



DERBY CITY COUNCIL

**COUNCIL CABINET**  
**1 AUGUST 2006**

Cabinet Member for Neighbourhood, Social  
Cohesion and Housing Strategy

# ITEM 6

## Housing Allocations Policy

### SUMMARY

- 1.1 The current Housing Allocations Policy was agreed by Full Cabinet on 9 April 2003 and amended to take account of the Homelessness Act 2002 in September 2003.
- 1.2 The social housing market has significantly changed over the last three years and, as a result, the current Housing Allocations Policy is no longer fit for purpose.
- 1.3 Both the Housing Options Centre and members of the Community Regeneration Commission have undertaken a comprehensive and detailed consultation exercise on the current Housing Allocations Policy.
- 1.4 Subject to any issues raised at the meeting, I support the following recommendation.

### RECOMMENDATION

- 2.1 To consider the recommendations arising from the Community Regeneration Commission's Housing Allocations Policy and Homelessness Topic Review.
- 2.2 To agree the proposed Housing Allocations Policy.
- 2.3 To agree to implement the Housing Allocations Policy at the same time as the introduction of the new Housing IT system. This is expected in late Autumn 2006. A further report will be brought back prior to implementation to set the initial percentages for each property band.
- 2.4 To delegate authority to the Cabinet Member with responsibility for Housing policy to agree future changes to the percentage of properties to be allocated to each band, subject to parameters agreed by Cabinet prior to implementation.
- 2.5 To note that in the first few months of implementing this policy, there will be a need to allocate a higher percentage of properties to homeless households where the Council has already accepted a statutory duty. This will be necessary to reduce the backlog of homeless cases.
- 2.6 To inform partner providers, tenants, all housing applicants on the Joint Housing Register of the Housing Allocations Policy and new IT system.

## **REASON FOR RECOMMENDATIONS**

- 3.1 The practical implementation of the proposed Housing Allocations Policy requires the new IT system to ensure that it operates efficiently. The integrated system includes software for choice based lettings, housing register and homelessness.
- 3.2 The delegation of authority is required to ensure that the percentage of allocations to each band is politically ratified. The conversion of each housing application is a complex process and once complete will require a quick turn around to ensure the new IT system and Housing Allocation Policy can be implemented.
- 3.3 The higher percentage of properties allocated to homeless households will ensure the transition from the current policy to the proposed policy still enables the Council to meet its statutory obligations. Once the backlog of cases is reduced, the proposed Housing Allocations Policy contains the ability to review and amend the percentage of properties allocated to each band.



## **Housing Allocations Policy**

### **SUPPORTING INFORMATION**

#### **Background**

- 1.1 The current Housing Allocations Policy was approved by full Council on 9 April 2003, and implemented city-wide on 1 May 2003.
- 1.2 The implementation of the Homelessness Act 2002 resulted in an amendment to the Housing Allocations Policy in September 2003. This included new provisions relating to Homelessness. These included:
  - making homeless households a “final offer” of accommodation, in order that councils could discharge their homelessness duty
  - reducing the level of bed and breakfast accommodation used for families as temporary accommodation to zero by April 2004, except in the case of an emergency
  - increasing the range of priority needs groups under homelessness legislation.
- 1.3 A commitment was made to review the Housing Allocation Policy in the future to ensure that it still met the needs of a changing housing market.

#### **Housing Allocation Policy Consultation**

- 1.4 The Housing Options Centre, Housing and Advice Services review of the Housing Allocation Policy began in July 2005 and ended on 15 November 2005. The methodology and findings from the Consultation are detailed within the ‘Report on the Review of the Allocation Policy’ report. This report is available from the Housing Options Centre.
- 1.5 The Community Regeneration Commission – CRC, part of Overview and Scrutiny, also unanimously agreed at their meeting on 5 July 2005 that the Housing Allocation Policy should be subject of their next topic review. The CRC review began on 22 September 2005 and the evidence gathering ended on 19 December 2005

- 1.6 The findings from the CRC review were presented to Cabinet on 4 July 2006. The CRC report has 20 recommendations to be considered by Cabinet for inclusion within the Housing Allocation Policy. The 20 recommendations and the comments from the Council Cabinet Member with responsibility for Housing policy are detailed below.

Recommendations	Responses
1. To ensure the key policy goal of increasing moves between current tenants is delivered, there should be “indicative allocations” within the blue and yellow bands between current tenants seeking re-housing and prospective new tenants.	Our legal advice is that the use of “indicative allocations” would leave the Council open to legal challenge and therefore this recommendation cannot be accepted.
2. One specific aspiration arising from the Allocation Policy should be to eliminate the housing of children in flats except where this is and for as long as it remains the family choice.	The proposed policy will give greater opportunity for existing tenants to find alternative housing.
3. To encourage under-occupying tenants to move to smaller properties there needs to be: a) a substantial increase in the cash incentives for tenants willing to down-size and b) practical help offered to make a move as straightforward as possible: a start to finish service to help tenants pack, arrange transport, deal with the utilities, and produce new address cards for friends and relatives.	A working group of officers from both the Housing Options Centre and Derby Homes has been set up to develop a strategy in relation to under-occupancy.
4. A dedicated officer should be employed to review, improve and promote exchanges – and minimise the obstacles to moves between and within different Homefinder landlords.	The new Housing IT system will improve the exchange process for all applicants looking to exchange. Derby Homes have recently centralised their allocations team, which will lead to further efficiencies in the process. The need for a role that specifically improves and promotes exchanges needs to be considered once both the new IT system and the Derby Homes allocations team are operational. As the Housing Options Centre does not allocate properties such a post if required, would be better placed within Derby Homes.

Recommendations	Responses
5. As well as encouraging mutual exchanges there should, subject to legal opinion on the <i>vires</i> , also be the facility for a tenant to exchange with an empty property so long as this does not allow trading up.	Agree that we should encourage and support mutual exchanges but our legal advice is that it would leave the Council open to challenge if we had a policy of facilitating tenants to exchange with an empty property.
6. The new software needs to be able to flag where a client has particular social or housing support needs and/or that liaison with another agency is needed in the allocation of suitable accommodation*.	Agreed.
7. Liaison work with other agencies needs to be undertaken to change the widely held perception that clients have to be make regular bids to remain on the system*	Agreed – the new Housing IT system will make the process much clearer.
8. a) Focussed attention should be given by Cabinet until the need for the use of B&B placements for 16 and 17 year olds is swiftly and permanently obviated by alternative provision* and b) Cabinet should monitor the use of B&B placements for families with children.	This is an issue that is currently monitored at the Cabinet Member monthly briefings. The Council is monitored by the government through Best Value Performance Indicators.
9. Local Government Act 2000 “well-being” powers need to be invoked to assist discrete client groups needing support but who fall between the stools of specific powers, including adults not diagnosed with mental health problems but who require medication to maintain stable behaviour.	The Assistant Director for Housing and Advice Services is to bring forward a report on this issue.
10. There needs to be induction and then advanced training for Members about the new allocations scheme <i>and</i> associated ODPM guidance and procedures on housing*.	Agreed.

Recommendations	Responses
11. One copy of the new Derby policy and ODPM housing guidance and procedures should be placed in the three party group rooms and that of independent members*.	Agreed.
12. In order to help promote the Government's wider public policy agenda, the Council Cabinet should lobby for the Home Office to produce national guidance to promote reciprocal agreements between local authorities to accept each others' individuals needing to 'start afresh' after drug dependency or life-term imprisonment.	A reciprocal agreement for ex-offenders already exists between Derby, Leicester and Nottingham. The Assistant Director for Housing and Advice Services has been asked to explore with the Community Safety Partnership other initiatives in relation to people with a drug dependency and those leaving prison after a life-term.
13. The Council should use less strict criteria regarding: <ul style="list-style-type: none"> <li>• 16 and 17 year olds generally and</li> <li>• care leavers into their early to mid twenties</li> </ul> when considering intentional homelessness, as someone making a youthful error should not be treated as an older adult who might be expected to have 'known better' – and ex-care leavers have no parents to fall back on.	The assessment for homelessness follows the government's code of guidance. Any move away from the code of guidance leaves the Council vulnerable to legal challenge and as such means we are not able to use less strict criteria for 16-17 year olds. It is important that we are consistent in our decision making process so that we do not have a situation where different officers act in different ways. There is a new protocol in place between the Housing Options Centre and the Leaving Care Team in Social Services on the re-housing of Care Leavers. This protocol is working well.
14. The benefit of settled accommodation in facilitating successful drugs treatment does not seem to be adequately recognised in Derby, either as regards 'vulnerability' or the awarding of medical points: the Commission were convinced of the link between housing and treatment outcomes and recommend this be reviewed by the HOC.	The Housing Options Centre links in with the Drug Intervention Programme, to identify people leaving prison with previous drug addictions, to access the private rented sector by providing a rent deposit. It is not appropriate within legislation to give medical points for a drug addiction, unless they have a medical condition as a consequence of their addiction.

Recommendation	Response
15. The Guide to Temporary Accommodation in Derby needs to be brought up-to-date and then maintained as a live document.*	Agreed.
16. A specific policy aspiration should be to increase the number of hostel dwellers securing homes through Homefinder, so as to decongest the hostel system*.	The policy as drafted will increase the number of hostel dwellers securing accommodation through Derby Homefinder.
17. The HOC staffing review should be used to enhance:  a) the capacity for face-to-face contact with those who have difficulty using the Homefinder system eg care leavers, patients, individuals with mental health problems or literacy/linguistic difficulties or leading chaotic lives and b) the close working between the HOC and the professionals dealing with sensitive/vulnerable cases eg through outreach surgeries at the hospitals, in the hostels, with the care leavers and mental health teams.	The re-organisation is designed to give a focus to case work to prevent homelessness and will lead to greater personalised contact with customers and other professionals. This re-organisation is currently being implemented.
18. Council Cabinet are strongly encouraged to sufficiently fund the new system to: <ul style="list-style-type: none"> <li>• overcome the several current limitations and problems,</li> <li>• ensure the new Allocations Policy can be fully delivered <i>and</i></li> <li>• future-proof it against Council or Whitehall-imposed revisions over the next decade*.</li> </ul>	The new IT system has now been ordered and will be in place during the Autumn. This has been funded by existing budgets. The initial contract term is for three years. Any upgrades or improvements to the system required by the Council or government are included within the annual software support and maintenance charges.
19. To raise standards in the affordable private rented sector and of bed and breakfast businesses a voluntary quality scheme should be explored by the City Council.	Derby City Council is leading on a regional project – DASH (Decent and Safe Homes). This project is developing a landlord accreditation scheme, which will have the affect of driving up standards in the private rented sector.

Recommendation	Response
20. Focussed attention be given to achieving a reduction in the (approximate) average 30 day void period for Derby Homes properties.	As part of continuous improvement a target for Derby Homes void period has been set at 26 days for 2006/7. This is monitored on a monthly basis and will be reported to Cabinet.

\*Asterix means verbal broad agreement has previously been indicated by relevant officers to the Commission

## **The proposed Housing Allocation Policy**

- 1.7 The purpose of this report is to inform Cabinet of the proposed Housing Allocation Policy and the key differences from the current policy. The proposed Housing Allocations Policy is contained within Appendix 2.
- 1.8 The key aims of the proposed Housing Allocation Policy are to:
- help people in housing need choose where they would like to live
  - prevent people from becoming statutorily homeless
  - make the best use of the limited social housing available and advise applicants about other housing options.
- 1.9 The Housing Allocation Policy is framed to take account of housing need within the legal framework. The policy also details how the Council aims to reconcile choice and need. The Housing Allocation Policy guides the principles of how properties will be allocated in a fair and transparent manner.
- 1.10 The proposed Housing Allocations Policy is also written to take into account the implementation of the new IT system.
- 1.11 The proposed Housing Allocations Policy takes into account the High Court ruling on the need for policies to be framed in a manner to that takes account of applicants, joint applicants and/or their households multiple needs. The views of Counsel were gained as part of this process. Further details of the *Cali v Waltham Forest* case is contained in Appendix 2 section 2.1.
- 1.12 It is also expected that the proposed Housing Allocation Policy, in conjunction with the implementation of the new Housing IT system, will better meet the needs of customers. This will be through a greater variety of options, improved information and feedback.

## **Key differences from the current Housing Allocation Policy**

### **1.13 Prevention of homelessness**

- 1.14 The proposed Housing Allocation Policy takes greater account of the growing importance of preventing homelessness.



- 1.15 Homelessness is the most extreme form of housing need. The impact of homelessness does have a detrimental impact on families, childless couples and single people.
- 1.16 Derby currently has the highest acceptance of homelessness in the East Midlands. It is felt that the current Housing Allocation Policy encourages homelessness approaches. The government's drive and future funding is aimed at preventing homelessness.
- 1.17 Part of the Housing Options Centre consultation process included consideration of a report from a homelessness specialist at the Office of the Deputy Prime Minister entitled "Reducing homeless acceptance. Do allocation policies help or hinder?" This report details how quotas within an allocation policy in conjunction with a preventative approach can help reduce the levels of homelessness acceptance.
- 1.18 The Housing Allocation Policy is framed to prevent homelessness by:
- quoted allocation – this will allow staff to mediate with applicants over their housing circumstances and demonstrate that if they can stay where they are they do have a greater chance of being offered a property
  - being implemented at the same time as the purchase of a new homelessness IT system that is based on prevention and case management.
- 1.19 The implementation of the Housing Allocation Policy may present initial problems in reducing the numbers of applicants that have already been accepted as statutorily homeless. It is intended that during the first few months of implementing this policy, that a higher proportion of allocations are made to this group to reduce the backlog.
- 1.20 It is envisaged that the implementation of the new staffing structure at the Housing Options Centre will start to prevent homelessness and reduce the number of homelessness acceptances. This will be through:
- new Housing Advisor posts offering a better service of advice and guidance on other housing options
  - effective evidence gathering and verification of applicants approaching as homeless
  - visits to applicants that state they are homeless at home.
- 1.21 **Fewer bands**
- 1.22 The proposed Housing Allocation Policy reduces the number of bands or categories of housing need from seven to four. The new bands are called:
- Emergency Band
  - A Band
  - B Band
  - C Band

- 1.23 The reduction in bands will simplify the registration process for housing applications and improve customer understanding of the banding structure.
- 1.24 The government's current Code of Guidance for Allocations encourages local authorities to adopt a simplified banding approach rather than the traditional points based system.
- 1.25 **Percentage allocations across the four bands**
- 1.26 The foundation of the proposed Housing Allocation Policy is to advertise a percentage of properties to each band. This is known as a 'quoted allocation' scheme.
- 1.27 A key finding from the Housing Options Centre consultation was the apparent unfairness of the existing Housing Allocation Policy which does not provide a realistic chance of being re-housed from any of the lower bands.
- 1.28 A move to quoted allocations will ...
- Reduce 'band chasing' – this is where an applicant attempts to worsen their circumstances with a view to increasing their chances of being made an offer of housing. This behaviour was first identified by the BMRB Social Research report entitled "Applicants' Perspective on Choice Based Lettings" in December 2003. This research was commissioned by the Office of the Deputy Prime Minister.
  - Allow Derby Homes and the Registered Social Landlords to advertise properties with eligibility criteria that take greater account of the needs of the neighbourhood. For example, if two previous three bed houses have been allocated to families with teenage children it may be appropriate to advertise the third property as being suitable for a family with younger children.
  - Prevent homelessness by demonstrating to applicants that there is a greater chance of being offered a property. This will help applicants move from their current situation without the Council having to accept a statutory homeless duty to re-house.
  - Enable greater movement within the social housing market. The quoted allocation would give existing tenants of the Council and the Registered Social Landlords a greater chance of moving to a larger or more suitable property. This would release their property to be allocated.
  - Provide all applicants with a greater chance of being re-housed.
- 1.29 The policy includes the ability for the quotas to be reviewed and changed every three months. This may happen, for example, if there is a larger than expected number of applicants awarded the Emergency Band to whom the Council have a duty to allocate. It is proposed that authority to agree the quotas be delegated to the Cabinet Member with responsibility for Housing policy. Any changes would be published on the Derby Homefinder website and in the weekly property lists.
- 1.30 The advertising of the quotas is transparent and will enable staff to give applicants information on the average length of time to get an offer of housing.

### **1.31 One Final Offer Policy and Points Back**

- 1.32 The proposed Housing Allocation Policy does not contain Band 1A, the One Final Offer Policy for homeless applicants re-housed from bed and breakfast or the Points Back scheme for those applicants who reapply 12 months after their One Final Offer.
- 1.33 The previous policy included the One Final Offer Policy to applicants awarded Band 1A to help reduce the usage of bed and breakfast accommodation.
- 1.34 In December 2003 there were only 8 temporary accommodation units available. This meant that there was little move on from bed and breakfast unless a household was re-housed permanently.
- 1.35 The cost implications and unsuitability of the housing, especially for families, were factors that necessitated the additional priority and the One Final Offer Policy.
- 1.36 The number of temporary accommodation units in the city has increased to 57 units. However the government has set an objective to reduce the usage of temporary accommodation by 50% by 2010. For Derby, this means reducing the number of units of temporary accommodation to 29 by 2010.
- 1.37 The Council is required, by government, to produce a Temporary Accommodation Reduction Plan which must include targets for the reduction in use of temporary accommodation for each of the next 4 years. The usage of temporary accommodation is a Best Value performance Indicator and may affect the Council's CPA rating.
- 1.38 The Council still has to use bed and breakfast accommodation on occasions but applicants are moved as soon as possible to temporary accommodation. Band 1A has been removed as moving the applicant from bed and breakfast into temporary accommodation gives them the three month time-limited choice available to all other homeless applicants. This removes the need for the One Final Offer Policy.
- 1.39 The higher Band 1A also encouraged applicants to request bed and breakfast accommodation. This gave an unfair additional priority on property shortlists over other homeless applicants.
- 1.40 The previous policy included the Points Back scheme as it was felt that those applicants in bed and breakfast who were made One Final Offer were unable to express choice and should have priority if after a year they had not settled in their accommodation.
- 1.41 During the two years since the points back scheme was introduced only two requests have been received. One of these requests resulted in a move.

### **1.42 Eligibility**

- 1.43 The proposed Housing Allocation Policy details the eligibility criteria for applicants. This will make the process of looking for and expressing an interest in suitable properties a more transparent process.

- 1.44 The proposed Housing Allocation Policy expands on the applicant's eligibility for various sizes of properties. For example, the maximum and minimum number of people suitable for a property.
- 1.45 The proposed Housing Allocation Policy is also written to take account of our technical requirements from the recently procured Housing IT System.
- 1.46 In the last financial year 12,857 applicants, who may have been offered a property, were bypassed because the IT system did not prevent them from expressing an interest in properties they were not eligible for.
- 1.47 Of these 5,760 applicants would have been prevented from expressing an interest in the property with an IT system that had a basic eligibility function.
- 1.48 **Movement within the Social Housing Market**
- 1.49 The proposed Housing Allocations Policy offers a greater variety of options for applicants. These include:
- a greater relative degree of chance for all applicants to be re-housed
  - quoted allocation across all bands, which will inevitably lead to more existing tenants being re-housed and release of their property
  - quoted allocation creating movement within the hostel and supported accommodation for applicants that are ready for independent living
  - an effective mutual exchange scheme across Council and Registered Social landlord properties
  - Homebuy and other low cost home ownership options.

### **Housing IT System**

- 1.50 The process of procuring a new Housing IT system ended on 2 May 2006.
- 1.51 The new Housing IT system will incorporate housing register, choice based lettings and homelessness modules.
- 1.52 The signing of contract is expected by mid-July. The supplier has given an implementation timetable of around 12 weeks. If the project to implement the new IT system runs to schedule the launch of the new system and implementation of the proposed Housing Allocation Policy would be around the middle of October 2006.

<b>OTHER OPTIONS CONSIDERED</b>
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- 2.1 The Assistant Director of Housing and Advice Services and members of the Community Regeneration Commission agreed that the current Housing Allocations Policy required reviewing. It is agreed that remaining with the current Housing Allocations Policy would hinder the Council, especially in the prevention of homelessness.

- 2.2 The proposed Housing Allocations Policy takes account of housing legislation and the local needs identified during the consultation process.
- 2.3 A variety of options were considered during consultation between Housing and Advice Services, Community Regeneration Commission, Derby Homes, Registered Social Landlords, Counsel and a variety of other support agencies. The proposed Housing Allocations Policy is considered to be the best option available.

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**Background papers:**

**List of appendices:**

Appendix 1 – Implications

Appendix 2 – Proposed Housing Allocations Policy

<b>IMPLICATIONS</b>
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**Financial**

- 1.1 The implementation of a new Housing Allocation Policy will require written contact with every applicant on the housing register.
- 1.2 The new policy and accessibility of services meets the Council's E-government strategy and will lead to efficiencies in the operating of the service.
- 1.3 In 2005/06 the Council spent £479,684 on temporary accommodation, of which £409,653 was recovered from Housing Benefit. The net cost was £70,031.

**Legal**

- 2.1 The case of R (Cali & Others) v London Borough of Waltham Forest [2006] EWHC 302 (Admin) examined the allocations policy of the London Borough of Waltham Forest. The case is the leading authority on the sufficiency of multiple needs assessments in the choice based lettings context. The court found the policy of London Borough of Waltham Forest to be deficient on the basis that it did not take into account the multiple needs of households making application for an allocation of housing. The principal criticism levelled at the authority was that the policy contained within it, no ability to aggregate the needs of individual members of the same household. Leading on from that concern was that the authority's decision about which band to place an application in and, in turn, the applicants qualification for housing, was not influenced by the increasing level of aggregate needs.
- 2.2 There is a statutory requirement imposed on the Council under the Homelessness Act 2002, where a Housing Allocation Policy is amended or reviewed to consult fully with its tenants and other housing providers in the city.
- 2.3 This means that we will consult with partner providers with which the Council has nomination arrangements and tenants.
- 2.4 There is also a requirement to notify all applicants on the joint housing register about policy changes. This will be achieved through written notification to each applicant on the register together with an advert in the local press. The number of applicants on the housing register is currently 8,105.
- 2.5 These changes enable the Council to satisfactorily meet the requirements under the Housing Act 1996 (as amended by the Homelessness Act 2002) and the High Court ruling in the Cali v The London Borough of Waltham Forest case.

## **Personnel**

- 3.1 The staffing restructure at Housing Options Centre will change a reactive service to a proactive approach. The framing of the service will be to prevent homelessness. The staffing restructure has already been agreed and signed off by the Corporate Director of Resources and Housing and the Assistant Director – Human Resources.
- 3.2 The obligations on the Council are to provide equality of choice within housing. The amendments to the Allocations Policy fully incorporate the Council's Equal Opportunities and Diversity Policy. Publicity material will be produced incorporating the main minority ethnic languages.

## **Equalities impact**

- 4.1 The principles of the proposed Housing Allocations Policy are to operate in a fair and transparent manner, taking account of both the Council's duty to take account of housing need and it's wish to offer as much choice as possible.
- 4.2 The implementation of the Housing Allocations Policy at the same time as the new IT system will improve the level of service available to all members of the community.

## **Corporate priorities**

- 5.1 The proposal comes under the Corporate priorities of 'build healthy and independent communities' and 'deliver excellent services, performance and value for money'.