risks are in managing the transition, which includes ensuring that staff are adequately trained, resources are placed appropriately and communication with applicants is managed carefully – the size of the register being a principle concern in the transitional arrangements. There are areas of the new policy that will be less resource intensive for staff but the new draft policy increases the administrative burden in terms of additional information and documents required to register.

## 15 Legal Implications

Part VI of the Housing Act 1996 states that Local Authorities are required to have an Allocations Policy. When framing their policies authorities must have regard to statutory guidance issued by the Secretary of State. The Guidance provides:

“An allocation scheme may provide for other factors than those set out in s.167(2) to be taken into account in determining which applicants are to be given preference under a scheme, provided they do not dominate the scheme and that overall the scheme operates

to give reasonable preference to people in the reasonable preference categories. This means that an allocation scheme may include other policy priorities, such as promoting job related mobility, prioritising under occupiers, or providing move-on accommodation for people leaving supported housing, provided that:

- They do not dominate the scheme and
- Overall, the scheme operates to give reasonable preference to those in the statutory reasonable preference categories over those who are not. “

Reasonable preference does not mean absolute preference and authorities may take wider management considerations into account when framing their scheme and determining the level of preference granted to applicants in the specified categories and the revised guidance encourages them to do so.

In recent years there have been many challenges to local housing authorities' lettings schemes and it was becoming increasingly difficult to frame a policy which complied with the legislation, the case law and the statutory guidance. A recent decision of the House of Lords has clarified and simplified authorities' legal obligations. Revisions to the statutory guidance reflect that simplification.

Part VI Housing Act 1996 requires local authorities to consult registered social landlords with which they have nomination rights and there is a duty under the Housing Act 1985 to maintain arrangements for consulting tenants about changes in housing management including changes in practices and policies. Statutory guidance issued in July 2008 also draws attention to local authorities duties under the “duty to involve” in Section 3A Local Government Act 1999.

## **16 Equality of Opportunity Implications**

In depth EIAs have been completed for the identified key challenge areas of the policy such as age banding, bedroom eligibility, adaptations, bidding restrictions and registration requirements. In addition a 'light touch' EIA has been completed for the full range of draft Allocations Policy proposals/issues, along with a full EIA on:

1. A move to online applications rather than paper.
2. Requirement to update application annually.
3. Demotion or cancellation for three refusals.

Targeted consultation is proposed with groups identified as adversely affected by tightened bedroom criteria, which includes people with access to children and people with disabilities.

## **17 Recommendations**

That the Safer and Stronger Scrutiny Committee:

1. Approve the draft Allocations Policy.
2. Approve the eight week consultation period planned.

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