



Derby City Council

## **Cost of Living Overview and Scrutiny Board 24 November**

# **ITEM 10**

Report of the Strategic Director of Adults,  
Health and Housing

### **Review of the Housing Allocations Policy**

#### **SUMMARY**

- 1.1 The current Housing Allocations Policy was agreed by Cabinet on 23 January 2013. It was reviewed to take account of the implementation of the Localism Act and Welfare Reform Act 2012. The policy was implemented on 7 March 2013.
- 1.2 Cabinet approved the policy with a caveat that a further report be submitted to the Cabinet member for evaluating the impact of the changes, particularly the introduction of additional priority in respect of 'Community Contribution'. This gives additional priority to people who contribute to the community through employment, volunteering or providing unpaid care and support.
- 1.3 Following a review this report recommends that changes are made to the current policy. Appendix 2 shows the detail of these changes with explanatory notes, and detail of the ICT implications involved in implementing the changes.

#### **RECOMMENDATION**

- 2.1 To approve the changes to the Housing Allocations Policy, subject to final legal approval and within the timescales for ICT changes as outlined in Appendix 2.
- 2.2 To approve an on- going process to review the effectiveness of these changes six months from implementation.

#### **REASONS FOR RECOMMENDATION**

- 3.1 The recommended changes to the allocations policy result from a desk top review and a series of consultation events. As well as the proposed policy changes the review has also recommended improvements to ICT, specifically the functionality of 'Open to All' software.
- 3.2 To complete a further desk top review six months after the implementation of the new policy and software changes. This will ensure that the changes are effective and that the process shows regard for vulnerable applicants whilst at the same time meets the business needs of the Homefinder partners (these are Derby Homes and the Registered Providers who pay for the service).

## **SUPPORTING INFORMATION**

- 4.1 The Localism Act 2012 came into force on 18 June 2012. It introduced reforms to the allocation of social housing. The Act enabled local authorities to set their own housing allocations policies, although they must still give reasonable preference to those in housing need.
- 4.2 Reasonable preference categories are:
- People who are homeless or are owed a homeless duty
  - People living in overcrowded housing
  - People occupying insanitary or otherwise unsatisfactory housing conditions
  - People who need to move on medical grounds
  - People who need to move on welfare grounds
- 4.3 It also introduced significant changes to local authority's duties to people for whom they have accepted responsibility under homelessness legislation. The Act gave local authorities the authority and freedom to determine who qualifies to be accepted onto the housing register. Local authorities are no longer required to have an open housing register, where anyone who applies for housing is considered and an application is accepted.
- 4.4 The Government also introduced legislation regarding Armed Forces personnel (including bereaved spouses/civil partners) who were serving/have served in the Royal Navy, Royal Air Force or the British Army and Reserve Forces regarding the Local Connection and priority for housing.
- 4.5 The current policy was implemented on 7 March 2013. The main changes to the policy were:
- Introduction of a non-qualifying persons criteria
  - Reduction from four to two bands (the emergency and housing needs band)
  - Available properties advertised daily rather than weekly, each property advertised for 6 days
  - Some changes to the property type and size eligibility criteria (to give some flexibility to Derby Homefinder partners to mitigate the impact of the welfare reform changes)
  - Low demand properties advertised through and 'Open to All' advertising module.
  - The introduction of a housing need for community contribution
  - Housing need for ex/current Armed forces personnel
  - Greater priority to under occupying tenants
  - Discharge of homeless duty within the private rented sector where suitable accommodation has been identified.

- 4.6 A desk top review was completed in early 2014. This was completed due to the concerns that were expressed by Homefinder partners who were experiencing an increase in empty properties and a reduced demand for some property types.
- 4.7 Three consultation events were held in June and July 2014 and these were attended by Homefinder partners, Direct Help & Advice and Elected Members. The recommendations within this report are as a result of these activities.
- 4.8 When the current policy was introduced in March 2013 the housing register reduced from approximately 7000 to 4000 applicants. The reduction in numbers was mainly due to the move from four bands to two and the subsequent closure of a number of applications which did not have housing need. All applicants were advised of the new policy and subsequent changes to their application and banding. Since the implementation of the current policy numbers of applicants on the housing register has remained at around 4000.
- 4.9 The introduction of non-qualifying persons criteria has not caused any concerns to date. The policy clearly explains to applicants who are eligible to join the housing register the reasons why. Prior to this such applicants were accepted onto the register but were bypassed and did not receive offers of accommodation. For example, applicants with housing related debt and had not entered into and made regular payments over a six month period would simply be bypassed. The new criteria which excludes them from the register is more transparent and now prevents applicants who would not be housed from accessing the register.
- 4.10 From March 2013 to mid- August 2014 a total of 4504 applicants completed the Housing Wizard. This is an on line self -assessment tool that customers use to see if they are eligible to apply on the Register. Statistical information shows that 3305 applicants were advised to register for housing and 1119 applicants (26.6%) were ineligible.
- 4.11 From 1 April 2013 to 31 March 2014, 2379 applicants were accepted onto the Housing Register. From 1 April 2014 to mid-August 2014 a further 933 applicants were accepted.
- 4.12 The reduction from four housing bands to two is more simplified and has been well understood by customers. Daily advertising has been welcomed by the Homefinder partners and is seen as a positive process for letting available homes and minimising rent loss. We have not received any complaints from customers to this change in practice.
- 4.13 Changes to the size and types of properties that applicants can apply for has not caused any issues in itself. However, the changes introduced through the Welfare Reform Act, particularly relating to under occupation charges has caused problems for some Homefinder partners in letting some properties.

- 4.14 Since the introduction of the welfare reforms Homefinder statistical information shows that some two bedroom flats have become more difficult to let and demand for some three bedroom houses has fluctuated. This trend is reflected nationally (outside the London Boroughs) and benchmarking with Choice Based Lettings (CBL) North has substantiated this. There has been:
- Increased demand for smaller properties as under occupiers seek to downsize
  - Increased difficulty in letting some family accommodation
  - Increased competition for smaller accommodation and those in housing need.
- 4.15 In response to the above some of the Homefinder partners have relaxed their policies and will now allow children in flats, although in reality most applicants with children want a house, Prior to the introduction of the welfare reforms some landlords would let 2 bedroom flats to applicants with access to children. This is no longer an option for applicants affected by the size criteria and benefit reductions.
- 4.16 There has also been a reduction in demand for some three bedroom houses, again this is linked with the welfare reforms. Some of the Homefinder partners will allow under occupancy of properties. This is based on a financial assessment to assess the applicants ability to pay the full rent is is often based on their economic status. Clearly applicants who are not dependent on Housing benefit are more likely to be considered. Discretionary Housing Payments can also be taken into account in some cases.
- 4.17 Derby Homes void levels increased in 2013/14, since April 2014 these figures have started to return to more average levels. Detail is shown in the table below:

	No of Voids	Average Re-let
2011/12	955	23.32
2012/13	1012	20.31
2013/14	1323	24.12
2014/15 – YTD*	642	22.45

\*end Sept 2014

- 4.18 The Open to All scheme was a new initiative. Since its implementation it has become evident that it requires fundamental ICT changes to enable full functionality. Open to All has been popular with applicants. However some of the partners have seen much shorted shortlists and there are concern that some eligible applicants with housing needs are not registering for housing but bidding on Open to All properties. We have worked with Derby Homes and Metropolitan to establish the causes of this. We anticipate that improvements to the functionality of Open to All and improved information on the self-serve module and Derby Homefinder website will resolve this.
- 4.19 In its current format allocating properties through the Open to All module is time consuming. When Derby Homes allocate properties via this means priority is given to applicants in housing need who make the best use of stock. We are currently working with our software provider to improve functionality and reduce the level of manual administrative intervention required.

- 4.20 The need awarded for ex HMF applicants has had minimal impact due to the low numbers of ex-forces personnel registered for housing. Only ten applicants have been awarded this need since implementation of the new policy, four of which have been rehoused.
- 4.21 Appendix 2 details the proposed changes to the housing allocations policy and gives an explanation of the reasons for the change and any requirements to software systems.

## OTHER OPTIONS CONSIDERED

- 5.1 Failing to review the current Housing Allocations Policy would breach the Cabinet decision of 23 January 2013. Failure to address the issues raised by Homefinder partners would jeopardise the partnership potentially impacting on customer access to social housing and reduce revenue income to the Authority (Homefinder partners fund the Homefinder Service). Homefinder partners would also face business risks associated with longer void periods and rent loss.

**This report has been approved by the following officers:**

<b>Legal officer</b>	Richard Burton
<b>Financial officer</b>	N/A
<b>Human Resources officer</b>	N/A
<b>Estates/Property officer</b>	N/A
<b>Service Director(s)</b>	Perveez Sadiq
<b>Other(s)</b>	Maria Murphy, Ian Fullagar, Cath Roff

  

<b>For more information contact:</b>	Kim Morgan 01332 640119 kim.morgan@derby.gov.uk
<b>Background papers:</b>	Appendix 1 – Implications
<b>List of appendices:</b>	Appendix 2 – Proposed Changes

<b>IMPLICATIONS</b>
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**Financial and Value for Money**

- 1.1 Costs associated with ICT changes will be contained within the current Derby Homefinder budget.

**Legal**

- 2.1 The Localism Act requires Local Authorities to have an Allocations policy in place that takes account of the reasonable preference groups included within the Act.

**Personnel**

- 3.1 None arising directly from this report.

**IT**

- 4.1 None arising directly from this report.

**Equalities Impact**

- 5.1 An Equality Impact Assessment will be completed prior to submission to Cabinet on the relevant changes to the policy.

**Health and Safety**

- 6.1 None arising directly from this report.

**Environmental Sustainability**

- 7.1 None arising directly from this report.

**Property and Asset Management**

- 8.1 None arising directly from this report.

**Risk Management**

- 9.1 The Derby Homefinder partnership is funded by the Derby Homefinder partners and some of these are national and regional organisations: our policy needs to be

palatable to DCC members and our partner organisations.

If we do not achieve greater demand through the recommended amendments there is a risk that homefinder partners may choose to opt out of Derby Homefinder. If this happens it will negatively impact on the partnership as follows:

- No longer a single point of access for housing
- Increased partnership costs for the remaining Derby Homefinder partners, including additional costs to the HRA or reduction of staffing levels within the Housing Options service
- Issues regarding nomination rights.

### **Corporate objectives and priorities for change**

- 10.1 Reduce homelessness, improve customer service and reduce financial hardship to applicants seeking rehousing.