



## CAERPHILLY HOMES TASK GROUP (WHQS) - 21ST FEBRUARY 2013

**SUBJECT: HOUSING ALLOCATIONS SCHEME – WELFARE REFORM IMPLICATIONS**

**REPORT BY: DEPUTY CHIEF EXECUTIVE**

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### 1. PURPOSE OF REPORT

- 1.1 To consider certain aspects of the Welfare Reform Act (WRA) which impact upon the Council Housing Allocations Scheme.
- 1.2 To note the amendments which will be made to the scheme and to consider options for further changes which will require to be consulted upon.

### 2. LINKS TO STRATEGY

- 2.1 The Local Housing Strategy sets out the Council's strategic objectives, including the need to ensure the provision of good standard housing for the area, with appropriate choice in respect of size, tenure and affordability, in order to meet individual current and future housing need.

### 3. THE REPORT

- 3.1 The main impact on the Allocations Scheme with regard to the Welfare Reform Act is in relation to the Social Housing Size Criteria and housing debts.
- 3.2 From April 2013, Housing Benefit will be reduced for tenants of working age to allow one bedroom only for each of the following:-
  - A couple
  - A person who is not a child (age 16 and over)
  - Two children of the same sex
  - Two children under 10
  - Any other child (other than a foster child or child whose main home is elsewhere)
  - A carer (or group of carers) providing overnight care.
- 3.3 The Council has analysed the impact of the above on a ward-by-ward basis and as a result, it has identified a high percentage (22%) of tenants, 2397, who are under-occupying their homes. Appendix 1 refers. There is also a general shortage of smaller accommodation to enable tenants to downsize.
- 3.4 The Allocations Scheme has rules on: the size of accommodation applicants can qualify for; the award of points to prioritise applications for re-housing including under-occupation for existing tenants; affordability; penalty points for housing debts.

- 3.5 The table below in para.3.9 provides extracts from the relevant sections of the Allocations Scheme and identifies amendments and options for change, which could mitigate against the impact of the Welfare Reform Act. The full scheme can be found on the Council's intranet and website.
- 3.6 The Allocations Scheme awards points for housing need with the intention of prioritising applicants with the highest points so that they are placed at the top of the housing waiting list.
- 3.7 The scheme caters for applicants who are homeless; applicants who are current tenants of the Council and want to transfer to alternative Council housing; and applicants in all other types of accommodation who want re-housing. All applicants accepted for registration are placed on a single waiting list, which is sub-divided into three categories – Homeless List (HL), Transfer List (TL) and Waiting List (WL).
- 3.8 By law, the Council is required to publish its Allocations Scheme and it is required to give 'Reasonable Preference' and 'Additional Preference' to applicants in prescribed circumstances.
- 3.9 The following table highlights specific parts of the Allocations Scheme affected by the Welfare Reform Act.

### ALLOCATIONS SCHEME

| Reference     | Policy   | Comments   |
|---------------|--|--|
| Page 6        | <u>Housing Debts</u> – Points subtraction for debts including rent arrears and rechargeable repairs.   | Tenants in arrears have their points reduced whilst they are in arrears. This worsens tenants' prospects of a transfer. Some tenants on the transfer list will receive less housing benefit under the bedroom tax rules, which could further increase their rent arrears. (See Reference Page 13, para.4.2 below for further details).   |
| Pages 7 and 8 | <u>Housing Offers</u> – Properties will be offered, suitable to the applicants' age and family size. Households can choose to be considered for a property with one extra bedroom. | <p>This criteria applies to all applicants including tenants wanting to transfer. Household ages, composition and employment circumstances change over time. Existing policy allows under-occupation by one or more bedrooms, particularly in low demand communities. New tenants are advised prior to sign up of the new Housing Benefit implications.</p> <p>Like some of the Housing Associations are doing we could restrict offers to the WRA social housing size criteria as set out in para.3.2 above. An alternative is to reduce risk but allow applicants some freedom to choose by limiting that choice to exclude an extra bedroom. In effect this would be:</p> <p>2 bed = Applicant(s)+1child or child expected<br/> 3 bed = Applicant(s)+2children or 1child+ 2<sup>nd</sup> child expected<br/> 4 bed = Applicant(s)+3children or 2 children+3rd child expected.</p> <p>If any change to the existing policy is recommended then consultation with all</p> |

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|                        |  | applicants will be necessary. It is proposed that the current policy is maintained and monitored to assess the actual impact. This would be in relation to both rent arrears and void levels.   |
| Page 9                 | <p><u>Mutual Exchanges</u> – Tenants have the Right to Exchange, although this falls outside the remit of the Allocations Scheme.</p> <p>The Council subscribes to a national mutual exchange scheme called Homeswapper which is free to use for C.C.B.C. tenants.</p> | <p>45 Housing staff recently received Homeswapper training, and the scheme is actively promoted, particularly if tenants are under-occupying and will be on reduced benefit from April 2013.</p> <p>Exchanges can be refused by a landlord if the property a tenant wants to swap to is substantially larger (this has been interpreted to be by more than one bedroom) or is smaller than is needed. It is current council practice to refuse requests on these grounds. This criteria could be relaxed by exception, as there are circumstances created by the WRA where there could be a financial benefit to reduce hardship for one or both parties. Legal advice has been sought and a revised procedure will be implemented.</p> |
| Page13 para.4.2        | <u>Rent Arrears/Housing Debts</u> – Discretion to overlook the deduction of penalty points on social grounds.  | See reference to Page 6 above. The Allocations Scheme will be amended to include reference to the Welfare Reform Act as a reason to consider exercising discretion. Arrears history will be taken into account.   |
| Pages19/20 para.5.1(l) | <u>Caerphilly C.B.C. Tenants</u> – Performance monitoring takes place to measure transfers as a percentage of the total number of applicants re-housed. The target is between 15% to 18% and is currently met.   | <p>Transfers come at a cost to the landlord in terms of rent loss and repairs.</p> <p>The measure was introduced to control the number of transfers when at the time the percentage was 25% of lettings. Points awarded to transfer applicants were reduced to achieve this aim. Proposals to award additional points to transfer applicants are included later in this table.</p>  |
| Page 21 para.5.2(a)    | <u>Shared Facilities</u> – Children's age for sharing a room is lower than the age set by the Welfare Reform Act.  | The age will be amended from age 8 to age 10 to comply with the Welfare Reform Act.   |
| Page 22                | <u>Under-Occupation</u> – Points are awarded to Caerphilly C.B.C. tenants who wish to down-size and are age 60+.   | With the Welfare Reform Act size criteria applying to tenants of working age, this rule will be applied to all Caerphilly C.B.C. tenants.   |
| Page 25                | <u>Social Factors</u> – Affordability points are awarded to private tenants on maximum Housing Benefit and/or in receipt of a Discretionary Housing Payment  | This points award will be applied to Council tenants and other social housing tenants.  |

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|                 | who make a contribution to their rent payments.   |  |
| Page 29         | <u>Existing Caerphilly C.B.C. Tenants</u> – Time in need points can be retained by Council tenants who move to the private sector and re-apply for Council housing within six months.   | No change required.  |
| Page 39         | <u>Unsuitability of Accommodation</u><br>Under-occupation points are awarded to Council tenants over 60.  | Under-occupation points to be awarded to all Caerphilly C.B.C. tenants.  |
| Page 42         | <u>Eligibility Table</u> – Single Person Applicants with access to children following a separation are eligible for specified general needs housing (2 bed flats) which singles without access to children, do not qualify for. | Single persons with access will not receive HB under the WRA for a child’s bedroom. The situation will be monitored in respect of rent arrears accruing and if necessary a policy amendment will be considered to reduce the financial risk to the council.<br><br>Some single person housing is 2 bedroom. Holly Road, Risca is a specific example. Here there are 84 x 2 bed flats which are designated for single persons. The option to reset the rent for such housing is being examined. |
| Pages 30 and 39 | <u>Exceptional Circumstances/ Social Factors</u> - The scheme allows for additional points to be awarded to applications to secure an early offer of re-housing.  | In the case of applications which relate to the Welfare Reform Act, the award of discretionary points will be made available. This will be monitored and reviewed.   |
| Page 44         | <u>Local Lettings</u> – These are exceptions to the regular allocations scheme to provide flexibility in matching applicants to properties where there is low demand, restricted supply or management difficulties.             | One of the main rules is in the designation of flats for applicants 60+. There is potential to increase supply to applicants 60-, particularly flats above Ground Floor. Ward Members and tenants directly affected will be consulted over any proposed changes.   |

#### 4. PROPOSED AMENDMENTS TO THE HOUSING ALLOCATIONS SCHEME

- 4.1 The purpose of the amendments is to try and assist tenants affected by the Welfare Reform Act to move home should they so choose to do so.
- 4.2 Competing priorities for housing and the legislative requirements in respect of Allocations Schemes does mean that transfers cannot be given overall priority.
- 4.3 By making the proposed adjustments, we may be able to differentiate normal policy transfers from Welfare Reform Act transfers. With the current percentage of transfers between 15% and 18%, the aim is to achieve an increase of an additional 5% to 10% on top. This will be monitored and further adjustments considered as appropriate.

- 4.4 The changes should be implemented from April 2013, or as soon afterward as possible.
- 4.5 It should be noted that the Allocations Scheme itself can only help facilitate transfers. The number of transfers possible will be influenced by the following:-
- Stock becoming available of the right size and in the right locations
  - Tenants choosing to move
  - The cost of moving
  - The promotion of Homeswapper and the ability of tenants to arrange their own moves
  - The advice and assistance Housing Tenancy Support Workers are providing to tenants to maximise their income.

## **5. LEGAL IMPLICATIONS**

- 5.1 Where a policy change is considered which affects the relative priority of a large number of applicants, each applicant is to be informed personally by letter.
- 5.2 With the changes outlined in the table above, housing applicants affected will be notified of any change in their points award or in their status for housing.

## **6. EQUALITIES IMPLICATIONS**

- 6.1 An impact assessment was undertaken on the current Housing Allocations Scheme and relevant comments were taken on board at the time.
- 6.2 The Welfare Reform Act could potentially impact more severely on tenants who fall within the protected characteristics listed under the Council's Strategic Equality Plan. It will be vital to continue to regularly monitor the equalities-related data of tenants and applicants alongside other information, in order to ensure any greater impact can be avoided where possible.
- 6.3 The Equalities team is working with the CAB to provide free Financial Capability Training sessions to staff and partner agencies who deal with members of the public that maybe affected by the Welfare Reform Act changes.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 There would be postage costs in respect of writing to each of the affected applicants registered on the housing waiting list.
- 7.2 The potential increase in the number of transfers will increase rent loss on voids and increase expenditure on the repairs budget in preparing properties for re-letting.
- 7.3 By helping to facilitate transfers and exchanges any anticipated increase in tenants rent arrears caused by the Welfare Reform Act changes could be avoided or reduced.
- 7.4 An increase in rent arrears and bad debts will adversely affect the Business Plan and the ability of the council to meet their WHQS commitments.

## **8. PERSONNEL IMPLICATIONS**

- 8.1 There are no personnel implications, although more staff time will be taken up in managing the transfer process and in providing advice.

## **9. CONSULTATIONS**

9.1 The views of consultees listed below are incorporated within the report.

## **10. RECOMMENDATIONS**

10.1 That the proposals contained in para.3.9 are noted and comments from Task Group Members are invited for consideration.

10.2 That the implementation date be agreed between the Cabinet Member and Chief Housing Officer.

10.3 That further reports are submitted when appropriate, dependant on the outcomes of the changes once implemented.

## **11. REASONS FOR THE RECOMMENDATIONS**

11.1 To comply with the Code of Guidance 2012.

11.2 To assist in mitigating against the affects of the Welfare Reform Act 2012.

## **12. STATUTORY POWER**

12.1 Housing Act 1996 as amended by the Homelessness Act 2002.

Author: Graham North, Public Sector Housing Manager.  
(Tel: 01495 235296 – E.mail: northg@caerphilly.gov.uk)

Consultees: Shaun Couzens, Chief Housing Officer  
Phil Davy, Head of Programmes  
Kenyon Williams, Private Sector Housing Manager  
Fiona Wilkins, Principal Private Sector Housing Officer  
Rhys Lewis, Systems & Performance Manager  
Area/Neighbourhood Housing Managers  
Sandra Isaacs, Rents Manager  
Lesley Allen, Principal Accountant  
John Rogers, Principal Solicitor  
Cllr. Gerald Jones, Deputy Leader & Cabinet Member for Housing

Background Papers: Council Housing Allocations Scheme available on the CCBC website

Appendix 1 of 1      Analysis by Ward