



SHEFFIELD CITY COUNCIL Cabinet Report

Report of: Executive Director, Communities

Date: 20th March 2013

Subject: Allocations Policy

Author of Report: Sharon Schonborn 0114 203 7613

Summary:

In March 2010, Cabinet resolved to conduct a general review of the Lettings Policy to ensure council housing is allocated in the most efficient way to meet local housing needs. The review has now been completed. The Safer and Stronger Communities Scrutiny Committee has provided oversight to the work of the Allocations Policy Review Team. Extensive public consultation has taken place, including with key stakeholders. The draft new Allocations Policy is provided at Appendix A for consideration by Cabinet.

Reasons for Recommendation:

- 1 On March 2010, Cabinet resolved to conduct a general review of the Lettings Policy to ensure that council housing is being allocated in the most efficient way to meet local housing needs.
- 2 The policy needs to respond to changes in legislation including the Localism Act and the new statutory Code Of Guidance.
- 3 Since 2002 the housing market in Sheffield has radically changed. The amount of council housing has reduced considerably due to demolition programmes, stock transfer and Right To Buy, whilst demand for social housing has dramatically increased. The policy needs to address this changed environment.
- 4 The final content of the proposed new policy has been informed by comprehensive consultation

Recommendations:

It is recommended that:

- 1 The Allocations Policy as set out in Appendix A of the report is approved.
- 2 The Executive Director - Communities be given delegated authority to draw up a scheme of authorisation for Allocations Policy decision making prior to implementation.
- 3 The Executive Director - Communities is authorised to fully implement the new policy at the point when the necessary updating of the Choice Based Lettings IT system is completed, with full implementation expected to be 1st April 2014.
- 4 A review of the impact of the new policy to commence six months after full implementation.

Background Papers:

Appendix A: Allocations Policy

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Karen Jones
Legal Implications
YES Cleared by: Andrea Simpson
Equality of Opportunity Implications
YES Cleared by: Liz Tooke & Philip Reid
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
All
Relevant Cabinet Portfolio Leader
The Member For Homes And Regeneration
Relevant Scrutiny Committee if decision called in
The Safer & Stronger Communities Scrutiny Committee
Is the item a matter which is reserved for approval by the City Council?
NO
Press release
YES

REPORT TITLE: Allocations Policy

1.0 SUMMARY

- 1.1 In March 2010, Cabinet approved a general review of the Council's Lettings Policy to ensure that council housing is being allocated in the most efficient way to meet local housing needs.
- 1.2 The review has now been completed and a new draft Allocations Policy produced and attached for consideration at Appendix A.

2.0 WHAT DOES THIS MEAN FOR SHEFFIELD PEOPLE

- 2.1 Access to council housing is critically important for the people of Sheffield and besides meeting statutory requirements the policy should reflect the guiding principles set out in 'Standing Up For Sheffield' in the following ways:
- 2.2 **Fairness** – ensuring access to social rented housing and that council properties are let fairly and fulfil our legal obligations.
- 2.3 **Spending public money wisely** – ensuring that the policy and accompanying procedures make the most efficient use of available stock.
- 2.4 **Long term view** – by being business minded and securing the future of council housing for the people of Sheffield, taking into consideration such issues as demand, changes in legislation, the economy and Welfare Reform.
- 2.5 **Prevention** – ensuring people can afford the homes they are choosing; that we can respond to prospective tenants' support needs to be able to prevent rent arrears, homelessness, anti-social behaviour and disruption to communities.
- 2.6 **Enable individuals and communities** – ensuring that the flexibilities available to the council are utilised to support and sustain community development, and contribute to neighbourhood regeneration and social inclusion.
- 2.7 **Aspirational** – by ensuring that council housing remains a tenure of choice and provides a springboard for aspirations.
- 2.8 **Working better together** – 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.
- 2.9 **Better Health and Wellbeing** – by ensuring the most critical needs are met 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.
- 2.10 **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.

- 2.11 **Safe and Secure Communities** – by ensuring we understand our prospective tenants and their support needs, by making appropriate, informed allocations.
- 2.12 **A Great Place to Live** – by ensuring council housing continues to be a tenure of choice and that communities are mixed and sustainable.
- 3.0 OUTCOME AND SUSTAINABILITY**
- 3.1 The changes proposed in the new Allocations Policy will ensure the allocation of the scarce resource of social housing takes account of changes to the housing market, housing need, Welfare Reform, equalities implications, revised statutory guidance and new legislation.
- 3.2 Scrutiny recommended all 40+ age designations be removed and all 60+ age designations be reviewed. Reviewing age designation across the city means many younger people will be better able to access accommodation in their preferred area therefore making their tenancies more sustainable. It was agreed that this will be a separate project outside of the Lettings Policy review and will ensure that age designations are proportionate, as identified in the Equality Impact Assessment.
- 3.3 Holding more information about applicants will help to ensure that allocations are appropriate and that applicants with support needs are identified and supported more appropriately.
- 3.4 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. Applicants will be able to use their bids more effectively and focus on properties that they really want to live in. The new system will also prevent applicants from making ineligible bids.
- 3.5 The flexibility to introduce Local Lettings Policies will allow a response to issues that affect specific communities. Local Lettings Policies will enable specific equality issues to be addressed as identified through consultation and Equality Impact Assessments.
- 4.0 Background**
- 4.1 The Allocations Policy sets out the rules for allocating the council's vacant properties and nominations to Registered Providers of Private Housing (RPs). It involves a form of rationing by deciding between customers who want the same property, and sets out when to give applicants priority or preference over other applicants. In Sheffield the majority of all properties are allocated through the mechanism of Choice Based Lettings whereby applicants actively choose the properties they

wish to bid for rather than waiting passively for the Council to allocate a property.

- 4.2 Sheffield City Council is a major provider of housing in the area, owning some 41,000 properties and also has nomination rights to properties owned by Registered Providers of Social Housing (RPs) in the city. There are over 84,500 households registered for housing of which only 18,500 actively bid in an average year. There are approximately 4,000 new lets in a year. The current policy was developed when there was more social housing available.
- 4.3 There are perceptions locally and nationally that social housing is not always allocated fairly, people find it difficult to understand why a property was allocated, and the processes are not easy for customers to use. The review has enabled consideration of how to make the policy as fair and transparent as possible.
- 4.4 There is new statutory guidance on allocations of social housing which gives the Council an opportunity to consider if local flexibilities should be introduced for example to help people move for work.
- 4.5 The review of the policy aims to ensure council housing is being allocated in the most efficient way to meet local housing needs. The current policy was introduced in 2004. Consultation with residents, including tenants, means local people have had the opportunity to say if the current policy meets their needs now and have been able to contribute to changes that have been made.

5 **Key drivers**

- 5.1 Part VI of the Housing Act 1996 states that Local Authorities are required to have a scheme of allocations. Our current allocations scheme is the Lettings Policy which 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 allocation schemes and qualification for them.
- 5.2 The Localism Act amendments give greater encouragement to local lettings flexibilities. These can be used for example to support people in work or seeking work, to assist mobility, to enable existing tenants to move to similar properties, to address under occupation. The City Council was invited to be part of a working group by the Department of Communities and Local Government (CLG) on the use of local flexibilities.
- 5.3 The amended legislation retains the existing reasonable preference categories. New regulations require additional preference to be given to certain former members of the Armed Forces or their families if they are

in one of the reasonable preference groups so a review of the policy should ensure the needs of these groups are effectively met.

5.4 Sheffield had some significant areas of low housing demand and more council housing stock when the current policy was implemented. The policy and procedures allow applicants to wait for a more popular area or property, an unlimited number of bids is allowed, and waiting time applicants are allowed an unlimited number of refusals without sanction. This is not appropriate given the increase in housing demand.

5.5 In January 2010, Cabinet resolved that from implementation of the new Choice-Based Lettings website, non-priority applicants should be limited to three choice-based lettings bids per week and that further analysis be carried out to assess the feasibility of extending this restriction to all applicants.

6 **An overview of how the current system works.**

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

6.2 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'.

6.3 Allocations are made based either on people's waiting time or on the time since their priority was awarded. There is no requirement to be actively looking for housing in order to remain registered.

6.4 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.

6.5 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 of each size and on each estate must be advertised with preference to people with waiting time. In practice between 30% and 40% of vacant properties are actually allocated to people bidding with waiting time.

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

6.7 Unlike most other local authorities, our policy allows unlimited numbers of bids 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, which causes unnecessary delays and expense.

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

7 **What works well in the current Lettings Policy?**

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

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

- 7.3 The generosity of the eligibility criteria has been effective in giving wider choice to applicants and making sure some properties are re-let more quickly. This includes the flexibility to relax the criteria if no-one bidding meets the criteria.

- 7.4 Choice Based Lettings enables customers to see which properties are available and make informed choices. 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.

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

- 8.1 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 adds to the size of the register and may encourage more frequent moves within council housing. The size of the register makes it too costly to review each year, and means many applications are 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 84,500 households on the housing register in Sheffield.
- This equates to 36% of all households in the city.
- This compares with between 5-11% in other core cities.
- 18,500 people actively seek housing by bidding for vacant properties in an average year.
- We let around 4000 properties a year.

- 8.2 Customer feedback is that the Lettings Policy is not clear and transparent. For example, although only around 60% of properties are let to priority applicants, anecdotal evidence suggests there is often a

perception the figure is much higher. The new government guidance places greater emphasis on the provision of information to explain allocations and address myths, and consultation with residents in developing policy.

- 8.3 Sheffield's refusal rate is very high compared to other authorities causing increased turnaround time and rent loss.
- 8.4 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 Department for Work and Pensions have indicated that around 4,500 households will be adversely affected by the changes. 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.
- 8.5 The Localism Act brought in the self-financing HRA. As the Council now carries all the financial risk in relation to Council housing finance it is even more important the allocations scheme contributes to effective stock management, minimising the costs of allocations and void periods and promoting sustainable communities.
- 8.6 As there is only one level of priority, we are not able to meet the most urgent housing need more quickly than other priority needs. Though the current policy does allow for the use of officer discretion to address this, it can be less effective and is not transparent.
- 8.7 There are 23 priority types, some of which are very specific.
- 8.8 The time limits on priorities are confusing and are frequently renewed because applicants have not been able to find a suitable property in the original allocated timescale.
- 8.9 Around 20% of council properties have age restrictions, so only people aged either over 40 or over 60 are eligible, but demand for some these is low.
- 8.10 People under 40 can find it difficult to get re-housed, particularly in areas with high levels of age restricted stock. This results in concentrations of younger tenants in particular areas, which does not contribute positively towards sustainable communities.
- 8.11 There is a need to ensure costs of administering policy offer the best value for money. While a degree of efficiency can be achieved through reorganisation, to some extent the organisational structures and processes are dictated by the requirements of the policy. Achieving all

the desired service improvements requires a review of the policy as well as other changes including investment in IT, process re-engineering and restructuring.

9 How will the new draft Allocations Policy improve things?

9.1 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.

9.2 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 managing expectations.

9.3 The removal of some 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 family, support network or employment. However this also risks a greater mixing of age groups that could lead to increasing incidence of anti-social behaviour and so needs to be managed carefully with appropriate safeguards for existing residents.

9.4 The requirement for more documents and information about applicants at point of registration will enable more appropriate lets. It is hoped that this will help to prevent anti-social behaviour and rent arrears as a result of more appropriate allocation and support for vulnerable applicants. This has also been identified within the Equality Impact Assessment as mitigating against the risks to other vulnerable tenants already housed within a particular area.

9.5 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.

10 Local issues to address

10.1 Specific issues that have arisen locally that are addressed within the new policy are:

10.2 Support people living in rural communities by giving consideration to local flexibilities in rural areas within the overall Allocations Policy. This is intrinsically linked to the development of Sheffield's Rural Strategy.

10.3 Help older people to live independently by developing a policy enabling sheltered housing tenants to move to vacant properties within their scheme.

- 10.4 Ensure that adults who need supported housing are able to access suitable accommodation.
- 10.5 Ensure those who are owed a statutory housing duty and other reasonable preference groups are given sufficient priority.
- 10.6 Revision of the policy on access to children and dual custody.
- 10.7 Revision of the priority given to families who are experiencing severe overcrowding.

11 Consultation and the approach to policy development

- 11.1 The Project Team was formed in March 2011 and carried out a scoping exercise that included visiting 43 teams within Sheffield Homes and the Council, looking at complaints, councillor and MP enquiries, customer feedback, results of previous consultation and benchmarking against other authorities. Out of this the key challenge areas were identified, which helped frame the questions and focus the consultation.
- 11.2 A period of open consultation took place between September 2011 and February 2012. 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 a questionnaire which could be completed online or via hard copy, and 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. The Safer and Stronger Scrutiny Committee has provided policy development oversight and held a 'Call for Evidence' for stakeholders.
- 11.3 Based on the consultation findings, the team developed policy options for the Scrutiny Committee to give a steer on the key principles of the policy and then developed a draft policy after drawing on input from a range of Council operational and specialist services.
- 11.4 Following Scrutiny's acceptance of the draft policy, a period of statutory consultation was carried out with RPs and groups identified as adversely impacted by the tightened bedroom eligibility criteria in the Equality Impact Assessments. Targeted consultation was carried out with the following groups:
 - RPs (statutory)
 - People with access to children (EIA)
 - People with disabilities (EIA)
 - Interested groups (requested return)

The results of the consultation were analysed and reported back to the Safer and Stronger Scrutiny Committee. Further recommendations were provided by Scrutiny before the final document was produced for submission to Cabinet.

12 Implementation Timetable

- 12.1 Once Cabinet has approved the policy, it is estimated it will take a further 12 months to achieve full implementation. A key factor in this is the necessary IT changes.
- 12.2 The draft policy includes provision for various decisions to be taken by appropriately authorised officers. Before the policy is implemented there may be some restructuring of the council housing service as part of the Future of Council Housing project, therefore, at this stage it is not possible to identify the officers who will be best placed to make these decisions. Consequently, it is proposed the Executive Director – Communities, be given delegated authority to draw up a scheme of authorisation for Allocations policy decision making prior to implementation.

13 Legal

- 13.1 Part VI Housing Act 1996 requires a local housing authority to adopt an “allocations scheme” and, except in defined circumstances, to allocate property only in accordance with the scheme. When framing the scheme the authority must have regard to statutory guidance issued by the Secretary of State and to its own homelessness strategy (approved by Cabinet in July 2010) and tenancy strategy (approved by the Cabinet Member for Homes and Neighbourhoods in January 2012).
- 13.2 The Localism Act 2011 made some amendments to the allocations provisions and the Secretary of State has issued new statutory guidance. The draft Allocations Policy takes account of the new provisions.
- 13.3 The amended legislation retains the statutory reasonable preference groups but regulations made under the legislation require additional preference to be given to certain serving or former members of the armed forces or their spouses or civil partners if they are in one of the reasonable preference groups. This has been incorporated into the draft policy by enabling the effective date of the priority awarded to the date that service in the armed forces began.
- 13.4 The Welfare Reform Act 2012 will, among other issues, introduce a reduction in housing benefit for social tenants who are deemed to be under occupying (the “bedroom tax”). The draft policy mitigates this effect by limiting bedroom eligibility to the welfare reform level and awarding priority to enable under occupying tenants to move to smaller properties.

14 Financial

- 14.1 The review of the existing policy and procedures has been framed to maximise efficiencies in the management of the allocations scheme. Some of these efficiencies will be difficult to quantify, such as more checks on incoming tenants, which could potentially lead to more successful lets in terms of the right support being in place and the prevention of anti-social behaviour.

14.2 Estimates broadly show savings of £220,000 per annum with initial set-up costs of approximately £140,000. 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 ICT system that is scheduled to be in place by September 2013 and will mean that savings can be realised ahead of the full Policy implementation. In particular, efficiencies and savings will be made by restricting bids and refusals for all applicants, which will improve re-let times and reduce vacant rent loss. The new Policy and ICT system are intrinsically linked in this respect as the Policy on limiting bids and refusals to all applicants is made possible and delivered through the new ICT system. As such the above efficiency savings are attributed to both projects working hand in hand.

14.3 Savings estimates are indicative and some savings are fairly intangible, such as the impact of prioritising rehousing to reduce costs associated with use of expensive temporary accommodation and out of borough placements, reducing move on 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 and so on.

14.4 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 downsizing priority will enable those that cannot afford larger properties to move quickly.

15.0 Equality of Opportunity Implications

15.1 Access to Social Housing is a critical issue. Key issues addressed by the proposed changes are fair access to housing for residents and reasonable preference being awarded to applicants who are entitled to it.

15.2 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.

15.3 In addition a 'light touch' EIA has been completed for the full range of 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.

15.4 Targeted consultation has been undertaken with groups identified as adversely affected by tightened bedroom criteria, which includes people with access to children and people with disabilities. Arising from this consultation, further recommendations were accepted by Scrutiny, which help mitigate the effects to these groups.

16.0 Tackling Health Inequality Implications

- 16.1 There are no specific implications arising from these decisions.
- 17.0 Human Rights Implications**
- 17.1 There are no specific implications arising from these decisions.
- 18.0 Environmental And Sustainability Implications**
- 18.1 There are no specific implications arising from these decisions.
- 19.0 Economic Impact**
- 19.1 There are no specific implications arising from these decisions.
- 20.0 Community Safety Implications**
- 20.1 There are no specific implications arising from these decisions.
- 21.0 Human Resources**
- 21.1 There are no specific implications arising from these decisions.
- 22.0 Property Implications**
- 22.1 There are no specific property implications arising from these decisions.
- 23.0 ALTERNATIVE OPTIONS CONSIDERED**
- 23.1 The alternative to adopting a new policy would be to retain the current policy. This is not recommended as explained in paragraphs 8.1 to 8.11; the current policy no longer meets current needs and legislative requirements.
- 24.0 REASONS FOR RECOMMENDATION**
- 24.1 On March 2010, Cabinet resolved to conduct a general review of the Lettings Policy to ensure that council housing is being allocated in the most efficient way to meet local housing needs.
- 24.2 The policy needs to respond to changes in legislation including the Localism Act and the new statutory Code Of Guidance.
- 24.3 Since 2002 the housing market in Sheffield has radically changed. The amount of council housing has reduced considerably due to demolition programmes, stock transfer and Right To Buy, whilst demand for social housing has dramatically increased. The policy needs to address this changed environment.
- 24.4 The final content of the proposed new policy has been informed by comprehensive consultation.
- 25.0 RECOMMENDATION**
- It is recommended that:
- 25.1 The Allocations Policy as set out in Appendix A of the report is approved.
- 25.2 The Executive Director-Communities be given delegated authority to draw up a scheme of authorisation for Allocations Policy decision making

prior to implementation.

- 25.3 The Executive Director-Communities is authorised to fully implement the new policy at the point when the necessary updating of the Choice Based Letting IT system is completed, with full implementation expected to be 1st April 2014.
- 25.4 A review of the impact of the new policy to commence six months after full implementation.

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