

Report of: Business Manager, Housing Services

Title: Lettings Plan – Allocations Percentages

Ward: All

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Key Decision: Yes

Lead Member: Councillor Ed Turner

Scrutiny responsibility: Housing

RECOMMENDATIONS

That the Executive Board agrees to:

- (1) Adopt an Annual Lettings Plan approach from 2006/07
- (2) Approve the proposed Lettings Plan at Appendix One for 2006/07
- (3) Note that performance against the plan will be reported quarterly to Housing Overview and Scrutiny Committee
- (4) Note the potential impact of the change

1.0 Summary

- 1.1 This report seeks to identify the issues influencing a change to the target allocation percentages and the implications of making a change
- 1.2 The report also seeks to introduce a more formalised Annual Lettings Plan approach from April 2006, and makes proposals as to how performance against this plan should be best monitored and reported
- 1.3 The report proposes that changes to the current allocation percentage targets are implemented from 1st April 2006. These primarily seek to increase the number of two bed vacancies given to the general register - as part of the homelessness prevention agenda, and also to increase the proportion of larger family vacancies given to the transfer list – to help ease over-crowding within the social rented stock

2.0 Vision and Strategic aims

- 2.1 Although this report does not produce more affordable housing stock, it is concerned with the effective allocation of social housing and therefore directly relates to the objective of providing more affordable housing
- 2.2 The development of a clear Lettings Plan also links to the Council's vision of service improvement, and of reducing social exclusion by helping to create more sustainable communities

3.0 Background and Context

- 3.1 Allocation percentages are targets, set by Executive Board, which seek to determine the proportion of social housing that is offered to different lists within the Council's Housing Register. The current targets were reviewed and agreed by the Executive Board on 1st September 2003, and are:

Family Accommodation:

75% Homeless list
20% Transfer list
5% General list

Non-Family Accommodation*:

65% Homeless & Move-on lists
35% Transfer & General lists

* There are no targets set for the allocation of Sheltered Accommodation due to the lower demand for these schemes

- 3.2 The targets have been substantially as set out above, since January 2002. In June 2001, Housing Committee reduced the percentage to the homeless list to 50% and increased the transfer percentage to 35% - the aim being to reduce the perceived 'bottle-necking' of properties, resulting from insufficient movement within the Council's housing stock. This was for a trial period only. The trial was terminated due to the slow down in the re-housing of homeless families resulting in increasing temporary accommodation costs, and the fact that delays in getting properties 'ready to let' did not yield the increase in vacancies that were expected
- 3.3 Housing Overview and Scrutiny Committee considered a report on the allocation target percentages in October 2004. At this time, it resolved not to pursue the development of a 'back to back' transfer policy, nor to propose a change to the allocations percentages, but to review the matter again in one year's time, with a possible change in the allocation percentages being implemented from April 2006
- 3.4 Housing Overview and Scrutiny Committee considered a report on this issue on 31st October 2005. At this meeting it resolved to agree the recommendations and Lettings Plan proposed, with an amendment to increase the proportion of four bed accommodation allocated to the transfer list. This recommendation has been incorporated into the plan, as seen in this report, with a slight consequent amendment to the

proportion of two bed accommodation allocated to the homeless list, in order to ensure temporary accommodation costs can continue to be contained within budgets

4.0 Key Issues and Objectives

- 4.1 The Council has approximately 950 households in temporary accommodation and has accepted a statutory homeless duty to about 850 of these. The Council spends approximately £3,500,000 per annum maintaining such numbers in temporary accommodation. The high proportion of allocations currently made to this group, along with other initiatives, has allowed a planned reduction in the amount of temporary accommodation, and produced budget savings
- 4.2 The Office of the Deputy Prime Minister (ODPM) is seeking to reduce the number of households living in temporary accommodation (which has exceeded 100,000 nationally) and has recently set a new target – that of halving the number of households in temporary accommodation by 2010 (from January 2005). In Oxford, that requires a reduction to approximately 475 households in temporary accommodation
- 4.3 The Council's Homelessness Strategy has set targets for the reduction of person's accepted as homeless (by 40% from 2003 to 2008) and states that the long term aim should be to clear the 'bottle-necking' of households in temporary accommodation, and to shift the allocation percentages away from the homeless list, to make re-housing, through other means, a more likely alternative. This is part of the prevention of homelessness agenda
- 4.4 The current wait in temporary **homeless** accommodation is still significant for most households. There has been a slight improvement in waiting times in the last year, but the approximate waits for family accommodation are as follows:

One Bed	2 years
Two Bed	2 to 2.5 years
Three Bed	4 years
Four Bed	5 years

There are 7 households that have been in temporary accommodation for over five years and have yet to receive an offer. All are waiting for four-bedroom accommodation

- 4.5 In addition to homelessness, there is also much other unmet housing need in the City. The present allocation percentages give very little chance of re-housing to any family from the **General** Register, unless in dire emergency. There are presently about 2,700 households registered on this list (excluding statutory homeless households). Most have little housing need, although some have significant priority as indicated through the points system. For example, 64 households (2.4% of this list) have points for being overcrowded with more than two

bedrooms short of their assessed requirement. 19% of this list (495 households) receives some level of overcrowding points for being at least one bedroom short.

The number of households on this list has recently fallen due to fundamental review of applications being carried out. Many persons are now discouraged from registering after being told their re-housing prospects are unlikely to be met by the Council

4.6 The **Transfer** list presently comprises of 894 households. 28% of these (253 households) have over-crowding points for being one or more bedrooms short of their assessed requirement. This includes 2.7% (24 households) that are more seriously overcrowded – being two or more bedrooms short. Mobility within the social housing stock is very limited, with many tenants having little prospect of transferring from their current home, especially if they require larger family accommodation

4.7 A profile of the lists is shown below, giving an indication of the size of accommodation that households require:

Size	General Register	Homeless	Transfer Register	Total
Non Family				
One Bed	1040	220	35	1295
Des Elderly/ Sheltered				
One Bed	838	5	270	1113
Two Bed	105	20	97	222
Family Accommodation				
Two Bed	380	312	144	836
Three Bed	271	200	202	673
Four Bed+	123	98	146	367
Total	2757	855	894	4506

4.8 It is clear that the main issue is that demand for social rented accommodation in Oxford far outstrips supply. This report is primarily concerned with how this limited resource is allocated between competing interests, although information relating to housing need and the profile of these lists is being increasingly used to inform decisions concerning the supply of housing, such as in our drive to have more larger family accommodation developed

4.9 Particularly with the planned introduction of Choice Based Lettings in Oxford in 2007, the need for a clear Lettings Plan is all the more important. This is an essential tool against which to monitor actual lettings, and if the targets in the plan are not being met, it would be

possible to exert more control over which list can bid for certain properties (through the advert) in order to achieve the overall desired outcomes

5.0 Options considered and evaluation of them

5.1 The main issue to consider is can the allocation percentage to the **Homeless list** be reduced? The following possible negative impacts of doing so will need to be considered:

- That the wait in temporary accommodation for homeless households increases.
- That new homeless presentations do not fall as quickly as this reduction in re-housing, thus increasing the numbers of households in temporary accommodation
- That this results in an increase in temporary accommodation costs and the failure to meet the Homelessness Strategy targets.
- That Government targets to reduce use of TA by 50% by 2010 is not met

5.2 However, if this resulted in an increase in allocations to the **General list** then, in the longer term, this may result in less homeless presentations. There is anecdotal evidence, for example, to say that young pregnant women/families may be prepared to stay at the parental home longer if there was a chance of being re-housed via this route, rather than being asked to leave, presenting as homeless, and remaining in TA until housed.

The Council would also be helping to address the housing need of households often living in some of the worst housing in the City, by allocating more to this list

5.3 Equally, if this facilitated an increase in allocations to the **Transfer list**, this would result in some additional vacancies being created (albeit more likely to be smaller units) that could be used to house more people.

More allocations to this list would not only increase mobility, but could help to address issues of over-crowding for existing tenants – a problem which otherwise, is likely to worsen, both in scale and severity.

There are potential cost implications of making more transfers however:

- This will create additional voids that will need to have void work carried out – this will increase the workload of the OBS void team and operatives – as well as increase void expenditure in proportion to the number of extra voids created
- There will also be a void rent loss associated with any property that is empty, and HRA budget assumptions may need to be reviewed. If a significant increase in voids is planned, then consideration will need to be given to ensure that void works are adequately

resourced. If not, then this may result in longer void times. An adjustment to the OBS works programme and capital expenditure plans may also be required for such a change

- The allocation of letting of new voids will also generate additional work for the Allocations team and for Estate Managers

Care should also be taken in making allocations of larger family dwellings (three and four bed properties). It is here that 'competition' is highest, particularly with the homeless list, and we need to ensure that groups with less housing need are not being housed above 'reasonable preference' groups, such as the homeless. To do so, would be against legislation and could result in challenge. Equally, effective monitoring systems need to be in place to ensure any shift in allocations did not indirectly discriminate against BME groups

- 5.4 A final list to consider is the **Move-on list**. This is a sub-list within the General Register and comprises of single applicants that have been referred to the Council for re-housing through the Move-on Scheme. Referrals can be made from various projects – mainly the direct access hostels in the City. Approximately, 50 individuals per annum have been housed through this route over the last two years and this has helped prevent bed blocking in the hostels. This scheme is currently being reviewed with a view to reducing the number of clients accessing the scheme and the length of time they have to wait to be re-housed (an average wait being over two years).

There is concern over a possible increase in rough sleeping in the City, and agencies need to ensure that the frontline hostels can continue to help new clients. There is also recognition, that the Move-on scheme is not able to provide sufficient accommodation for all clients however, and other options, such as assisting clients access the private sector are increasingly being encouraged to help meet housing need

- 5.5 Another option may be to make **no change** and to leave the allocations percentages as they are. This would address the concerns relating to households in temporary accommodation, but would not address the growing housing needs of the General or Transfer lists; the longer-term prevention of homeless issue; or the lack of mobility within the stock
- 5.6 One further option could be to **increase the percentage of allocations to homelessness list**. This will allow the Governments target to reduce number of households in TA by 50% by 2010 to be met and reduce the cost of TA to the Council. However, the impact on the General, Transfer and Move On lists would be significant, as outlined. In addition, there is a risk that more people will be encouraged to present as homeless if this is the main way of eventually securing social rented accommodation in the City

6.0 Specific Proposals

6.1 Appendix 1 to this report shows a proposed Lettings Plan for 2006/07. The main changes to current practice are as follows:

- The plan details different (specific) targets for each size of family accommodation. It splits non-family accommodation into designated elderly and non-designated accommodation – again with different targets
- For two bed accommodation, it is proposed that the allocation to the general list is increased from 5% to 20%. This will result in about 25 more families being housed through this route in 2006/07 – approximately a four-fold increase compared to this year. The allocation to the homeless list thereby falls from 75% to 60%, with a similar number of households less being housed from this list
- For three bed accommodation, it is proposed that the transfer percentage is increased by 10% to 30%. The consequent 10% reduction in allocations to the homeless list is expected to have a negligible impact on homeless allocations, although the changes proposed are expected to help about 13 more tenants secure three bed accommodation in 2006/07
- For four bed accommodation (or larger) a shift of 25% from the homeless list to the transfer list, is expected to result in about 5 more tenants transferring into larger accommodation (resulting in over double the current number being housed), with a similar number of homeless households remaining in temporary accommodation during 2006/07
- The setting of targets for non-designated non-family accommodation is a new step, and the high bias to the homeless list (50%) and Move-on list (30%) reflect the high demand from these lists for this type of accommodation
- Again, targets have not been specifically set for designated elderly accommodation before, but these targets appear to best reflect assessed demand and should be achievable

6.2 The shift to the general register for more two bed allocations is felt to be the area where this change will have most impact in homelessness prevention, while not adversely affecting the waiting time in temporary accommodation for these (smaller) households

6.3 There is a risk however, that should there not be a fall in actual homeless presentations and acceptances, that this change will lead to more people in temporary accommodation. If this needs to be addressed however, it can be in autumn 2006 when the 2007/08 Lettings Plan is drafted

- 6.4 It is proposed that Housing Overview and Scrutiny Committee are provided with allocations performance against this Lettings Plan on a quarterly basis. It is also proposed that a new Lettings Plan is proposed annually for adoption by the Executive Board for each year from 1st April. Appendices 2 and 3, show performance against current targets for 2004/05 and for the first half of 2005/06

7.0 Financial Implications

- 7.1 There may be a short term increase in the cost of temporary accommodation, however, much of this will be before the benefits of more transfers, creating a higher void turnover, and allowing more offers to be made, is realised

The impact of housing more people (especially in two bed units) from the general list, thus removing the disincentive to 'stay put' and not present as homeless, will also take some time before it changes homeless presentation rates

Assuming that it directly costs the Council £3,500 per annum to keep a homeless family in temporary accommodation, then it can be assumed that if approximately 15% less households from the homeless route are housed, the cost of this is approximately £70,000 per year

This cost should be able to be contained within the temporary accommodation budgets for 2006/07

- 7.2 Overall, the percentage targets detailed in the proposed Lettings Plan (Appendix One) will have little impact on voids. Over the whole stock, (when considered with non-family accommodation) the change is likely to increase the number of voids by less than 5%

This fluctuation is not uncommon year to year in void turnover, and again, can be contained within existing budgets and HRA budget assumptions and expenditure forecasts

8.0 Legal Implications

- 8.1 The proposed changes accord with current legislation and guidance; and with the advice of Counsel given in 2004 in relation to allocation percentage changes
- 8.2 Furthermore, this report proposes more rigorous monitoring of the percentages. In addition, recent improvements to the Council's Housing Management Information System are allowing far greater reporting and monitoring of BME data than has so far been possible. This will further help to ensure that allocation practices do not discriminate against any particular group

9.0 Recommendations

- 9.1 That the potential impact of a change to the allocation percentages is considered and noted
- 9.2 That an Annual Lettings Plan approach is adopted from 2006/07 on
- 9.3 That the Lettings Plan at Appendix One is approved as the target allocation percentages for 2006/07
- 9.4 That the performance against the plan is reported to Housing Overview and Scrutiny Committee quarterly – by way of actual allocations being compared with target allocations, and a narrative explaining any deviation

10.0 List of Appendices

- 10.1 Appendix One - Proposed Lettings Plan 2006/07
- 10.2 Appendix Two - Allocations Performance 2004/05
- 10.3 Appendix Three - Allocations Performance 2005/06 (half year)

THIS REPORT HAS BEEN SEEN AND APPROVED BY:

Portfolio Holder:	Councillor Ed Turner
Strategic Director:	Michael Lawrence
Finance:	Dave Higgins, for the Business Manager, Financial and Asset Management
Legal:	Jeremy King, for the Business Manager, Legal and Democratic Services

Appendix One

Proposed Lettings Plan for 2006/07

The Expected Lets figures (Council and RSL combined) are based on the lettings data for 2003/04; 2004/05; and 2005/06 (half year), although they have been amended to take into account the expected number of increased voids created by the change to the transfer percentage allocation figures. They have not been refined to reflect the detail of the development programme in 2006/07 – this would be required if it were likely to develop a significantly different number, or mix, of units in this year relative to the last 2.5 years

Family Accommodation					
Property Size	Expected Lets	Proposed Target % (Expected households housed)			
		Homeless	Move-on	Transfer	General
Two Bed	190	60% (110)	0	20% (40)	20% (40)
Three Bed	110	65% (70)	0	30% (35)	5% (5)
Four Bed+	20	50% (10)	0	45% (9)	5% (1)

Non-Family (Non-Designated) Accommodation					
Property Size	Expected Lets	Proposed Target % (Expected households housed)			
		Homeless	Move-on	Transfer	General
One Bed	100	50% (50)	30% (30)	15% (15)	5% (5)

Designated Elderly Accommodation					
Property Size	Expected Lets	Proposed Target % (Expected households housed)			
		Homeless	Move-on	Transfer	General
Any Size	170	20% (35)		80% (135)	

Sheltered Accommodation					
Property Size	Expected Lets	Proposed Target % (Expected households housed)			
		Homeless	Move-on	Transfer	General
Any Size	100	no target (5)		no target (95)	

**Appendix Two - Allocations Performance against Target Percentages
1st April 2004 to 31st March 2005**

Please note that these figures relate to both lettings by the Council and successful nominations housed by Registered Social Landlords.

Family Accommodation		
List	Target %	Actual % (number)
Homeless	75	80 (256)
Transfer	20	17 (53)
General	5	3 (10)

Approximately 16 more homeless households (5%) were housed than the target, at the expense of the general and transfer lists. It is felt that allocations were broadly made in the right proportion however, as it is difficult to meet the target precisely. The figures relate to persons housed, rather than offers made, and there is therefore some scope for variation, depending on whether offers made are accepted or not.

Non-Family Accommodation		
List	Target %	Actual % (number)
Homeless	65	58 (137)
Move-on		
Transfer	35	42 (97)
General		

This target was made more flexible by combining lists. Even so, it is felt that it was not possible to meet this target. The majority of non-family accommodation is designated to persons aged over 40 years of age, and it is often not possible to identify a suitable applicant from either the homeless or move-on lists for this type of designated property. The overwhelming need for accommodation from this group comes from those under 40 years of age.

Within the combined groups – 19% of lettings were made to the Move-on list, housing 45 people, while 39% was to the homeless list. More lettings were made to the transfer list (26%) than the general list (16%), which reflects the fact that a number of under-occupiers were moved under the REMs scheme, and many transfer applicants were moved to ground floor accommodation through the Health and Housing Assessment process.

Sheltered Accommodation		
List	Target %	Actual % (number)
Homeless	n/a	7 (6)
Move-on	n/a	2 (2)
Transfer	n/a	55 (46)
General	n/a	36 (30)

No targets were set for allocations to sheltered properties, and there has been little or no demand for a number of units – particularly studio flats on the outskirts of the City. The actual allocations represent a mixed picture, with a number of allocations being made to existing tenants wanting to move to larger accommodation or to a different flat or scheme. We were able to assist in many such cases, despite the fact that some households had very low housing need, due to the low demand situation.

**Appendix Three - Allocations Performance against Target Percentages
1st April 2005 to 30th September 2005 (half year)**

These figures relate to both Council lettings and nominations housed by RSLs.

Family Accommodation		
List	Target %	Actual % (number)
Homeless	75	65 (114)
Transfer	20	22 (38)
General	5	13 (23)

The mid-year performance is broadly on target, with the exception of the general list. Over double the number of households have been housed from this list, against target. This partially relates to the fact that a number of general register applications have been awarded an 'Urgent' category recently. The issue has been raised with Allocations Officers however, and it is hoped that the figure will be more on target by year end.

Non-Family Accommodation		
List	Target %	Actual % (number)
Homeless	65	44 (72)
Move-on		
Transfer	35	56 (90)
General		

As in the previous year, this target is not being met due to the mis-match between supply and demand relating to designated elderly accommodation. The majority of voids continue to be designated, whereas most households from the move-on and homeless lists are too young to be considered for this property.

Sheltered Accommodation		
List	Target %	Actual % (number)
Homeless	n/a	0 (0)
Move-on	n/a	2 (1)
Transfer	n/a	40 (18)
General	n/a	58 (26)

Allocations have continued to be made to suitable persons. This is often as soon as they can be identified for the many low demand schemes.