

	<h2>Housing Committee</h2> <h3>30 June 2014</h3>
<p style="text-align: right;">Title</p>	<p>Proposed changes to housing allocations scheme</p>
<p style="text-align: right;">Report of</p>	<p>Lead Commissioner for Housing and Environment</p>
<p style="text-align: right;">Wards</p>	<p>All</p>
<p style="text-align: right;">Status</p>	<p>Public</p>
<p style="text-align: right;">Enclosures</p>	<p>Appendix 1- summary of proposed changes Appendix 2- draft housing allocations scheme</p>
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<h2>Summary</h2>
<p>The Housing Allocations Scheme sets out how the Council allocates council housing, housing association rented and private rented sector homes in the borough. Barnet is a popular borough and an area of high demand for housing and the Council has to prioritise who gets help with their housing. The scheme has been reviewed and there are a number of changes proposed, in particular, requiring applicants to have lived in the borough for at least five years before they qualify for assistance. Following approval of the proposed changes the Council will undertake a public consultation.</p>

<h2>Recommendations</h2>
<p>1. That the Housing Committee approves the proposed revisions to the Council’s Housing Allocations Scheme, subject to the outcome of a public consultation.</p>
<p>2. That the Housing Committee notes that final approval for the Scheme will be sought from the Committee on 27 October 2014.</p>

1. WHY THIS REPORT IS NEEDED

- 1.1 The Housing Act 1996 requires all local authorities to have a scheme for allocating council and housing association rented homes in the borough. The Localism Act 2011 increases the flexibilities to develop schemes to reflect local priorities.
- 1.2 In recent years the Council has made substantial changes to the way it allocates council, housing association and private rented sector homes. This has included implementing a banding system, specifying more clearly who is eligible for housing and recognising the contribution to the community from people in housing need who work, volunteer, are training for employment, foster caring or former service personnel.
- 1.3 As can be seen from table 1, below, the number of households presenting as homeless and the number of households being accepted as homeless has increased significantly over the past five years. The number of new temporary accommodation admissions has also risen. Although there was a reduction of 34 households presenting as homeless in 2013/14, the number of homeless acceptances increased by 80.
- 1.4 The key reasons for the increased demand on services include:
- Increased housing costs combined with restrictions on housing benefit has resulted in more households moving out of Central London to Outer London boroughs, including Barnet. This is evidenced by a significant increase in the number of households claiming housing benefit in Barnet and a fall in housing benefit claims in Central London.
 - The number of households seeking help with their housing has been increasing throughout London because of the high cost of owning or renting a home.
 - Private sector rents have increased faster in Barnet than in other parts of London and they are the 4th highest out of 16 Outer London boroughs, meaning that more low-income households may approach the Council for assistance with their housing.

Table 1- increased total demand on housing services

	2009/10	2010/11	2011/12	2012/13	2013/14
Homeless presentations	643	867	1,113	1,131	1,097
Homeless acceptances	231	252	339	591	671
New temporary accommodation admissions	364	509	692	846	823

- 1.5 Housing supply has not kept up with increased demand for housing services. As can be seen from table 2, below, the number of properties available for the Council to allocate reduced from 2009/10. This has been particularly the case for private rented sector homes. As a result of better services and incentives

introduced through the Let2Barnet service at Barnet Homes, the number of private rented properties available has increased significantly since 2012. This has resulted in more households being rehoused in 2013/14 than in the previous two years.

Table 2- Total supply of housing

	2009/10	2010/11	2011/12	2012/13	2013/14
Council	457	412	434	375	409
Housing association	249	312	498	307	342
Private rented	715	404	121	172	324
Total	1,421	1,128	1,053	854	1,075

- 1.6 It has become increasingly difficult to procure accommodation in the private sector at Local Housing Allowance rates. This has resulted in a significant increase in the use of emergency temporary accommodation¹, often at a cost that cannot be fully met through the housing benefit system, resulting in a pressure on the Council's General Fund budget. In 2013/14, 471 such units had to be procured at a cost of £829k (£1.418m including bad debt provision). At the end of May 2014, the average nightly rate for emergency temporary accommodation was £41.36 and average nightly rent that could be charged through the housing benefits system was £36.95 meaning a net average cost to the Council of £4.41 per night per unit.
- 1.7 New households who apply for rehousing are competing for limited social housing along with accepted homeless households placed on the regeneration estates in long-term temporary accommodation. This impacts the Council's ability to offer housing to people who need to be decanted from the regeneration estates. A number of changes are proposed to take account of this and other operational matters.
- 1.8 The key proposed changes include:
- Applicants will generally have to live in the borough for at least five years before they qualify for assistance.
 - Changes to community contribution qualification criteria, including increasing the number of hours that an applicant has to work or volunteer to 16 hours per week.
 - Households at risk of violence will be encouraged to apply as homeless so they can be placed in temporary accommodation more quickly and be removed from the risk.
 - Service tenants with more than 15 years' service will not be offered more bedrooms than are required as is currently the case.
 - Applicants who refuse a reasonable offer will be excluded for two years rather than one year.

¹ In Barnet all emergency temporary accommodation consists of self-contained units which is paid for on a nightly basis

- 1.9 There will be a public consultation during July to September 2014 to gain the views of housing associations, housing applicants and residents. The results of the consultation will be reported to the Housing Committee to consider and approve a final revised housing allocations scheme on 27 October 2014.

2. REASONS FOR RECOMMENDATIONS

Local and residential connection

- 2.1 Local connection for homeless applicants means that households must have lived in the borough, or have had a connection through work or family, for at least two years. The housing allocations scheme currently has a more restrictive residential local connection meaning that households have to live in the borough for at least two years to qualify for rehousing. The revised allocations scheme terms this more clearly as a residential connection.

- 2.2 It is proposed that households should live in the borough for at least five years before they qualify for housing with a residential connection. Analysis of customers banded during quarter 3 and 4 in 2012/13 demonstrated that 12.7% of applicants would not have been placed in any band if local connection was five years. Across a year, potentially 137 households would not be placed in temporary accommodation. This would increase the opportunity for long-term regeneration non-secure tenants who the Council has previously accepted a homelessness duty to be shortlisted for social housing when they are decanted. Otherwise such households will be offered further temporary accommodation and the Council will continue to have a homeless duty.

- 2.3 A number of other boroughs, including the neighbouring councils of Brent, Harrow and Hertsmere as well as Ealing and Hammersmith and Fulham have already adopted a residential connection of five years. Hillingdon and Barking and Dagenham councils have adopted a residential connection of ten years.

Community contribution

- 2.4 There is currently no minimum hourly requirement per month for workers but there is an hourly requirement for applicants who are training or volunteering. It makes sense to introduce an hourly requirement for workers to ensure that applicants have to work for a reasonable amount of time for this to count as a community contribution. It is proposed that workers should work for at least 16 hours per week or 64 hours per month. This is based on the number of hours per week a single person or single parent has to work in order to be able to claim working tax credit and be exempted from the overall benefit cap. This can be verified through payslips or in the case of self-employed applicants through invoices for work.
- 2.5 It is also proposed that the hourly requirements for applicants who volunteer or are training for employment are also increased from 10 hours per month to 16 hours per week or 64 hours per month. Where a training course is for less than 16 hours per week, an applicant will be expected to make up the hours by volunteering. There is discretion available within the scheme to reduce these requirements where, for example, disability or age makes it more difficult for an applicant to work or volunteer for this long.

2.6 Applicants on maternity leave who intend to go back to work qualify for community contribution. In line with the new national standards on parental leave the scheme should be amended to include applicants on paternity leave who intend to go back to work.

2.7 Following on from an audit and mock Ofsted inspection of the Children's Service, it is proposed that all young people leaving care² are placed in band 2 even if they do not make a community contribution. This is to prevent young people not engaging in employment, education and training from remaining in temporary accommodation for long periods. The Council's Local Tenancy Strategy will then encourage these young people to engage in education employment, and training when they move into council housing.

Households with housing related debt

2.8 Households with housing related debt are currently excluded from the Housing Allocations Scheme. This could mean that households affected by the benefit cap cannot move into cheaper accommodation even though they have been working with the Council's specialist welfare reform task force to find a solution to their housing problem. Households with debt related to the welfare reforms should be able to move into more affordable accommodation where they have engaged with the task force and will continue to do so.

Households at risk of violence

2.9 Households with exceptional need to move because of abuse, violence or harassment need to move quickly in order to remove the risk to their life. These households may not be re-housed immediately even with Band 1 status. Placing these households in band 1 potentially puts them at further risk as it may encourage them to remain in their current home rather than apply as homeless and move to safer temporary accommodation. It is proposed that the exceptional need to move category is removed from the description of Band 1 in Annex 1. These households are at risk of harm if they remain in their existing accommodation and should make a Part 7 homeless application and be placed into alternative accommodation where the risk to their life is removed.

Service tenants

2.10 Former service tenants with 15 years' service who apply for rehousing at the end of their employment can currently be allocated one more bedroom than they need. Given the shortage of housing and in accordance with government policy on spare room subsidy, it is more appropriate to allocate according to bedroom need. There are currently 30 service tenants in post. Of these 14 have already served for 15 years and of this smaller group, 5 have an expected retirement date within the next 5 years.

² The Council has duties as corporate parent towards young people under 21 leaving care

Applicants who refuse a reasonable offer of accommodation

- 2.11 Currently applicants who refuse one reasonable offer of accommodation are excluded from the scheme for one year. It is proposed that this is increased to two years. Applicants will continue to have the right to appeal if they feel that the offer of accommodation is not suitable. In the past six months 25 housing offers were refused by applicants. Of these, 7 decisions have been reviewed (the stage after the first appeal), of which 2 were found in favour of the customer. Increasing the exclusion period to two years will help convey the reality that there is very limited housing supply and that turning down a suitable offer is a serious decision which has significant consequences.
- 2.12 There are a number of other minor amendments to the scheme. These are listed in appendix 1.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The alternative option is not to change the scheme. This would mean that the Council would continue to see more households qualifying for housing assistance than there are homes available to allocate to. New households in the system would be competing for a limited amount of homes with households who have to be decanted from the regeneration schemes. This could have an impact on the progress of regeneration. Also there would be very limited movement from the lower bands into settled accommodation and this is costly for the council as it has to fund the temporary accommodation.
- 3.2 The scheme will be kept under review and changes will be made in the future to ensure that it continues to meet housing needs in the borough.

4. POST DECISION IMPLEMENTATION

- 4.1 Following on from approval for the draft scheme the Council will undertake a consultation exercise to include housing associations and housing applicants. The consultation will run for 12 weeks from July 2014.
- 4.2 Housing Committee will be asked to consider and approve a final version of the scheme which takes into account the outcomes of the consultation exercise. The Council will then instruct Barnet Homes to implement the approved scheme at the beginning of November 2014.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Council's Corporate Plan 2013/16 includes as a priority outcome "To maintain the right environment for a strong and diverse local economy". Barnet is a popular place in which to live and has high demand for a limited supply of council and housing association housing. The Council has faced increasing costs of providing temporary accommodation to housing applicants. A key performance measure is to reduce the number of households placed in the most expensive emergency temporary accommodation to 500 per year.

5.1.2 The Council can offer more applicants re-housing by increasing the number of private sector properties available. This has been difficult to procure in recent years due to restrictions in local housing allowances and since the introduction of the overall benefit cap where many private sector properties are unaffordable to non-working benefit-reliant households. For 2014 the Council has introduced a performance measure to increase the number of private sector lettings to 315.

5.1.3 The Council is developing a new housing strategy to take account of the increased demand for housing in the borough. This is evident with higher house prices, higher rents and increased levels of homelessness and people in emergency temporary accommodation. Private rents in Barnet are beyond the reach of some low-income households and it may be necessary for them to consider moving to more affordable accommodation outside of the borough.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

5.2.1 There is a limited supply of social housing in Barnet. Applications for housing have increased along with acceptances and admissions to Temporary Accommodation. In 2013/14 there were 671 homeless acceptances and only 409 social housing units available to let during the year, not all of which would go to new applicants. The Council is therefore reliant on procuring homes in the private rented sector to meet its housing obligations.

5.2.2 It has become increasingly difficult to procure affordable accommodation in the private rented sector as rents in Barnet and in London have increased. This has resulted in a significant increase in the use of emergency temporary accommodation. This has an impact on the general fund.

5.2.3 There will be a financial cost of up-to £4,000 in terms of the public consultation. This will include the services of an independent facilitator and cash incentives for residents attending focus groups. The cost of this will be met through existing Council budgets.

5.2.4 The proposal that service tenants with more than 15 years' service will not be offered more bedrooms than are required would be a change in terms and conditions of employment. This will require a separate consultation with service tenants and trade unions.

5.3 Legal and Constitutional References

5.3.1 The Council has a duty under section 166A (14) Housing Act 1996 to allocate to social housing in accordance with a published housing allocations scheme. Section 166A (13) specifies a list of applicants entitled to a degree of preference within the scheme. These are the reasonable preference categories. The Localism Act 2011 gives local authorities greater flexibility in terms of restricting access to the allocations scheme.

5.3.2 The Council's duties in respect of homeless applicants are contained in Part VII of the Housing Act 1996. The Localism Act 2011 has also allowed greater

flexibility in discharging this duty by placing applicants into the private rented sector where particular requirements on property condition and location are met. These requirements are set out in the Homelessness (Suitability of Accommodation) (England) Order 2012.

- 5.3.4 The legal requirements of consultation under S166A (13) Housing Act 1996 have been complied with.
- 5.3.5 The Council's Constitution (Responsibly For Functions, Annex A) gives specific responsibility to the Housing Committee to work with Barnet Homes, RSLs and social housing providers to ensure the optimum provision of housing and associated facilities for those who require social housing.

5.4 Risk Management

- 5.4.1 The Council could face legal challenges to decisions that it makes under the revised Housing Allocations Scheme. This risk is being mitigated by undertaking consultation with stakeholders, in particular Housing Association partners and community representatives in the voluntary sector. The Council will also consult with households who have been placed into a housing band and who may be affected by the proposed amendments.
- 5.4.2 The Council will need to allow for further adjustments to the scheme once it is operating, to take account of any challenges that are made on a case by case basis.

5.5 Equalities and Diversity

- 5.5.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have due regard** to the need to:
- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
 - advance equality of opportunity between people from different groups
 - foster good relations between people from different groups

The Council will ensure that it is in compliance with its Equalities duties by carrying out a full Equalities Impact Assessment into the proposed amendments to the Housing Allocations Scheme

- 5.5.2 An initial workshop assessment of the equalities risks has found that there will be a limited impact overall but there could be differential outcomes for different communities, particularly in terms of the proposals that applicants have to live in the borough for five years and also the proposal that applicants have to make a community contribution of 16 hours per week. A full equalities impact assessment will take place during the consultation period to identify the necessary mitigating actions.

5.6 Consultation and Engagement

- 5.6.1 The Council will consult on the proposed changes, including with housing associations operating in the area as is required under the Law. Consultation will begin in July 2014 and run for 12 weeks. Consultation will include a

housing forum of housing providers, online survey and a series of independently facilitated focus groups with residents.

5.6.2 Service tenants and the trade unions will be consulted on the proposed change affecting terms and conditions of employment.

5.6.3 The results of the consultation will be reported back to the Housing Committee to consider when approving the revised scheme.

6. BACKGROUND PAPERS

6.1 Relevant previous decisions are listed in the table below.

Item	Decision	Link
Cabinet 10 January 2011	Decision item 6- approved the existing scheme following an extensive period of consultation.	http://barnet.moderngov.co.uk/CeListDocuments.aspx?Committeed=120&MeetingId=317&DF=10%2f01%2f2011&Ver=2
Cabinet 4 April 2012	Decision item 5- approved revisions to the existing scheme following a 6 month review	http://barnet.moderngov.co.uk/CeListDocuments.aspx?Committeed=120&MeetingId=6792&DF=04%2f04%2f2012&Ver=2
Delegated Powers Report 27 November 2012	Approved further minor changes in relation to the Homelessness (Suitability of Accommodation)(England) Order 2012	http://barnet.moderngov.co.uk/documents/s6674/1873%20-%20Revisions%20to%20Housing%20Allocations%20Scheme.pdf
Cabinet 24 September 2013	Decision item 7- approved amendments to the existing scheme and the introduction of a placements policy	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=7464&Ver=4