

MAIDSTONE BOROUGH COUNCIL

COMMUNITIES OVERVIEW & SCRUTINY COMMITTEE

REPORT OF HEAD OF HOUSING AND COMMUNITY SERVICES

Report prepared by Andrew Paterson

Date Issued: 20 November 2012

1. Change to the Allocation Scheme

1.1 Key Issue for Decision

1.1.1 The council's Allocation Scheme is now over 10 years old and does not properly support the council's current key priorities. The Overview & Scrutiny Committee is invited to review a new Allocation Scheme that will better promote sustainable and economically active communities; and provide a more transparent and easier to understand framework for prioritizing applicants for subsidized housing.

1.2 Recommendation of Head of Housing and Community Services

1.2.1 That the Overview & Scrutiny Committee recommends that the Cabinet Member for Regeneration and Communities adopts the new Allocation Scheme as set out in Appendix 1 of this report.

1.3 Reasons for Recommendation

1.3.1 Background

The proposed new Allocation Scheme represents a radical departure from the current Scheme. This reflects the changes in policy direction both at a national and local level. Social housing (now referred to as 'subsidized housing' due to the variance in tenure and rent charged) has become increasingly scarce as more households find it difficult to obtain mortgages and an adequate deposit to enter into home ownership.

1.3.2 Households who were once the first time buyers have now opted to rent in the private sector and this has placed greater pressure on low income households who are being squeezed out of the private rented market. More households are looking to obtain housing that has been delivered by councils or housing associations with the aid of public subsidy and consequently is let at a rent lower than the open market and traditionally with a lifetime tenancy.

- 1.3.3 Concern has been expressed that the current Scheme creates perverse incentives, such as giving priority to applicants who claim welfare benefits. In effect the message being delivered is that an applicant is better placed if they remain on welfare benefits when a more considered approach would be to encourage applicants into work or training.
- 1.3.4 The unintended consequence of the current approach is that areas where there are clusters of deprivation and high dependency on welfare also correlate with subsidized housing as the dominant form of tenure. Evidence from the work carried out as part of the Troubled Families project has demonstrated that in some of these communities there are generational challenges to overcome in relation to work ethic and giving back to the community.
- 1.3.5 Statutory Requirement
The council has a statutory duty under Part 6 of the Housing Act 1996 to adopt an Allocation Scheme “for determining priorities, and as to the procedure to be followed, in allocating housing accommodation. For this purpose ‘procedure’ includes all aspects of the allocation process, including the persons or descriptions of persons by whom decisions are to be taken”.
- 1.3.6 Unfortunately this means the Allocation Scheme is required to perform a range of functions for various audiences including a guide for applicants, an officer procedure manual, and to be capable of scrutiny by the county court or High Court at appeal or by the Local Government Ombudsman. As the full Scheme can be quite technical and wordy there is an additional requirement to provide a summary of the full Scheme for applicants and this will be produced once the final Allocation Scheme is adopted.
- 1.3.7 Consultation
The new Scheme attached in Appendix A and follows the report previously presented to the Housing Consultative Board in June 2012 which asked Members to agree the principles that would be worked up into the more detailed document that is attached. Consultation is continuing with our housing association partners, stakeholders and service users via the Kent Homechoice bidding network. Applicants will be asked their views on the new Scheme as they log onto the website to bid for properties.
- 1.3.8 The consultation process is due to complete at the end of November 2012 and following this a final report will be prepared for the Cabinet Member for December 2012. It is anticipated the new Scheme will be introduced with effect from April 2012, which will allow adequate time to make the necessary changes to the IT software currently used.

1.3.9 Main Changes

The new Scheme will not be an 'open' housing list as previously. At its height there were over 4,000 applicants on the housing register and only 450 vacancies were available in an average year. This has led to applicants 'points-chasing' in order to try and better their position for an offer of accommodation; and involves staff in processing a great number of applications that will not be successful in obtaining an offer of subsidized housing.

1.3.10 Under the new Scheme an applicant will need to be able to demonstrate they have a local connection to Maidstone, as set out in the criteria, and have an identified housing need. A recent review of the housing register was able to remove nearly 500 applications from the housing register and it is anticipated that under the new eligibility criteria the number of applications will be reduced by a further 1,000. This will provide a more manageable list of around 2,500 applicants.

1.3.11 The new Allocation Scheme proposes a banding system as opposed to the current point's based system. There will be five bands reflecting the statutory 'reasonable preference' categories and applicants within each band will be prioritized by their date of application. This will provide a much fairer and easily understood mechanism for both staff applying the Scheme and for applicants to understand.

1.3.12 The five bands are:

- Band A – Medical or Welfare Grounds
- Band B - Community Contribution
- Band C – Housing Duty & Homelessness Prevention
- Band D – General Housing Need
- Band E – Transfer Cases

1.3.13 The Band lettering does not denote priority. Each Band will at the commencement of each financial year be given a quota of vacant dwellings that will be accorded to that Band. In conjunction with our new ability to discharge those owed a full housing duty under the homelessness legislation into the private rented sector the quota system will provide a mechanism to encourage applicants into Band B Community Contribution, where it is anticipated that the majority of vacant dwellings will be ring-fenced against.

1.3.14 Under the new approach homeless households will in the first instance be helped into the private rented sector. Applicants with a medical need will be fewer than the current medical categories, as the definition of a medical need will be more defined under the new Scheme. There has been a proliferation of medical applications in recent years (as applicants chase additional points) and repeated requests to review the outcome of medical assessments. This is both

costly to the council as each assessment may require an independent medical officer's adjudication (for which we pay a fee) but is also time consuming for officers dealing with repeated appeals that have no substance. It is proposed under the new Scheme to charge applicants who make repeated requests for medical assessments where there has been no change in circumstances based on the cost to the council.

- 1.3.15 Applicants will be able to determine that the most advantageous Band to be in will be for those applicants who are working, studying/training for work or engaged in some other positive contribution to the community. Applicants not falling within this category but having a reasonable preference under the statutory framework will have an opportunity to bid on vacant properties but are likely to wait longer. Working with colleagues from the Community Partnership Team the Housing Service will be able to refer and advise applicants on ways to seek employment, training and/or other community activities – again fostering the challenge to make Maidstone a growing economy.
- 1.3.16 Transfer cases will be dealt with differently from the current system. Recent legislative changes no longer require councils to provide for transfer cases within the Allocation Scheme. However, this situation is complicated in Kent by the Kent Homechoice Partnership that exists between all local authorities in Kent and the various housing associations that operate within it. Currently each local authority administers (without charge) all housing association transfer cases within its housing register.
- 1.3.17 The options are; only transfer cases who fall within the 'reasonable preference' categories to be included in the Bands defined above and continue to be administered by the council; or a separate Band for all transfer cases including those without a housing need where the council will charge the housing association a fee to cover the cost of the service. This approach will not affect the percentage of vacant dwellings the council receives under each nomination agreement, as these will remain and provide the basis for the quota for Transfer cases.

1.4 Alternative Action and why not Recommended

- 1.4.1 The council could choose not to do anything and retain the existing scheme. However, this is not recommended as the current is dated and has been amended over many years. The opportunity now exists to replace the outdated scheme, which is no longer achieving the council's key priorities and is confusing for staff and applicants to understand.

1.5 Impact on Corporate Objectives

- 1.5.1 Ensure Maidstone is a decent place to live – This will greatly enhance the way that subsidized housing is allocated, and will ensure that subsidized housing is provided to more people on low incomes. The new scheme is intended to support a growing economy by placing emphasis employment, training and making a positive contribution to the community.
- 1.5.2 The new scheme will provide a more transparent way of allocating subsidized housing that will be easier for applicants to understand and for staff to administer, which in turn will assist corporate and customer excellence.

1.6 Risk Management

- 1.6.1 There is a risk that the new scheme will not achieve the main objective of supporting the Council’s key priorities. This risk has been reduced by carrying out a profiling of the likely impact on applicants to understand better the affect of the changes to a range of applicants. Early indications are that the reduction in the overall number of applicants permitted onto the housing register will not adversely affect those applicants owed a statutory duty. This profiling exercise will continue until the implementation date and then through monthly monitoring of the activity around who is bidding and being successful for accommodation.
- 1.6.2 There are practical implications relating to the implementation of the IT software changes to support the new Scheme. The implementation date is set for the beginning of April 2013 to provide adequate time to operate a dummy system and provide staff training with the new Allocation Scheme and software changes. This training will be carried out with in-house housing staff and with the assistance of the Kent Homechoice Partnership Manager for which there is no additional cost.

1.7 Other Implications

1.7.1

- 1. Financial
- 2. Staffing
- 3. Legal
- 4. Equality Impact Needs Assessment
- 5. Environmental/Sustainable Development
- 6. Community Safety



7. Human Rights Act
8. Procurement
9. Asset Management



1.7.2 Financial

1.7.3 The move from a point's based system to a Banding system will require alteration to the current IT software used by the Housing Service. The cost of this work is under £10,000 and will be met as a 'one-of' cost from the council's Homelessness Prevention Grant that it receives each year from government.

1.7.4 The IT Service has been consulted on the software alteration and their officer requirement is considered to be minimal based on the experience of a similar piece of work undertaken by Tunbridge Wells BC in 2011.

1.7.5 Legal

1.7.6 The Localism Act has conferred on Local Authorities a greater flexibility in framing their Allocation Scheme. This includes enabling local authorities to reflect greater reference to local concerns and issues. A new Code of Guidance on Allocations has recently been issued and has been given due consideration in drafting the new Allocations Scheme. Once the consultation period is completed further advice will be taken to ensure the final draft is compliant with our statutory responsibilities before it is presented to the Cabinet Member for adoption.

1.7.7 An Equality Needs Impact Assessment is attached as Appendix B to this report.

1.7.8 The policy has been designed to be compliant with the Human Rights Act

1.8 Relevant Documents

1.9 MBC Allocation Scheme

1.9.1 Appendices

1.9.2 Appendix A –New Allocation Scheme

1.9.3 Appendix B – Equality Needs Impact Assessment

1.9.4 Background Documents

1.9.5 The Localism Act 2012

1.9.6 Housing Act 1996 Part VI

1.9.7 New Code of Guidance

<http://www.communities.gov.uk/publications/housing/allocationaccommodationresponses>

IS THIS A KEY DECISION REPORT?

Yes

No

If yes, when did it first appear in the Forward Plan?

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This is a Key Decision because: The decision affects more than one Ward

Wards/Parishes affected: All

How to Comment

Should you have any comments on the issue that is being considered please contact either the relevant Officer or the Member of the Executive who will be taking the decision.

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