



Report to The Safer and Stronger Scrutiny & Policy Development Committee

Report of: Head of Housing Commissioning

Subject: Allocations Policy Review

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Summary:

The Safer and Stronger Communities Scrutiny Committee requested that the Allocations Policy Review Project Team return to present the findings of the third and final phase of consultation in relation to the draft Allocations Policy. This is in order for the Scrutiny Committee to be able to consider the findings and comment.

The key points noted within the report are as follows:

- Sheffield City Council has produced a draft Allocations Policy. This was developed following public consultation and in partnership with The Safer and Stronger Communities Scrutiny Committee.
- Within the new draft Allocations Policy bedroom eligibility has been restricted. This is as a result of increased demand for social housing coupled with national welfare reform.
- This means that some Housing Register applicants will be allocated properties with fewer bedrooms than they would currently be entitled to.
- The under occupiers' penalty (or bedroom tax) will come into effect in April 2013. It will affect working age tenants of social housing. They will no longer receive Housing Benefit for bedrooms they are deemed not to require.
- Around 65% of existing tenants are in receipt of Housing Benefit.
- If the bedroom eligibility were to remain unchanged, we would risk setting new tenants up to fail.
- 65% of questionnaire respondents from the main consultation period (September 2011 – February 2012) thought that we should allocate the minimum number of bedrooms to meet housing need.
- It is estimated that around 5000 current council tenants will be affected.
- There are significant implications for the Council in terms of rent loss if people cannot afford to pay any shortfall in rent brought about by welfare reform.
- The following groups of people will be particularly affected by both the restricted bedroom eligibility and the under occupiers' penalty:

- People with overnight contact with children who don't live with them all of the time.
- People with disabilities.
- People with intermittent periods of ill health, including mental health issues.
- People who are cared for by a resident carer, such as their partner.
- There could be implications for the adaptations budget, social services adult and children's services coming from restricting bedroom eligibility.
- Consultation has been undertaken with Registered Private Providers of Social Housing (RPs also formerly known as Housing Associations) and with the aforementioned groups adversely affected by changes.
- The results of the consultation are contained within separate documents appended to this report.
- During the consultation period DCLG produced regulations relating to the Armed Forces, which came into force on the 30th November.
- The section on members of the armed forces in the draft policy (at 4.13) is no longer compliant and consideration needs to be given on how to apply the required additional preference.

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:

1. Consider the consultation analysis reports and provide views and comments.
2. Consider the requirement to award members of the Armed Forces additional preference and how that should be applied in Sheffield.

Background Papers:

- Questionnaire Consultation Analysis Report – Impact of restricted bedroom eligibility and the under occupiers' penalty.
- Consultation Report – Impact of restricted bedroom eligibility and the under occupiers' penalty.

Category of Report: OPEN

**Safer and Stronger Communities Scrutiny Committee
Report of the Head of Housing Commissioning
Allocations Policy Review – Welfare Reform Consultation Results
10th January 2013**

SECTION A: INTRODUCTION AND CONTEXT

1. Purpose of Report

1.1 The Safer and Stronger Communities Scrutiny Committee requested that the Allocations Policy Review Project Team return to present the findings of the third and final phase of consultation in relation to the draft Allocations Policy.

2. Summary of Issues

2.1 Sheffield City Council has produced a draft Allocations Policy.

2.2 Within the new draft Allocations Policy bedroom eligibility has been restricted.

2.3 This means that some Housing Register applicants will be allocated properties with fewer bedrooms than they would currently be entitled to.

2.4 The under occupiers' penalty (or bedroom tax) will come into effect in April 2013. It will affect working age tenants of social housing. They will no longer receive Housing Benefit for bedrooms they are deemed not to require.

2.5 Around 65% of existing tenants are in receipt of Housing Benefit. If the bedroom eligibility were to remain unchanged, we would risk setting new tenants up to fail.

2.6 It is estimated that around 5000 current council tenants will be affected.

2.7 There are significant implications for us in terms of rent loss if people cannot afford to pay any shortfall in rent brought about by welfare reform.

2.8 The following groups of people will be particularly affected by both the restricted bedroom eligibility and the under occupiers' penalty:

- a. People with overnight contact with children who don't live with them all of the time.
- b. People with disabilities.
- c. People with intermittent periods of ill health, including mental health issues.
- d. People who are cared for by a resident carer, such as their partner.

2.9 There could be implications for the adaptations budget, social services adult and children's services coming from restricting bedroom eligibility.

2.10 Consultation has been undertaken with Registered Private Providers of Social Housing (RPs also formerly known as Housing Associations) and with the aforementioned groups adversely affected by changes.

- 2.11 The results of the consultation are contained within separate documents appended to this report.
- 2.12 During the consultation period DCLG produced regulations relating to the Armed Forces, which came into force on the 30th November.
- 2.13 The section on members of the armed forces in the draft policy (at 4.13) is no longer compliant and consideration needs to be given on how to apply the required additional preference.

3. Introduction

- 3.1 Over the past year the Safer and Stronger Communities Scrutiny Committee have worked in partnership with the Allocations Policy Review Project Board and Team to produce a Draft Allocations Policy.
- 3.2 Producing the draft Allocations Policy involved three phases of consultation:
- i) A comprehensive pre-consultation scoping exercise.
 - ii) An extensive six month period of open public consultation.
 - iii) A shorter, targeted period of consultation.
- 3.3 The third and final phase of consultation was when a draft Allocations Policy was produced and the draft went out for consultation during November and December 2012.
- 3.4 It was agreed that this phase of consultation should be much shorter and targeted to the following groups:
- RPs - Registered Private Providers of Social Housing (also known as Housing Associations)
 - People with overnight contact with children who don't live with them all the time
 - People with a health issue which means they consider they need an extra bedroom perhaps to sleep separately from a partner or so someone can stay overnight to support them in times of ill health.
 - Interested groups from the open public phase of consultation who requested involvement in the next phase.

4. Context

- 4.1 Sheffield City Council works in partnership with RPs within the Sheffield boundary. RPs play a significant role in the provision of social housing for the people of Sheffield and it has been important to us that we listen to them, and have their input, when considering changes to our Allocations Policy.
- 4.2 Sheffield City Council's current Allocations Policy is ten years old and in that time the demand for council housing in Sheffield has risen considerably, making social housing a scarce resource which is in high demand. As a result of this Sheffield City Council has a more generous bedroom allocation.

- 4.3 It is important that the best use is made of this scarce and valuable resource and that it is allocated fairly. One way to accomplish this is to reduce under occupancy. Under occupancy is where a property is not occupied to its fullest capacity.
- 4.4 Bedroom eligibility has also been restricted as a result of national welfare reform. The under occupiers' penalty (or bedroom tax) will come into effect in April 2013. It will affect working age tenants of social housing¹. They will no longer receive Housing Benefit for bedrooms they are deemed not to require.
- 4.5 Around 65% of existing tenants are in receipt of Housing Benefit. We can also expect that this would be the case for a significant proportion of new social tenants (partly because around 30% of the Housing Register is made up of existing tenants).
- 4.6 If the bedroom eligibility were to remain unchanged, we would risk setting new tenants up to fail. This is because they would experience a shortfall between their rent levels and the Housing Benefit they receive, and if they are unable to make up the difference themselves, it will result in increased rent arrears.
- 4.7 The way council housing is funded has changed which means we need to be more business minded to secure the future of council housing, not increasing the funding gap.

5. Background

- 5.1 Sheffield City Council has produced a draft Allocations Policy. This was developed following public consultation and in partnership with The Safer and Stronger Communities Scrutiny Committee.
- 5.2 The draft Allocations Policy sets out a more restrictive bedroom eligibility than the previous Policy. This means that some Housing Register applicants will be allocated properties with less bedrooms than they would currently be entitled to.
- 5.3 The draft Allocations Policy bases its bedroom eligibility on the Housing Benefit calculation of how many bedrooms are required. This means that, for example:
- A single person will only be eligible for an allocation of a one bedroom property
 - A couple will only be eligible for an allocation of a one bedroom property
 - A single person with overnight contact with a child or children will only be eligible for an allocation of a one bedroom property
 - A couple or single parent with two children aged under 10 will only be eligible for a two bedroom property

¹ Working age is likely to be 60 initially, but may rise to 66 in the future.

- A couple or single parent with two children of the same sex aged under 16 will only be eligible for a two bedroom property.
- 5.4 65% of questionnaire respondents from the main consultation period (September 2011 – February 2012) thought the Council should allocate the minimum number of bedrooms to meet housing need.
- 5.5 The change to bedroom eligibility in the Allocations Policy concerns Housing Register applicants. However, the under occupiers' penalty also affects existing social tenants who are under occupying and in receipt of Housing Benefit. It is estimated that around 5000 council tenants will be affected.
- 5.6 We anticipate that the following groups of people will be particularly affected by both the restricted bedroom eligibility and the under occupiers' penalty:
- People with overnight contact with children who don't live with them all of the time.
 - People with disabilities.
 - People with intermittent periods of ill health, including mental health issues.
 - People who are cared for by a resident carer, such as their partner.

6. Legal Implications

- 6.1 There is a statutory requirement under Part 6 of the Housing Act 1996 for local housing authorities to have an allocation scheme and allocate only in accordance with that scheme. Before adopting a new scheme there is a duty to consult with RPs on the draft scheme for a reasonable period.
- 6.2 The Welfare Reform Act 2012 and the regulations made under that Act will introduce significant changes to the whole benefits system, including the amount allowed for housing costs within Universal Credit, with effect from April 2013. The repercussions of these changes are that there will be issues of affordability of any offers of accommodation to a person on benefits, if the let is for more than the bedroom allocation they are deemed to need. Currently the whole rent for a social rented property is eligible for housing benefit but under the new regulations the amount paid will be reduced if the claimant is deemed to be under occupying. This will be the case for all new and existing claimants of working age. 67% of council tenants are currently receiving full or partial housing benefit.

Armed Forces

- 6.3 During the consultation period DCLG produced the Housing Act 1996 (Additional Preference for Armed Forces) (England) Regulations 2012. The regulations were made on 29th November and came into force on the 30th November.
- 6.4 The effect is to amend section 166A(3) of the Housing Act 1996 (as inserted by the Localism Act). This is the subsection that sets out the

reasonable preference categories and gives local authorities discretion to give additional preference to people within those categories.

- 6.5 That discretion remains but the amendment means that we now must give additional preference to a person with urgent housing needs who falls within one or more of the reasonable preference categories and
- (i) is serving in the regular forces and is suffering from a serious injury, illness or disability which is attributable (wholly or partly) to the person's service,
 - (ii) formerly served in the regular forces,
 - (iii) has recently ceased, or will cease to be entitled, to reside in accommodation provided by the Ministry of Defence following the death of that person's spouse or civil partner who has served in the regular forces and whose death was attributable (wholly or partly) to that service, or
 - (iv) is serving or has served in the reserve forces and is suffering from a serious injury, illness or disability which is attributable (wholly or partly) to the person's service.
- 6.6 The limited mention of members of the armed forces in the draft policy (at 4.13) is no longer compliant with this amendment because our own preference for honourable discharge isn't recognised in the regulations, and we also need to consider how to give the required additional preference to the other groups.

SECTION B: MAIN BODY OF REPORT, MATTERS FOR CONSIDERATION ETC.

7. Overall Approach

- 7.1 Direct consultation has been undertaken with RPs on the draft Allocations Policy. This was through a face-to-face briefing, by emailing a copy of the draft out to all RPs and asking for feedback. By sending out a follow up email advising of the up and coming closing date for comments.
- 7.2 The Allocations Policy Review team carried out a scoping exercise in September-November 2012 to identify groups that will be particularly affected and to find out what the impacts are likely to be. The team contacted services and groups working with people with health issues and with people who have overnight contact with children some of the time.
- 7.3 Following this scoping exercise a consultation questionnaire was:
- Mailed out to 2,300 Housing Register applicants.
 - Mailed out to people who answered the previous consultation questionnaire and said that they are disabled, or a household member is and would like to be involved in further consultation.
- 7.4 The consultation questionnaire was advertised on:
- Sheffield City Council Website.

- Sheffield Homes Website.
- Property Shop Website.
- Sheffield City Council and Sheffield Homes Intranet.
- Facebook.
- Twitter.
- Community Assembly Blogs.
- Emails to applicants, external organisations and TARA groups.

8. Matters for Consideration

8.1 The feedback of consultation comments from RPs.

8.2 The Questionnaire Consultation Analysis Report.

8.3 The Consultation Report.

8.4 The impacts of restricting bedroom allocation to:

- People with overnight contact with children that don't live with them all of the time.
- People with may want an extra bedroom for health issues.

8.5 The additional preference we are now required to give Armed Forces.

9. Key Findings of the Consultation

9.1 Most people understand the reasons for restricting bedroom eligibility, subject to there being flexibility where needed.

9.2 Some of the biggest impacts of these changes will be experienced by the following:

- People who have 50/50 shared access to children
- People who have several children living with them part of the time
- People with resident carers, intermittent and/or informal care or support arrangements
- Adults or children who would be severely affected by having to share a bedroom.

9.3 The under occupiers' penalty will have negative effects for people who can't afford to pay for an additional bedroom and can't afford to move either.

9.4 The under occupiers' penalty will have negative effects for some people who cannot find a smaller property in their area of support or familiarity.

9.5 56% of respondents to the questionnaire who confirmed they are in receipt of Housing Benefit said they can't afford to stay if their Housing Benefit reduces.

9.6 As a result of the tightened bedroom eligibility criteria there could be increase demand in people wanting to be re-housed as their family grow or as children reach a certain age.

10. Human Resources

10.1 No implications.

11. Equal Opportunities

11.1 The Equalities Impact Assessment identified two main groups as being adversely affected by changes to bedroom eligibility criteria and recommended the targeted consultation carried out. This was in order to gain insight into the issues for these groups, to look at the impacts and to identify and build in mitigations that might reduce the adverse impacts. These groups were:

- People with overnight contact with children who don't live with them all the time.
- People with a health issue which means they consider they need an extra bedroom perhaps to sleep separately from a partner or so someone can stay overnight to support them in times of ill health.

12 Financial Implications

12.1 There are significant implications in terms of rent loss if people cannot afford to pay any shortfall in rent brought about by welfare reform.

12.2 There could be implications for the adaptations budget associated with moving people on from properties that have been specially adapted for them.

12.3 There could be implications for adult social services if people that receive support locally have to move away from that support so it can no longer be provided by friends and family.

12.4 There could be implications for social services children's service and increased demand for their service if reduced bedroom eligibility criteria means families do not receive the current levels of support they have been used to.

SECTION C WHAT DOES THIS MEAN FOR THE PEOPLE OF SHEFFIELD?

13 What does this mean for the people of Sheffield?

13.1 Access to council housing is critically important for the people of Sheffield and planned consultation with residents including council tenants ensures local people have the opportunity to comment and contribute to changes that could be made.

13.2 Social housing is in great demand in Sheffield and therefore it is important that we ensure access, that council properties are let fairly and fulfil our legal obligations.

13.3 Responding to customer concerns about transparency and ease of process and meeting individual needs by giving people choice and control where possible over where they live.

- 13.4 Modern efficient organisation and effective resource management ensuring that the policy and accompanying procedures make the most efficient use of available stock.
- 13.5 Ensuring that the flexibilities available to the Council are fully utilised through allocations to support and sustain community development and contribute to neighbourhood regeneration, social inclusion and cohesion.

SECTION D RECOMMENDATION

14. Conclusion

- 14.1 The Committee is asked to:
 - a. Consider the consultation analysis reports and provide views and comments.
 - b. Consider the requirement to award members of the Armed Forces additional preference and how that should be applied in Sheffield.