

ALLOCATION SCHEME

Report of Cabinet Member for Regulatory Services, Housing and Wellbeing



Date:	9 th October 2018
Agenda Item:	Allocation Scheme
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Key Decision?	YES
Local Ward Members	All, as applies to the whole of Lichfield district.

CABINET

1. Executive Summary

- 1.1 The Council is required to have an allocation scheme in place that determines who is eligible and qualifies for social housing¹ in the District and how priority is determined between applicants. The introduction of the Homelessness Reduction Act 2017 and the imminent review of the Homes Direct IT platform that operates the current housing register has given the Council the opportunity to review its allocation scheme and also consider how to replace the operating system of the register with an IT platform that better meets our needs.
- 1.2 This report sets out issues with the current allocation scheme and housing register and proposes a revised scheme that reflects current legislation, guidance and local priorities. It also proposes that the Council continue to work in partnership with Bromford to manage and administer the housing register on our behalf and jointly develop a bespoke housing register that will be built around our revised allocation scheme and other specific requirements.

2. Recommendations

- 2.1 That Cabinet consider and approve the revised allocation scheme at **Appendix A**.
- 2.2 That Cabinet agree delegated authority for any minor changes to the scheme be approved by the Cabinet Member for Regulatory Services, Housing and Wellbeing.
- 2.3 That Cabinet approve of the proposals to move away from Homes Direct and to review the Service Level Agreement with Bromford to continue to manage and administer the housing register on the Council's behalf.

3. Background Information

Legislation

- 3.1 The Housing Act 1996 requires local housing authorities (regardless of owning housing stock) to have an allocation scheme in place that determines who is eligible and qualifies for social housing in its area and how priority is determined between applicants. The allocation scheme must allow priority for those applicants classed as having reasonable preference² for accommodation, however the local

¹ Social housing in this context refers to both social rented and affordable rented homes.

² Reasonable preference or priority must be given to the following categories of people – those that are homeless, including those not classed as priority need and those found to be intentionally homeless, people occupying unsanitary or overcrowded housing,

authority can decide what level of priority to award within their own scheme based on local knowledge and priorities. The Localism Act 2011 gave local authorities freedom to allow councils to better manage their waiting lists and tailor their allocation priorities to meet local needs and circumstances, in particular, to decide what classes of person are and are not 'qualifying persons' for the purpose of their allocation scheme.

- 3.2 The guidance³ issued by government on allocating social housing makes it clear that it is a scarce resource and therefore it is in the public interest to restrict access to ensure that sufficient social housing is available for local people who are on low incomes or otherwise disadvantaged, and would find it particularly difficult to find a home on the open market.
- 3.3 The revised allocation scheme has been developed in response to the introduction of the Homelessness Reduction Act (HRA) in April 2018 which places a greater emphasis on the local authority to prevent and relieve homelessness. The current allocation scheme⁴ that was implemented in August 2013 requires updating to allow the Council to discharge its duties under the new legislation and better reflect local priorities.

The Housing Register

- 3.4 The District Council has a long history of working in partnership with Bromford and has held a Service Level Agreement with them to manage and administer the housing register on our behalf since 2003.
- 3.5 The housing register is currently operated through Homes Direct, a choice based lettings (CBL) platform shared by several RPs in partnership across the Midlands. The Homes Direct Partnership will be reviewing the use of the Homes Direct IT platform in 2019, with the potential to move away from this to another provider. Bromford have already confirmed that they have given notice to Homes Direct to cease the use of this from July 2019 due to a significant investment in their own IT systems following a merger with Merlin Housing. They are currently in the process of developing their own software to provide them with the functionality to allow them to let their homes in a more efficient manner across the whole Bromford group outside of their existing nominations agreements⁵ with local authorities.
- 3.6 The changes within the Homes Direct Partnership and Bromford have given us the opportunity to review whether the Homes Direct platform is the best way of operating the housing register moving forward. The platform has distinct benefits: it is a single register for all social housing in the District and also allows applicants the ability to bid for homes owned by all RP's in the partnership with homes outside of the District. However, it does have two significant drawbacks:
- Homes Direct has a self-verification process which means an applicant can register themselves based on their own assessment of housing need. Often applicants will place themselves in a priority band higher than the scheme allows, which is only discovered at the point of offer when any supporting evidence is checked and verified by Bromford. This leads to a delay in offers of accommodation being made which has a financial impact for the RPs as it increases void times and increases customer expectations which can lead to complaints.

those who need to move on medical and welfare grounds, people who need to move to a particular locality in the district, where failure to do so would cause hardship.

³ Communities and Local Government (2012) Allocation of accommodation: guidance for local housing authorities in England.

⁴ Lichfield Lettings Scheme (2013): <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-advice/Downloads/Lichfield-lettings-scheme.pdf>

⁵ The current nominations agreement with Bromford is dated from 2006 and gives Lichfield District Council nomination rights to 75% of allocations to true void stock. This agreement is currently suspended while the joint scheme is in place through Homes Direct.

- Limited reporting functionality means that Homes Direct cannot provide quality housing demand data that we could use to influence future housing development and identify gaps in support/services to provide tailored provision.

- 3.7 Bromford have confirmed that they want to continue to work in partnership with the Council to manage and administer a new housing register and have agreed for us to be a part of the new IT system that they are developing. However, in order for this to happen and enable the new register to be shaped around our requirements we need to fit into Bromford's IT development programme scheduled to commence in autumn 2018.
- 3.8 Given our preference to move away from Homes Direct, nomination agreements are being reviewed with all other RPs with stock in the District to outline the percentage of vacant homes to be nominated to by the Council. This will enable us to continue to work closely with RPs to fulfil their legal and regulatory obligations to cooperate with the Council in discharging our legal duties, and to assist in meeting local housing needs.

The revised Allocation Scheme

- 3.9 To facilitate the short timescales, a joint District Council and Bromford officer project group has been meeting since March 2018 to review the allocation scheme and future provision of the housing register. After completing a thorough review of the current scheme and considering changes in legislation and guidance, several significant changes to the scheme are proposed. These include strengthening the qualification criteria allowing access to the scheme, in particular to increase the local connection criteria to a minimum 2 year residency⁶ in line with guidance⁷. Unacceptable behaviour and housing related debt have been defined with the consequences of these outlined. Those who own their own home, and/or have the financial resources to resolve their own housing needs, in addition to those that are not in housing need will no longer qualify to join the register.
- 3.10 We have also taken the opportunity to review the priority bands to be more reflective and realistic about the local housing picture by adding, removing, moving and amalgamating some of the existing priority categories. We have changed from Bands A, B, C and D to Emergency, 1, 2 and 3. All key changes to the scheme are outlined in **Appendix B**.
- 3.11 The new allocation scheme is linked to the transition from Homes Direct to the new housing register platform; therefore the scheme will only be implemented when the new system is in place and fully operational.

Alternative Options	<p>Allocation scheme</p> <ul style="list-style-type: none"> • To do nothing: this isn't an option as it is a legal requirement for the local authority to have an allocation scheme in place as a way of prioritising applicants to vacancies in social housing. • Continue with the existing allocation scheme: this is outdated and does not reflect the Council's new duties under the HRA or emerging local priorities. <p>Housing register management</p> <ul style="list-style-type: none"> • See Appendix C.
Consultation	There has been significant consultation to date to develop the allocation scheme, feedback and actions from this are summarised in Appendix D . This includes:

⁶ Previously the minimum residency to the District was 6 out of 12 months, however this criteria will still stand for those customers who are presenting as having a prevention or relief homeless duty.

⁷ Department for Communities and Local Government (2013): Providing Social Housing for Local People.

	<ul style="list-style-type: none"> Engagement with RP's that own and manage affordable housing stock within the District to shape the proposals, with further consultation on the draft allocation scheme. Consultation with Councillors at two briefing sessions in July, with key changes documentation sent to all Councillors for comment. The scheme was considered and received endorsement by the Community, Housing and Health Overview & Scrutiny Committee on the 12th September 2018. Further consultation with customers and key stakeholders will commence once the scheme has been approved in principle by Cabinet.
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Financial Implications	See Appendix C.
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Contribution to the Delivery of the Strategic Plan	The Strategic Plan 2016-2020 sets out what we want to achieve. The development of the scheme will contribute most significantly towards the theme of 'healthy and safe communities' by fewer people and families being homeless by the allocation of affordable homes to those in the greatest level housing need.
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Equality, Diversity and Human Rights Implications	An Equalities Impact Assessment (EIA) and wider impact assessment have been completed to ensure we have met our legal obligations under the Equality Act and actions have been identified to reduce any negative impact where possible. The EIA has assessed how the changes are likely to affect applicants and will shape how we consult with them to minimise and mitigate any negative effect as a consequence of the changes.
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Crime & Safety Issues	None identified
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RISK	Risk Description	How We Manage It	Severity of Risk (RAG)
A	Lack of resources delays the allocations scheme or associated business rules/processes.	Fortnightly meetings of the project group timetabled with action points allocated, early intervention if schedule slips, explore additional resources if required.	G
B	Scheme does not meet approval from elected members.	Briefing sessions with Members and key changes documentation circulated for comment. Briefing note and regular updates to the Cabinet Member for Regulatory Services, Housing & Health.	A
C	Consultation with stakeholders requires significant changes.	Early dialogue with stakeholders, with opportunities for engagement to feedback on proposals. RP consultation event held 05/07/2018 where key changes outlined, followed by circulation of draft revised allocation scheme for comment.	A
D	Equality Impact Assessment identifies significant changes.	Consideration given to equality issues throughout the process. Team member appointed for overall responsibility for compliance. EIA will be published alongside allocation scheme.	A
E	The software does not have the required functionality to accommodate the allocation scheme and associated housing register.	Early warning indicators provided by Bromford. Fall back positions explored at early stages to ensure existing provision is continued or alternatives sourced and costed.	G
F	The contract with Homes Direct ends before the new	Early warning indicators provided by Bromford. Alternative options explored at an early stage to ensure existing provision is continued or alternatives sourced and costed.	G

	software solution is deployed.		
G	Reputational risk to the Council if the communication to applicants is not well managed and timed.	Early communications with applicants regarding the changes, especially to current band (A to D) and the need for reapplication. Offer support to transfer to the new system to those who require it. Look at incentives for the move, e.g. continue with original application date for those who remain in a similar priority. Wider impact assessment to consider those negatively impacted by the changes with early dialogue with these applicants to minimise impact.	A
H	Costs of software development unknown, potentially costs become prohibitive and procurement rules breached.	Early warning indicators provided by Bromford. Alternative options explored at an early stage to ensure existing provision is continued or alternatives sourced and costed. Seek early internal approval for any increased costs.	A
I	Statutory obligations not met in relation to discharging homeless, prevention and relief duties.	Scheme to reflect statutory requirements. Internal expertise within the group of the legal requirements on the allocation of accommodation and homelessness. Completed document to be checked by the Council's Audit Team.	A
J	Lack of choice exercised by applicants leads to an increase - in reviews of the suitability of accommodation or refusals	Only applicable if we moved away from a CBL scheme - need to ensure areas of preference selected by the applicant if looking at direct matching, and a statement on choice/preference is to be included in the final scheme documentation.	G

Background documents:

Relevant web links:

Lichfield District Housing Strategy 2013-2017 - <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-strategy/Download-our-housing-strategies>

Lichfield Lettings Scheme (2013): <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-advice/Downloads/Lichfield-lettings-scheme.pdf>