

Meeting	Cabinet
Date	24 June 2013
<b>Subject</b>	<b>Amendments to Housing Allocations Scheme and the Introduction of a Placements Policy</b>
Report of	Cabinet Member for Housing
Summary	This report provides an overview of proposed amendments to the Council's Housing Allocations Scheme as enabled by the Localism Act and seeks authority to proceed with consultation on these amendments. The amendments include a move to a one offer only policy. The proposed Placements Policy will lead to clarification of the factors which will be considered when discharging homelessness duty through an offer of private rented sector accommodation.
Officer Contributors	Pam Wharfe, Director for Place Paul Shipway, Head of Policy and Performance Chloe Horner, Housing Strategy and Business Improvement Manager
Status (public or exempt)	Public
Wards Affected	N/A
Key Decision	Yes
Reason for urgency / exemption from call-in	N/A
Function of	Executive
Enclosures	Appendix 1- Summary of proposed amendments Appendix 2- Full draft revised Housing Allocations Scheme Appendix 3- Draft Placements Policy Appendix 4- Consultation plan
Contact for Further Information:	Chloe Horner, Housing Strategy and Business Improvement Manager, <a href="mailto:chloe.horner@barnet.gov.uk">chloe.horner@barnet.gov.uk</a> , telephone: 020 8359 4775

## **1. RECOMMENDATIONS**

- 1.1 That Cabinet comments on the proposed revisions to the Council's Housing Allocations Scheme as set out in Appendix 2 and Appendix 3, including:**
- **Replacement of two reasonable offers of accommodation with one reasonable offer of accommodation**
  - **The introduction of a Placements Policy which clarifies the issues that the Council will consider when making offers of suitable accommodation in respect of both Part VI (Allocation of Social Housing) and Part VII homelessness applications that households are able to afford**
  - **Other minor changes as summarised in Appendix 1**
- 1.2 That Cabinet authorises a consultation on the proposed amendments as summarised in Appendix 4.**

## **2. RELEVANT PREVIOUS DECISIONS**

- 2.1 Cabinet approved the existing Housing Allocations Scheme on 10 January 2011 (decision item 6) following an extensive period of consultation.
- 2.2 Following a formal 6 month review, Cabinet approved revisions to the Scheme on 4 April 2012 (decision item 5).
- 2.3 The Delegated Powers Report number 1873 on 27 November 2012 approved some further minor changes in relation to the Homelessness (Suitability of Accommodation) (England) Order 2012.

## **3. CORPORATE PRIORITIES AND POLICY CONSIDERATIONS**

- 3.1 The Council's Corporate Plan 2013/16 includes as a priority outcome "To maintain the right environment for a strong and diverse local economy". Within this, the Council is committed to reduce the numbers of households in expensive emergency temporary accommodation. Barnet is a popular place in which to live and the revised Housing Allocations Scheme and proposed Placements Policy will provide a more efficient housing service with better outcomes for customers in high housing need and enable the Council to discharge its duty to homeless households into affordable private rented sector housing. This is all intended to result in a reduced need for households to stay in nightly purchased or emergency accommodation.
- 3.2 The Council's Housing Strategy 2010 to 2025 identifies the importance of helping more people in low paid employment and training to gain access to social housing under the objective to "Promote mixed communities". The Strategy also recognises that the private rented sector can be a positive housing choice for people in housing need and that the Housing Allocations Scheme should reflect that.

- 3.3 The Localism Act<sup>1</sup> contains a number of provisions to give local authorities new freedoms and flexibility on housing matters, including the ability to determine classes of persons who may qualify for housing assistance in their area and to discharge its duty to homeless households by offering a home in the private rented sector. The Housing Allocations Scheme has been revised to enable the Council to make use of these new powers.
- 3.4 By ensuring that the limited supply of council housing is used effectively, the revised Housing Allocations Scheme complements the Council's Local Tenancy Strategy which has introduced the use of flexible tenancies for council homes and encourages households to become more self sufficient
- 3.5 Welfare reform means that households who are not working will not be able to receive more in benefits than the average wage of those in work. This will mean that some households will have to be offered homes in more affordable areas outside of the borough. The proposed Placements Policy will ensure that affordable private housing can be sourced, including outside of the borough, to enable the Council's homelessness duty to households applying under Part VII of the Housing Act 1996 to be discharged.

#### **4. RISK MANAGEMENT ISSUES**

- 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.
- 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. EQUALITIES AND DIVERSITY ISSUES**

- 5.1 Under the Equality Act 2010, the Council must have due regard to the need to: a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; b) advance equality of opportunity between those with a protected characteristic and those without; c) promote good relations between those with a protected characteristic and those without. The 'protected characteristics' referred to are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation. It also covers marriage and civil partnership with regard to eliminating discrimination.
- 5.2 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 and the proposed Placements Policy.

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<sup>1</sup> Enacted on 15 November 2011

## **6. USE OF RESOURCES IMPLICATIONS (Finance, Procurement, Performance & Value for Money, Staffing, IT, Property, Sustainability)**

- 6.1 There is a limited supply of social housing in Barnet. Applications for housing have increased along with acceptances and admissions to Temporary Accommodation (TA). In 2012/13 year, there were 586 homeless acceptances and 852 TA admissions. However, there were only 692 social housing units available to let during the year and not all of these would go to homeless applicants. The Council is therefore reliant on the use of housing in the private rented sector.
- 6.2 It has, however, become increasingly difficult to procure accommodation in the private sector at Local Housing Allowance rates, as rents in Barnet and London have continued to increase. This has resulted in a significant increase in the use of emergency TA, often at a cost that can not be fully met through the housing benefit system, resulting in a pressure on the Council's General Fund budget. In 2012/13 year, 405 such units had to be procured at a cost of £1,025,517. The proposed amendments to the Housing Allocations Scheme and introduction of a Placements Policy are intended to increase the Council's ability to place households into more affordable accommodation outside of the borough, either as TA or when discharging homeless duty into the private rented sector.
- 6.3 There would potentially be further increased costs to the Council if it did not adopt the proposed amendments to the Housing Allocations Scheme or operate a Placements Policy when discharging homelessness duty into the private sector. In these circumstances the Council would have to consider providing a subsidy for households placed in the private sector locally and subject to the Overall Benefit Cap.
- 6.4 Costs in terms of consultation of maximum £5,000 will be contained within existing Barnet Homes budgets.

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## **7. LEGAL ISSUES**

- 7.1 The Council has a duty pursuant to section 166 Housing Act 1996 to allocate its social housing in accordance with its Allocations Policy. Section 166A sets out a list of applicants entitled to a degree of preference in the Policy. The Localism Act 2011 has allowed greater flexibility to Local Authorities in terms of allocating into the private sector.
- 7/2 The duties of the Council in respect of homeless applicants is contained in Part VII of the Housing Act 1996. The Localism Act 2011 has also allowed greater flexibility in discharging this duty by use of the private sector.

## **8. CONSTITUTIONAL POWERS (Relevant section from the Constitution, Key/Non-Key Decision)**

- 8.1 Part 3 of the Constitution sets out the executive functions. The Cabinet Member for Housing is the lead on budget and policy formulation and implementation relating to housing under Part 3.2, Responsibility for

Functions. Following the consultation the final version of the proposed amendments to the Allocations Scheme and the introduction of the new Placements Policy will be referred back to Cabinet.

## 9. BACKGROUND INFORMATION

- 9.1 The Council's Housing Allocations Scheme is used to determine which households are offered housing assistance.
- 9.2 The current Scheme introduced in April 2011 saw the closure of an open waiting list and the introduction of four simple bands<sup>2</sup> to replace a complicated points system. The Scheme also recognises the community contributions from people also in housing need, such as applicants who work, volunteer, are training for employment, foster caring or former service personnel. This has enabled housing staff to be more honest with applicants about whether or not they can expect to be housed by the Council. When they can not be housed, applicants are offered advice and support to access housing in the private rented sector or to prevent them from becoming homeless. Banded applicants may also be offered a home in the private rented sector where this meets their housing needs.
- 9.3 There were two further key amendments made in April 2012 arising out of the Localism Act that enabled the Council to focus resources on applicants in the highest housing need. Firstly, some types of applicants were excluded from the banding system, including applicants with no local connection and applicants found to be intentionally homeless. Secondly, the rules on local connection were changed so that applicants normally have to have lived in Barnet for at least two years to be eligible for housing.
- 9.4 Further amendments are now proposed. The key amendments are a change to one offer of re-housing only, a greater emphasis on affordability in assessing the suitability of accommodation and the introduction of a Placements Policy to work alongside the Allocations Scheme in assessing suitability of offers of private sector housing when this is intended to be an offer which discharges homelessness duty. The proposals are set out in more detail below.

### One offer only

- 9.5 The Council intended to operate a property pool and assisted choice lettings system whereby it maintains a list of available properties from all tenures and assesses an applicant's need and offers a selection of available properties for them to view and then accept as their offer of re-housing. The Allocations Scheme currently allows applicants to refuse the first reasonable offer of a

<sup>2</sup> Bands:

Band 1	Reasonable preference:	Urgently need to move
Band 2	<ul style="list-style-type: none"> <li>➤ Homeless</li> <li>➤ Unsanitary/overcrowded housing</li> <li>➤ Medical/welfare disability</li> <li>➤ Hardship reasons</li> </ul>	Need to move plus community contribution
Band 3		Need to move only
Band 4	People who would fall into a higher band but have reduced preference	

property regardless of whether they appeal successfully against it and then have a further choice from the property pool. Applicants who also refuse a second reasonable offer are removed from the banding system for 12 months, unless there are changes to their household's circumstances that merit a full review of their housing need.

- 9.6 174 households refused their first reasonable offer accommodation during the past year, between 1 April 2012 and 31 March 2013. This represents 22% of households who were banded during the year and suggests that many households are delaying acceptance of an offer in the hope that a better property will become available. There are only on average 600 lettings for the Council to make in any given year so 174 households refusing properties causes a delay on them being successfully let at a time when there is a high demand for housing overall.
- 9.7 22 households, or 3% of households who were banded, refused their second offer of accommodation in the past year. These households were subsequently removed from the banding system.
- 9.8 It is proposed, therefore, that applicants will have their housing need assessed and be offered one property which they will be expected to accept or risk being removed from the banding system. Applicants will still have the option to appeal against an offer if they consider it to be unreasonable, and will receive another offer if their appeal is successful.

### **Placements Policy**

- 9.9 Private sector rents are expensive in Barnet. According to data published by the Valuation Office Agency, Barnet is the most expensive outer London borough for private renting. Average lower quartile private sector rents increased by £276 from £650 per month in June 2011 to £926 per month in December 2012. Affordability is, therefore, a key issue for consideration when placing households into the private sector, either on a temporary or permanent basis. This will become even more important as the Benefit Cap is introduced from July 2013, restricting the amount of benefit that households can receive to £500 a week for couples or those with children, and £350 a week for single people.
- 9.10 Between April 2012 and March 2013, 60% of households newly placed into temporary accommodation were housed in properties located outside of the borough. It has become increasingly difficult for the Council to secure affordable housing in the private sector so it is important for the Council to have the ability to house people in more affordable locations when it is appropriate for it do so.
- 9.11 Changes have already been made to the Housing Allocations Scheme in respect of the required condition of accommodation offered in the social housing sector and additionally on offers discharging duty to homeless households by offering them a home in the private rented sector<sup>3</sup>. However, further changes are proposed as a result of the government's welfare reforms and the continuing issues around increasing rents in the private rented sector

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<sup>3</sup> These changes were as a result of the Suitability Regulations that came into force on 9 November 2012

where the council might wish to discharge homeless duty into or use private housing as temporary accommodation.

- 9.12 In addition to these changes, reference needs to be made to the suitability of accommodation in terms of whether it is affordable to the household concerned. This is particularly important for households who are placed in the private rented sector when this is a placement which discharges the Council's homelessness duty.
- 9.13 The recent changes brought about by the Localism Act 2011 relate both to applications for Part VI and Part VII accommodation under the Housing Act 1996. The Council is able to discharge homeless duty into suitable private rented sector accommodation. A draft Placements Policy (attached as appendix 3) has been produced to determine how the Council uses the private sector for permanent and temporary accommodation in meeting its legal duties to homeless households, taking into account housing market and supply issues.
- 9.14 The Policy sets out the key tests that will be used to ensure that the Council makes suitable offers of accommodation to discharge its homeless duty. These include:
- ensuring that a property meets the standards sets out the Suitability Regulations
  - that the circumstances of the applicant have been considered in terms of the location of the property
  - That the applicant is able to afford to live in the property taking into account their income once they have paid the rent

Accommodation offered may be located outside of the borough.

### **Other amendments**

- 9.15 Appendix 1 outlines some other minor amendments that are proposed as part of the review. These are mainly areas where clarification is required, for example, clarifying that ground floor accommodation will usually be prioritised for applicants who have been identified as requiring level access accommodation.

### **Consultation**

- 9.16 The Council will consult on the proposed changes, including with housing associations operating in the area as is required under the law. Consultation will commence in June 2013 and run for 6 weeks. A consultation plan is contained in Appendix 4. The Cabinet will be asked to approve a final version of the Allocations Scheme after the consultation has been completed and the Equalities Impact Assessment taken account of.

## **10. LIST OF BACKGROUND PAPERS**

- 10.1 None

<b>Cleared by Finance (Officer's initials)</b>	<b>MM</b>
<b>Cleared by Legal (Officer's initials)</b>	<b>BH/PM</b>