


<b>Cabinet</b> 4 March 2015	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Aman Dalvi, Corporate Director – Development & Renewal	<b>Classification:</b> Unrestricted
The Allocations Scheme 2015 and Lettings Plan	

<b>Lead Member</b>	<b>Rabina Khan, Cabinet Member for Housing and Development</b>
<b>Originating Officer(s)</b>	Colin Cormack – Service Head, Housing Options
<b>Wards affected</b>	All wards
<b>Community Plan Theme</b>	<b>A Great Place to Live</b>
<b>Key Decision?</b>	Yes

### **Executive Summary**

The revised Allocations Scheme went ‘live’ in April 2013. This report serves to provide an update on the success of the Scheme’s amendments and proposes a number of minor changes to the Scheme and a revised Lettings Plan for consideration

### **Recommendations:**

The Mayor in Cabinet is recommended to:

- I. Agree to amend the Allocations Scheme to provide capacity to place homeless applicants on autobid in the circumstances set out in section 4.10 – 4.14 of the report
- II. Authorise the Corporate Director Development Renewal to set quotas for the proportion of lets to be made to homeless households
- III. Agree the revised priority target groups for the Lettings Plan set out in section 5.3 of this report

## **1. REASONS FOR THE DECISIONS**

- 1.1 Some important changes were introduced when the Allocations Scheme was last amended in 2013. These principally included bid limits, penalties for refusal of offers and the adoption of residency criteria for joining the housing list. In addition, the choice based lettings IT system was enhanced to enable applicants to place bids using mobile technology, to see property outcome information and, significantly, to gain real time queue positions at the point of bidding, thus enabling applicants to make informed choices.

- 1.2 The recommendations in this report are designed to ensure that the council and its partners continue to make best use of the supply of available social housing.
- 1.3 Some minor policy amendments are proposed as well as revisions to the Lettings Plan. This report recommends the adoption of all of these. The alternative is to either not amend the Policy or to adopt some, but not necessarily all, of the recommended amendments.
- 1.4 In April 2013, non-IT dependent amendments were applied to the Allocations Scheme with those changes needing IT reconfiguration being adopted in the October of that year. The primary aim was to make the service more efficient and accessible for residents by reducing the number of offer refusals thus affording other priority need applicants the opportunity to be rehoused.
- 1.5 Early indications are that the changes have had the desired effect. The aim of the report's recommendation is to build on this success. However, the report also identifies one unintended consequence that has had an adverse impact on homeless applicants.
- 1.6 Finally, the Lettings Plan as agreed by Cabinet in 2013 has also been revised and is outlined in this report for Cabinet to consider and agree.

## **2. ALTERNATIVE OPTIONS**

- 2.1 Some minor policy amendments are proposed and revised Lettings Plan. This report recommends the adoption of all of these. The alternative is to either not amend the Policy or to adopt some, but not necessarily all, of the recommended amendments

## **3. DETAILS OF REPORT**

- 3.1 Analysis undertaken reveals that the policy changes have had the desired outcome. Fewer properties are now being refused. In 2012-2013 47% of offers were refused overall. This has reduced to 33% in 2013/14, which is a 14% reduction in refusals.
- 3.2 With bid limits and penalties for refusal, applicants are bidding sensibly and for properties that they are really interested in. More applicants are now turning up for viewings and the number of 'no shows' have reduced from 13% in 2011/12 to 10% in 2013/14. Shortlisting Officers have been able to reduce the number of multiple viewings that are carried to an average of 3 applicants per viewing as opposed to 6 applicants. This has helped enormously with the shortlisting and lettings process.
- 3.3 The tables in Appendix 1 provide data on housing demand and lets.
- 3.4 The introduction of the residency criteria means only applicants who have lived in this borough for 3 or more years can join the housing register unless there

are extenuating circumstances. As a result of this, around 2,000 out of borough households were removed from the Register.

- 3.5 The changes introduced have had a positive impact as detailed above. However, there is one main area of concern relating to homeless applicants, where lets have reduced over the years.
- 3.6 In 2009/10, the year prior to the earlier 2010 Allocation Scheme amendments, lets to homeless households made up some 36% of all lets. The 2010 amendments saw overcrowded households being awarded the same Band 2 priority as homeless households and it was always anticipated that many more offers to the overcrowded cohort would occur.
- 3.7 It was believed though that, as “older” overcrowded cases were assisted, the numbers of homeless households being offered accommodation would progressively increase. This however has not manifested itself with, after an immediate rise in 2010/11, the percentage lets to homeless households remaining at a consistent figure of around 17%.
- 3.8 This static nature of lets to homeless applicants is having an adverse effect on numbers in temporary accommodation and, significantly, greater reliance on bed and breakfast accommodation. This is despite homeless acceptances not increasing. Best described as a net reduction in homeless lets, this, coupled with difficulties in sourcing affordable temporary accommodation locally, has had a drastic effect on the council’s ability to meet its statutory obligations.
- 3.9 There are currently 143 families with children in bed and breakfast accommodation, 97 of these in excess of the statutory maximum of 6 weeks (January 2015). To address this, Cabinet approval is being sought for the Corporate Director (Development & Renewal) to set lets quota, when necessary. The ability to do this will enable the Council to deal with its legal obligation in moving families out of bed and breakfast accommodation within 6 weeks by ensuring sufficient self-contained temporary accommodation is released by rehousing priority homeless applicants.
- 3.10 Of course, in any one year, the supply of accommodation is finite and, accordingly, the application of any quota to one group of registered applicants such as homeless households would mean less offers of accommodation to other groups of households. As any quota is unlikely to suggest being sourced by accommodation that would otherwise be offered to Band 1 applications, the households likely to experience fewer offers would be the other members of Band 2 i.e. overcrowded households.
- 3.11 For that reason, any quota proposals are recognised as needing to have been subject to due consultation with Common Housing Register partners and residents, the results of this being used to inform the decision both on whether to set a quota and the size of that quota, should its adoption prove necessary.
- 3.12 The next proposal looks at the current Allocation Scheme’s ability for the council to place all homeless households onto autobid if they have not received

an offer within 24 months. Members will be aware that the Autobid mechanism involves the automatic bidding of properties for applicants, the applicant in question having agreed with the council the criteria to be used when automatically bidding (location, property type, etc.). That said, this has been rarely employed, relying as we have on the principle that, if an 'old' household was not bidding, a newer household would succeed.

- 3.13 However, those newer households are generally from other Priority Groups leading to fewer offers than hoped to homeless households. The proposal then is for a more realistic term of years before autobid is applied but, at that point, it will be applied and consistently so. This is being recommended in order to deal with homeless households who are not bidding for properties, or who are only bidding for homes they have no prospect of being offered. Whilst respecting the decision of individuals to conduct themselves in this way, their actions have adverse consequences on others, the silting up of temporary accommodation and the need then to rely on B&B hotels refers.
- 3.14 Officers will rely on existing data to calculate the average waiting time for an offer for any household who is bidding regularly and sensibly i.e. for the type of property they can reasonably expect to be offered. Households who have passed this term without any offer will have their bidding practices examined and, if it is considered that those practices are the reason for the lack of an offer, they will be guided on the ways they can improve their offer prospects.
- 3.15 If, after a 6-month period, those practices are not amended, the household will be placed on autobid for any property that, in the council's view, it would be reasonable to accept, a decision that will have regard to property type, location and any other social, medical or relevant influence.
- 3.16 This proposed change is considered as being a refinement of the existing policy rather than a major change. Registered providers and registered social landlords who are members of the Common Housing Register Partnership have already been consulted on this proposal and have collectively indicated their support for the same.
- 3.17 Further consultation with the participants of the Council's Housing register was considered but, on balance, it was decided this would be of little practical value. The reason for this is two-fold.
- 3.18 Firstly, it would not be possible to inform any equality data. This proposal, if implemented, will be on a case by case basis and, as yet, it is not known which, or indeed how many, households will have this condition applied; it goes to each individual's bidding tactics, or lack of them.
- 3.19 Secondly, the proposals are designed to achieve offers to homeless households that would anyway occur if those households were bidding appropriately. With a finite supply of accommodation, efforts to maximise offers of accommodation to any one cohort is at the cost of not offering accommodation to other cohorts, a prospect likely to secure vested interest comments that risk lending little to the considerations.

3.20 Rather, the proposal is to report on outcomes at the 2016 Lettings Plan and to decide then whether if any continuation of this practice would benefit from being further consulted upon.

#### 4. The Lettings Plan

4.1 In proposing modest changes to specific Priority Target Groups, it is deemed appropriate to first share overall demand and let data. This is presented at Appendix 1.

4.2 Targets were agreed for the Lettings Plan for Band 1 B Priority Targets Groups. The table below outlines outcomes against each of those targets.

<b>Priority Target Group</b>	<b>Target</b>	<b>Demand 10.12 14</b>	<b>Lets 13/14</b>	<b>Lets 14/15</b>
Intensive Community Care and Support Scheme	35	10	25	26
Key Worker Scheme	15	11	20	9
Supported Housing Move On Scheme and HOSTS	75	19	57	40
Applicants Leaving Care	No Target	11	19	21
Sons and Daughters of CHR Partner Landlords	No Target	11	9	10
Armed Forces Personnel	No Target	0	0	0
Foster Carers	8	0	0	0
Retiring from tied housing	No Target	0	0	3
Waiting List Decant	No Target	12	20	17
<b>Totals</b>	<b>133</b>	<b>74</b>	<b>150</b>	<b>126</b>
<b>Band 3 Lets</b>	<b>Original Target</b>	<b>Demand Dec 2014</b>	<b>Lets 13/14</b>	<b>Lets April 14-Nov 14</b>

Across all bed sizes	<b>10%</b>	18112	171	115
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- 4.3 Under the allocations scheme, “Priority Target Groups” are in Band 1 Group B. Cabinet is asked to consider and agree revised targets for each of the priority targets groups as detailed below.

**Priority Target Groups**

<b>Priority Target Group</b>	<b>Current Target</b>	<b>Proposed Target</b>
Intensive Community Care and Support Scheme	<b>35</b>	<b>35</b>
Key Workers	<b>15</b>	<b>15</b>
Supported Housing Move On Scheme/HOST referrals	<b>75</b>	<b>75</b>
Applicants Leaving Care	<b>No Target</b>	<b>No Target</b>
Sons and Daughters of CHR Partner Landlords	<b>No Target</b>	<b>No Target</b>
Armed Forces Personnel	<b>No Target</b>	<b>No Target</b>
Foster Carers	<b>8</b>	<b>No Target</b>
Retiring from tied housing	<b>No Target</b>	<b>No Target</b>
Waiting List Decant	<b>No Target</b>	<b>No Target</b>
<b>Totals</b>	<b>125</b>	<b>125</b>
<b>Band 3 Lets</b>	<b>Current Target</b>	<b>Proposed Target</b>
Across all bed sizes	<b>10%</b>	<b>5%</b>

- 4.4 Intensive Community Care and Support Scheme: In 2013/14, 25 applicants were rehoused. There are currently 10 applicants waiting to be rehoused. It is proposed to keep the number in the scheme to 35 for 2015/16 to allow the flexibility to deal with any increase in number of applications made because more applicants with learning disability are being included and referred under the scheme. This target will continue to increase opportunities for applicants living in supported accommodation to live independently and will create vacancies for other applicants in need of this type of accommodation
- 4.5 Key Worker Scheme: In 2013/14 20 key workers were rehoused, current demand is 11. Target to remain at 15 as previously agreed by Cabinet but

restricted to applications made from people currently living in Tower Hamlets meeting the residential criteria.

- 4.6 Supported Housing Move On Scheme: In 2013/14, 17 applicants were rehoused and there are currently 11 applicants waiting to be rehoused. Many of these applicants are moving into private sector accommodation, which is why the number of lets and demand has reduced. However, some will still need to be moved into social housing so as to create vacancies for new residents. The maximum target has not been taken up in recent years but there is no proposal to limit the target for 2015/2016. Rather, as with the HOST Team referrals below, the combined figure of 75 will be taken as a maximum and, if sufficient cases matching the category criteria are not identified, properties will be employed on general lets.
- 4.7 HOST Team Referrals: In 2013/14, 40 applicants were rehoused under the rough sleeper's initiative. Private sector accommodation is now being actively sourced for those applicants, which is why demand has significantly reduced. Notwithstanding that, in merging this group with the Supported Housing Move On Scheme group, the target of 75 is preserved for the reasons stated at 4.6 above.
- 4.8 Applicants Leaving Care: In 2013/14, 19 care leavers were rehoused. Some 4 applicants remain waiting. However, no target is proposed as these cases will be rehoused as required.
- 4.9 Sons and Daughters of CHR Landlords. In 2013/14, 9 applicants were rehoused under the severe overcrowding policy provisions or where priority was awarded on medical grounds to a member of the household. There are currently 11 cases waiting under this provision. It is not proposed to set a target to limit the number but to respond to demand in line with the Council's overcrowding reduction strategy.
- 4.10 Foster Carers: No foster carer has been rehoused last year and there is currently no demand under this quota group. No target is proposed as applicants who qualify are accepted under this provision as being in need of urgent need of rehousing.
- 4.11 Retiring from tied housing: In the current financial year, 3 applicants have been rehoused, but none last year. No target is proposed; in these cases there is usually a contractual duty to offer rehousing from tied accommodation on retirement
- 4.12 Waiting List Decant: In 2013/14, 20 applicants were rehoused under this provision and there are currently 11 households waiting to be rehoused. Applicants qualify where they are living with a tenant in accommodation that is to be decanted. No target is proposed as qualifying applicants are offered rehousing as required
- 4.13 Annual Band 3 Quota: It was agreed that an annual quota of lettings be made available for applicants in Band 3. The target was increased to 10% by Cabinet

in direct appreciation that the previous 5% quota had not been delivered. The 10% quota was to make up for the previous year's shortfall in performance. These are applicants who have a local connection but who are not in housing need. It includes private sector tenants who are keen to progress to more secure forms of tenure as well as tenants of Common Housing Register partner landlords who want to move to the same size accommodation. Applicants will be considered in preference date order.

4.14 It was appreciated that these applicants have less chance of moving as they are considered adequately housed. Therefore, this quota target improves their rehousing chances. Commending the return to the 5% quota level is because the lets to this group is numerically close to the 154 lets to homeless households compared to 114 lets to band 3 applicants so far this financial year.

4.15 This % will be spread equally in the ratio of bedroom demand from Band 3 households up to 3-bedroom in size, thus:-

1 Bedroom Need	-	64 [68%]
2 Bedroom Need	-	20 [21%]
3 Bedroom Need	-	11 [11%]

## **5. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

5.1 Following a review of the operation of the policy over the last two years, this report seeks Cabinet approval to amend the Allocations Scheme that was approved by Cabinet in April 2013. It also addresses particular issues that have arisen in relation to homeless applicants.

5.2 As a result of the combination of the increasing numbers of applications to the homelessness section, the scarcity of available temporary accommodation and the high levels of rent charged to the Council, significant budgetary pressures are being faced. This particularly affects the Housing Benefits budget where a growth bid has been submitted as part of the 2015-16 budget process to set aside additional funding of £1.6 million to finance the pressures that arise from the effects of welfare reform, together with the impact that high rents have on the Benefits Subsidy received by the Council. Although the Council has a statutory duty to pay benefits, the level of subsidy that is recouped from the DWP is capped. The proposals in this report should help to mitigate some of these costs through reducing the numbers of homeless applicants that are placed in bed and breakfast accommodation.

5.3 Any costs involved in the implementation of the amended policy will be met from within existing resources.



## 6. LEGAL COMMENTS

- 6.1 The Council is required to comply with the requirements of Part VI of the Housing Act 1996 when allocating housing accommodation. Section 166A of the Housing Act requires the Council to have a scheme for determining priorities and the procedures to be followed in allocating housing accommodation. The Council is required to allocate housing in accordance with the allocation scheme.
- 6.2 Section 166A of the Housing Act 1996 specifies a number of matters that the Council's allocation scheme must contain. In particular, the scheme must secure that reasonable preference is given to the following categories of people with urgent housing needs –
- People who are homeless
  - People to whom the Council owes a homelessness duty under the Housing Act 1996
  - People occupying insanitary or overcrowded housing or otherwise living in unsatisfactory housing conditions
  - People who need to move on medical or welfare grounds
  - People who would suffer hardship if they were prevented from moving to a particular locality in Tower Hamlets.
- 6.3 The scheme may also give additional preference to these categories of people.
- 6.4 Following the House of Lords decision in *R (on the application of Ahmad) v Newham LBC* [2009] UKHL 14, it is also clear that reasonable preference does not mean absolute priority over everyone else and that a scheme may provide for factors other than those in section 166A to be taken into account in determining which applicants are to be given preference. It is important, however, that such additional factors do not dominate the scheme and that the scheme continues to operate so as to give reasonable preference to the above categories of persons. The Council's existing allocation scheme was framed with these requirements in mind.
- 6.5 The Secretary of State has published statutory guidance under section 169 of the Housing Act 1996 which deals with the making of allocations schemes. The guidance is entitled "Allocation of accommodation: guidance for local housing authorities in England" and was published in June 2012. The Council is required to have due regard to the guidance when carrying out its functions under Part 6 of the Housing Act 1996.
- 6.6 It is clear from the statutory guidance that in setting qualifying criteria or imposing requirements as to classes of persons who will be granted preference, the Council should consider the impacts of those criteria or requirements. This is to ensure that the persons in urgent housing need continue to receive reasonable preference and that any policies adopted do not result in harsh and unexpected impacts.

- 6.7 When setting or amending its allocations scheme, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). An equality analysis is required which is proportionate to the impacts of the proposed scheme.
- 6.8 An amendment is proposed to the allocations scheme to vary the circumstances in which automatic bidding is imposed. Section 166A of the Housing Act 1996 requires the Council to consult registered providers of social housing and registered social landlords before making an alteration to the allocations scheme reflecting a major change in policy. The proposed change is considered to be a refinement of the existing policy of applying auto-bidding, rather than a major change. That said, the Council must still consider the impacts of the proposed change, as outlined in paragraphs 6.6 and 6.7 above. It is understood that the decision has been taken that consultation is not required in order to properly understand those impacts and Cabinet will need to be satisfied with that approach.
- 6.9 The Mayor is asked to delegate power to the Corporate Director to impose quotas in respect of lets made to homeless households. Section 9E of the Local Government Act 2000 permits such a delegation to be made. The imposition of such a quota has the potential to impact significantly on other categories under the allocation scheme. Before implementing such a quota, the Corporate Director will have to consider the associated impacts in accordance with the requirements outlined in paragraphs 6.6 and 6.7 above and will have to consider whether consultation is required as outlined in paragraph 6.8 above.
- 6.10 It is consistent with the Council's statutory housing functions and its own allocations scheme for the Council to consider and adopt a Lettings Plan as proposed in the report. The proposed Lettings Plan has been prepared on a rational basis, having regard to the housing demand in the borough and the lettings made in 2013/2014 and 2014/2015. It provides a permissible means of ensuring the Council effectively gives reasonable preference and additional preference to prescribed persons under the allocations scheme and in accordance with the Housing Act 1996. Consistent with the Council's public sector equality duty, the Lettings Plan needs to be subjected to a proportionate level of equality analysis.

### **ONE TOWER HAMLETS CONSIDERATIONS**

The policy changes recommended should assist in keeping families and residents in Tower Hamlets, where they will benefit from their support network, engage with the relevant services as may be appropriate. It will assist with applicants being rehoused more quickly into more suitable accommodation, positively impacting in community cohesion. The proposed changes to auto-bidding have been subject to equality analysis as outlined in the attached checklist. It is not considered that there will be any adverse impacts, or that further analysis will be required. The proposed changes to the Lettings Plan are

considered to be neutral in terms of the protected characteristics in the Equality Act 2010.

### **SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

None identified.

### **RISK MANAGEMENT IMPLICATIONS**

None identified.

### **CRIME AND DISORDER REDUCTION IMPLICATIONS**

None identified

### **EFFICIENCY STATEMENT**

Much of the recent policy revisions relate to making the best use of the scarce stock that is social housing. Reducing the number of applicants in temporary accommodation and making the shortlisting process more efficient and effective will have cost benefits some of which is being realised by the current Lettings Organisational Review.

### **APPENDICES**

Appendix 1 – Lets and Demands Data

Appendix 2 – Equality checklist

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## **Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2012**

Brief description of “background papers”	Name and telephone number of holder and address where open to inspection.
Housing Register Data	Rafiqul Hoque Ext. 0235