

Report of the Director of Adult, Community & Housing Services

Review of Housing Allocations Scheme

Purpose of Report

1. To update Select Committee on the roll out of Choice Based Lettings
2. To inform Select Committee of the outcome of consultation on, and testing of, the proposed bandings scheme for housing allocations.

Background

3. There has been a lengthy period of debate and discussion around housing lettings since we first considered whether to introduce CBL. Cabinet decided in September 2005 that there should be a CBL pilot, and to examine the relative merits of points and bandings for prioritising housing needs. In March 2008 Cabinet resolved that we should roll out Choice Based Lettings across the borough, and develop proposals for a bandings scheme.
4. Our draft scheme has been developed in the light of all of that debate and discussion, and has been subject to a period of public consultation. It has been tested in terms of its practicality and likely outcomes. The Cross Party Working Group on Choice Based Lettings has closely supervised the process, and in particular has already examined the recommendations that are now brought to Select Committee.
5. It should be noted that there was no brief to make significant changes to the priority order for housing – the objective was to translate the points scheme into something that would be easier for the public to understand. However, a bandings scheme by definition does not attempt the degree of ordering of needs that is implicit in a points scheme, so this report will identify the effects that its implementation would have on existing applications.
6. If Cabinet approves the proposals on 18th March, then there would be a period of systems development and testing, staff training, and communicating the changes to customers and stakeholders. It is anticipated that this would take approximately nine months, given that staff have to continue to deliver the current service alongside developing its replacement, and there are other IT projects in progress as well as this one.

Update on Choice Based Lettings (Dudley at Home)

7. Dudley at Home was rolled out across the borough on 23rd October. There were

9 advertising cycles between 23rd October and 31st December with a total of 363 council properties being advertised. A total of 12 627 bids were received, an average of 29 bids per property. Whilst family houses typically attract from 70 bids to over 100, a small number of properties have attracted no bids and have been re advertised. These tend to be mature flats and our less popular sheltered housing, and the Working Group has already identified that further work needs to be carried out to determine reasons and solutions.

8. Registered Social Landlords have continued to participate in the scheme with a total of 56 rented properties being advertised. Future plans include the advertising of low cost housing options such as shared ownership and intermediate rent, and of certain private sector vacancies.
9. Housing Options and Customer Services staff at Area Offices provide support for vulnerable customers who might otherwise have difficulty accessing the service. Customers join and leave this service each week, but a snapshot in December showed 130 customers receiving a case management service. These included 55 older people, 42 people with a medical need and 8 people with a learning disability. Library staff have received refresher training to enable them to provide assistance to customers using public access computers in libraries.
10. Alongside the roll out of Choice Based Lettings, a new Housing Options Service has been introduced to provide customers with advice and information on a range of housing options. Any resident of Dudley borough can arrange a housing options interview where a trained Housing Options Advisor will discuss their individual circumstances and provide advice and support tailored to the individual customer's needs.
11. Void performance during the roll out has fallen below target. Although there are some reasons for this that are unconnected to Choice Based Lettings, and our void turnaround time is still better than the average for a metropolitan borough, this dip in performance is clearly of concern. Officers have therefore been tasked with identifying corrective actions that can be put in place by 1st April 2009, and that will re-establish our upper quartile position.
12. Customer feedback has been very positive, and we are currently undertaking a formal customer satisfaction survey to ensure that the service continues to develop and meet customer needs.

Description of the Proposed Scheme

13. The formal consultation has taken place on the basis of a seven-band scheme. There have been a number of adverse case law decisions on schemes with very few bands, and the Code of Guidance on Choice Based Lettings issued in August 2008 recommends that a larger number of bands is preferable to very complicated arrangements within each band. Our proposed scheme following consultation and testing is attached as Appendix A.
14. It is an important characteristic of our scheme that vacancies are mainly shared between the first four bands, and that there would be a lettings plan, reviewed quarterly, to monitor the performance of the scheme in meeting different categories of housing need.

15. Within each band, applications would be ordered by waiting time, except that in band 3 (for people with more than one category of housing need) applications would be ordered by number of needs and then waiting time. There would, however, be provision to say that properties that are particularly scarce would be let to the applicant whose needs they most closely meet.

Responses to Consultation

16. The consultation took place between October 2008 and January 2009. The consultation document was published on the council website and the consultation database, and has been distributed in leaflet form. There was promotion of the consultation process through Area Office/Dudley Council Plus Information Days, the Tenants Conference, the annual BME Engagement Event, the local press and Home Affairs. There was a series of consultation sessions with elected members, tenant representatives, customers and other directorates and agencies represented on stakeholder groups. The proposals have been discussed with Registered Social Landlords at both the October 2008 and January 2009 meetings of the Dudley Housing Partnership.
17. There have been no negative responses to the idea of bandings as an alternative to points. Respondents have supported the aspiration that customers should be able to look at the scheme and work out for themselves what band they would fall into and therefore what other groups they would be in competition with. With this knowledge, and the feedback available on previous lettings, customers will be better able to bid effectively, and indeed to know whether it is worth registering at all.
18. The consultation process did produce a wide variety of comments, and these have been very helpful in framing our final proposals. A few of these comments are given as examples.
 - a) That the priority for people moving on from supported housing may lead this to be seen as a way of queue-jumping – this is a valid concern, and will need to be managed in partnership with supported housing providers, and within the recently developed Move On Protocol
 - b) That the change will be unfair to existing customers who are judged to have low or no need but have accumulated a lot of waiting points – in this respect our existing scheme was open to challenge anyway, and we could not have carried out a full review without addressing it
 - c) Registered Social Landlords have asked how their vacancies will be distributed across bands – the starting point has to be that it will be on exactly the same basis as our own
 - d) That it is too easy for people to purchase a council house, sell up or be repossessed and be allocated another property – this has been addressed through the wider range of options now available for dealing with mortgage arrears, and the changes that have been made to equity rules
 - e) That bungalows originally intended for older people should not be let for adaptation for younger people with disabilities – this is a matter of managing supply and demand, and the banding of applicants and further

labelling of vacancies should assist in making sensitive and sustainable lettings

- f) That we should make more effort to meet the needs and preferences of older tenants who are prepared to downsize – this is an objective already recognised in our proposals
- g) One group asked that the process for appeals and special cases should be reviewed, and that elected members should be allowed to advocate for their constituents – the process has already been identified by the Working Group as one they would like to include in their work plan
- h) That provision should be made for families of all descriptions who are willing to act as foster or adoptive parents – some provision has been made through delegating exceptions to the allocations scheme, but this will be further discussed with Children’s Services
- i) That tenants with a boy and a girl in a two bed house would not be treated as severely overcrowded, however we should be helping them to move and freeing up their house for a new or smaller family – this is catered for in the proposals as they stand
- j) That Armed Forces applicants should be treated favourably and specifically mentioned within the scheme – they are in band 2 and are now specifically mentioned as a need group.

19. One of the debates we have had throughout the consultation concerns the relative merits of using application date or band date/need date to determine priority within each band. A customer may have been on the list for several years with no need, and then developed an urgent need. If application date is used, then they will be ahead of someone with an equally urgent need who did not apply until the need occurred but may have been in urgent need longer. In consultation, most respondents have preferred need date over application date.
20. Another question we have posed during consultation is to do with transfers of existing social tenants. In drafting our scheme and seeking to achieve similar housing outcomes to the points scheme, we have “counted” as a housing need the fact that any tenant of a council or housing association house in the borough would be releasing a property for another family. Respondents have been positive about this and recognised that it facilitates some movement through social housing stock as families grow and new families form.
21. Under the points scheme, overcrowded households receive different points levels for the first and then each other bedroom or bed space that is lacking, and these points are then enhanced each year for three years. The bandings scheme as proposed offers one need or urgent need. In consulting on how a very complicated points mechanism can best be translated into a very simple banding mechanism we have also looked at how Dudley’s definition of overcrowding compares with others, and particularly with the Bedroom Standard that is promoted by central government.
22. The “Dudley Standard” is more generous than the Bedroom Standard. We consider each single adult ideally to require their own room at age 18 as opposed

to 21, and have lower thresholds for the age at which we consider it unsatisfactory for opposite sex children to share a room. Having considered the implications of the two alternatives, the recommendation is that Dudley should continue with its own standard, although with the caveat that this might have to be considered again in the future in the light of housing supply and demand.

Testing of the Proposed Scheme – Supply & Demand

23. Prior to the consultation taking place, the proposed banding scheme had been set up in Northgate Housing and existing applicants assigned as far as possible to bands. This had determined that the proportions of applicants in each band were reasonable and that distribution of vacancies across the four bands would be capable of meeting all of the needs of the first three and of those in the fourth band who had been waiting longest.
24. On our most recent refresh of the data, the distribution of existing applications across the proposed bands is as follows.

	Young singles	Couples & 30+ singles	Older people	Families & other
Band 1 People we need to move	2	236	172	171
Band 2 People with urgent needs	2	68	85	100
Band 3 People with more than one need	13	63	21	418
Band 4 People with one need	240	437	155	1179
Band 5 People with need but less preference	51	63	11	176
Band 6 People with no need	412	999	317	849
Band 7 People with no need and less preference	38	111	50	141

25. The vacancies arising over the past twelve months and the past quarter have been as follows

	Young singles	Couples & 30+ singles	Older people	Families & other
Year to 31.12.08	75	563	237	835
Quarter to 31.12.08	16	137	50	212

26. Clearly, a quarterly lettings plan cannot immediately deal with the existing backlog of need as well as newly arising urgent needs. However, in order to illustrate how it would work, we might say that in the first quarter, 25% of properties will be targeted to each of the first four bands. In this case
- a) Four or five YSP properties would be advertised to each band, but any

applicant could bid for them. Any not taken up by their target band would default to the top bid from the next band. This number would very possibly meet the high priority needs in band 1 and urgent needs in band 2. They would make little impact on bands 3 and 4, and this would inform consideration of how the plan could be amended, or supply and demand be better tackled, in quarter 2 and thereafter.

- b) For couples and singles, we would have around 35 properties per band. We would have to consider whether this would be sufficient for band 1, but those are not necessarily urgent cases. In practice, many of these are mature properties for which demand is low, and the likelihood is that there would be a high rate of default to lower bands (and even to the no need bands).
- c) There would be twelve to fifteen properties for each of the first four bands for older people, and it might be that from the outset we would wish to target a higher proportion to band 1, as this is where we will find older people who are under-occupying family houses.
- d) For families, we can expect just over fifty properties to each of bands 1-4, and although this is not a large number in relation to the waiting list, it is important to remember that that includes the backlog of need. Fifty properties “feels” like a reasonable number to meet urgent needs, and we can choose to increase the number of houses becoming available by incentivising their release and managing the supply of vacancies to bands where the most family houses will be released. However, fifty properties will not go far amongst those with one need, and this is relevant when we consider the ordering within that band.

27. In practice the plan will be redrawn when the scheme is ready for implementation and will include proportions for each property type. The figures mentioned above are no more than a guide, in order to demonstrate that a lettings plan can be used to manage supply and demand more effectively.

Testing of the Proposed Scheme – Outcomes

- 28. During the consultation period, there has also been further testing to confirm and adjust the way that different types of case have migrated, and to examine outcomes ie whether properties that have been advertised and let recently would have been offered to the same customers under the banding scheme as under the points scheme.
- 29. The examination of recent lettings has demonstrated that the proposed scheme is capable of delivering generally similar outcomes to the points scheme, although there are a few issues that have emerged and are discussed below. In general, the applicants who were in the top few positions under the points scheme do migrate to the top positions in the bandings scheme, so the scheme is not perverse or detrimental to those in significant housing need.
- 30. Further down the list, however, wider variations of position occur, and in many cases very significant variations. For example, in one allocation that we examined, a customer could be in 25th position overall on points, but be in 40th position in band 4 under the proposed scheme. The outcome is no different in

terms of who is offered the property, but some unsuccessful customers will feel even less satisfied. There are movements the other way as well, but it is important that we acknowledge the issue and that we would need to be prepared for it in terms of communicating the change to customers.

31. In addition to this “repositioning” that would flow from the change from points to bandings, we also need to note that band 4 will be the largest band, and will include households with a very wide variety of housing circumstances, separated only by the date they joined that band. The benefit of this is that a customer cannot be overtaken in the band unless their housing need is resolved or someone drops from a higher band back into their earlier position in a lower band. The Working Group has considered whether there needed to be other mechanisms controlling the order within this band, but concluded that we should implement it as currently proposed, with the proviso that it should be monitored and reviewed to ensure that there are no negative impacts.
32. It is often a grievance around allocation schemes that tenant families needing to move from two bed to three bed houses are overtaken by lodger households who are weighted with some form of lodger priority combined with overcrowding. In our proposed scheme we therefore “count” as a need that a social tenant would be releasing a home for someone else. However, the Code of Guidance recommends quotas as a more appropriate response to this potential problem, and in particular says that customers with no reasonable preference should not be in the same band as those with a reasonable preference factor. We have explored this in testing, and would submit that there is a particular local justification for our treatment of tenant families, in terms of the higher proportion of three bed houses to two bed houses within the borough and the need to make best use of both. Counsel’s opinion on this point has been requested.
33. The testing also brought out a few areas that needed to be clarified in the policy, for example whether a couple in a bedsit should be regarded as overcrowded, and whether it is right that council matrimonial applicants should be given priority over other lodger applicants if there are no children whose position in the family home needs to be secured. In the current proposed scheme, a couple in a social rented bedsit could be treated as moving to more suitable accommodation (band 4), and a council matrimonial as overcrowded even if they do have the use of a bedroom (also band 4).

Other Issues for Consideration

34. If we accept that in most cases the successful applicant will be the one in the relevant band and with the longest time in that band, it is necessary to recognise that there may sometimes be exceptions, and to set the rules for these.
35. To date direct matches (ie allocations without advertising) have been used extremely sparingly to cater for emergency decants, urgent management moves, sensitive lettings, and for one or two “reluctant transfers” such as under-occupying successors.
36. We have generally not made allocations after advertising to applicants who were not the highest placed bidder, although reserving the discretion to do this in exceptional circumstances. The three sets of circumstances where this might occur are firstly where the allocation may put the applicant or another person at

risk, secondly where the property is so scarce that we need to make best use of it for someone who most needs that area and property type, and thirdly where a sensitive let is required because of issues with the previous tenant.

37. It would be proposed that all of the arrangements in this paragraph are confirmed in the policy review, and that properties for which we propose to find the “best match” are identified in advertising.

Conclusions

38. Testing has demonstrated that generally a bandings scheme can preserve the priority of customers with urgent and multiple needs, and can certainly provide a framework that will be easier for all customers to understand. However, further down the waiting list and particularly in band 4 (one need) relative positions may change significantly, and we will need to agree that this is acceptable and prepare for it in terms of marketing and communications.
39. Consultation has determined that there is broad support for the principle of a bandings scheme, and that most of the concerns that have been raised can be accommodated.

Recommendations

40. Select Committee is invited to comment on the following proposals before they are taken forward to Cabinet
- a) That the bandings scheme as detailed in Appendix A should be agreed in principle and developed, further tested and implemented in accordance with a timetable to be confirmed
 - b) That the Bedroom Standard should not at this time be implemented within Dudley's Allocations Scheme
 - c) That within the bands, applicants should be ordered by band date (except in band 3 by number of needs and then band date), and that any applicant dropping from one band to another generally should keep their earlier band date
 - d) That provision for exceptions to the allocations process should be confirmed as outlined in paragraph 31-33.
 - e) That the Working Group on Choice Based Lettings should continue to monitor the development and implementation of the bandings scheme, and to consider other issues relevant to housing allocations
41. Members are also asked to note that if agreed this will conclude the Review of Allocations, except for the ongoing Equality Impact Assessment and some specific pieces of work to be undertaken in 2009/10, namely
- a) Review of the process for moving on grounds of ill health or disability
 - b) Introduction of an Incentive Scheme including incentives to facilitate better use of stock and to recognise good tenants in the allocations criteria

- c) Review of the process for appeals

Finance

42. The cost of implementing these proposals is contained within existing budgets.

Law

43. The powers and duties of housing authorities in relation to the allocation and management of council housing are set out in the Housing Acts 1985 and 1996 and the Homelessness Act 2002.

Equality & Diversity

44. A Level 1 Equality Impact Assessment has been completed, and the policy will be monitored to ensure that there are no adverse impacts for any section of the community.

45. With regard to children and young people

- a) The needs of children and young people have been considered, for example in the review of overcrowding standards
- b) All members of the public including children and young people have had the opportunity to take part in the on line consultation exercise
- c) There has been no specific involvement of children or young people in developing these proposals.



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Appendix A

Which band will I be in?

<p>Band 1</p> <p>People we need to move</p>	<p><u>You will be in this band if...</u></p> <p>the council is planning to demolish your home or</p> <p>you are the tenant of a council or housing association house and you will be moving to a flat or one bed bungalow, or</p> <p>you are living in a council tenancy but have to leave following the death of the tenant, or</p> <p>you are giving up a joint tenancy after a relationship breakdown so that the partner with the children can remain in the property, or</p> <p>you and another council or housing association tenant will be giving up two properties for one of similar or lower popularity, or</p> <p>you need (and are ready) to move on from a supported housing scheme or hospital, or</p> <p>you or someone in your household has a disability and your present home cannot reasonably be adapted to meet your needs</p>
<p>Band 2</p> <p>People with urgent needs</p>	<p><u>You will be in this band if...</u></p> <p>we have confirmed that you are unintentionally homeless and in priority need or</p> <p>you are severely overcrowded (you need two or more bedrooms more than you have) or</p> <p>you need to move urgently because the home you rent has a serious hazard that cannot be repaired, or</p> <p>you have an urgent medical, disability or related support need (previously 40 or 50 points), or</p> <p>you have approval for an urgent management move, usually because there is violence or serious risk of violence, or</p> <p>you have to leave Armed Forces accommodation, or</p> <p>you have an urgent housing need and we have accepted you as a referral from one of our partners (police, social care services, etc) or</p> <p>we have confirmed that you have another exceptional and urgent need and should be included in this band</p>
<p>Band 3</p> <p>People with more than one need</p>	<p><u>You will be in this band if...</u></p> <p>You have more than one reason for being in housing need ie more than one reason from the list in band 4</p>

<p>Band 4</p> <p>People with one need</p> <p>(if a family with children is forced to live apart, the needs of each parent may be combined for a joint application)</p>	<p><u>You will be in this band if...</u></p> <p>we have accepted that you have a need to move into the borough to work or to give or receive support, or</p> <p>you are homeless (but not included in band 2) or</p> <p>you have a moderate medical, disability or related support need (previously 5-25 points), or</p> <p>you are overcrowded and need one more bedroom (including a single lodger aged 18 or over and having to share a room, or a single lodger and having to share a room with more than one person) or</p> <p>you are a council or housing association tenant within the borough and when you move you will be releasing a family home, or</p> <p>you are a council or housing association tenant within the borough moving from a home that is not for your age group or household type to one that is, or</p> <p>we have confirmed that you have an exceptional need not covered elsewhere and should be included in this band</p>
<p>Band 5</p> <p>People with need but who have reduced priority</p> <p>(subject to a right of appeal)</p>	<p><u>You will be in this band if...</u></p> <p>you have a housing need but your present or last settled address was not in Dudley borough, and there is no particular need for you to live in Dudley borough, or</p> <p>you have a housing need but we have confirmed that you have enough equity to afford a suitable private rental, or</p> <p>you have a housing need but you have been put in this band because previously you have failed to pay your rent, caused neighbour nuisance or anti social behaviour, or breached other conditions of tenancy</p>
<p>Band 6</p> <p>People with no recognised need</p>	<p><u>You will be in this band if...</u></p> <p>you are a single lodger aged under 18 sharing a room, or a single/couple lodger over 18 with their own room, or</p> <p>you have a tenancy or own a property that is adequate for your needs (applications for sheltered housing will be individually assessed)</p>
<p>Band 7</p> <p>People with no recognised need and reduced priority</p> <p>(subject to a right of appeal)</p>	<p><u>You will be in this band if...</u></p> <p>you are in one of the situations described in band 6 (no need) and you have reduced priority (any of the reasons described in band 5 – reduced priority) or</p> <p>you have a housing need but have had all priority removed due to very serious anti social behaviour or other conduct that makes you unsuitable to be a tenant</p>