

Economy and Enterprise Overview and Scrutiny Committee

11 January 2018

Durham Key Options (DKO) Letting Policy Changes Review (6 month)



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Purpose of the Report

- 1 To provide the Economy and Enterprise Overview and Scrutiny Committee (OSC) with detail of the progress of Durham Key Options (DKO) Lettings Policy prior to a presentation by the Housing Manager and/or Housing Team Leader.

Background

- 2 Durham Key Options began in 2008, with East Durham Homes acting as a pilot to the Choice Based Lettings (CBL) scheme. CBL allows applicants who are registered for housing to bid for empty properties on a weekly basis. Dale & Valley Homes, Derwentside Homes (now Karbon Homes) Durham City Homes, East Durham Homes, livin and North Star (formerly Teesdale Housing) joined in 2009 and Cestria (now Karbon Homes) fully entered the scheme in 2010. All seven of the original housing partners agreed to follow one combined Letting Policy and nominate 100% of their stock through DKO.
- 3 The DKO Lettings Policy was last reviewed and amended in 2013. This was in response to the Localism Act 2011 and impending changes to housing benefit.
- 4 The purpose of the recent review was to reflect the changing climate in housing; the impact of welfare reform and the changing needs of clients. Overall, the aim was to offer suitable and affordable homes, with an easier application process and a more efficient bidding system; a more customer friendly scheme, with a better matching of stock to needs.
- 5 The Economy and Enterprise Overview and Scrutiny Committee (OSC) at the meeting on the 28th July 2016 commented upon the proposed changes to the DKO Letting Policy - with these comments forming the Overview and Scrutiny response which was then fed into the on-going consultation exercise (13th June 2016 – 19th August 2016). The results of the consultation were presented to OSC on 26th September 2016.

- 6 Following the consultation the final changes were reported to Cabinet on 19 October 2016. The revised policy was implemented on 4 April 2017.

Banding structure and removal of quota system

- 7 Previously, DKO Letting Policy had 5 bands (A to E), band A being for those in highest housing need down to band E for those adequately housed. To create fairer assessment of need and increased competition (to attempt to increase demand) policy reduced the priority groups to just four bands: bands 1, 2, 3 and 4 (see appendix 2 for banding structure).

- 8 Before the policy changes, the following number of applicants (active to bid) were in each band:

Bands	Number of Active applicants
A	152
B	739
C	3299
D	1322
E	4288

- 9 Of the 739 assessed under the old band B priority, 237 were re-assessed under the new letting policy and placed in the highest band (band 1) – a total of 389 given the highest preference. The other 502 applicants from the old band B priority remained in the second highest band (now band 2).

- 10 The following number of applicants (active to bid) are now in each band:

Bands	Number of Active applicants
1	382
2	3516
3	1044
4	4245

- 11 Under the old policy, all adverts for social homes were advertised with preference given to either band B, C or D applicants (after band A were prioritised). Quotas gave customers in all bands the chance to access social housing when DKO experienced higher demand for their stock. Due to changing demand the quota system was removed from the scheme.
- 12 All housing partners have commented that the removal of the quota system has made the scheme more user friendly. The removal of the quota system has reduced complaints and negative comments regarding the fairness of the system. There have been no negative comments made through the DKO website, by letter, by email or any other correspondence to DCC.
- 13 All allocations are now made solely in priority order. Adequately housed applicants (now band 4) applicants continue to only be offered homes that applicants in higher bands have expressed no interest in.

New medical assessment framework

- 14 DKO previously had three levels of priority for those in medical need. Department for Communities and Local Government (DCLG) guidance states that just two tiers of medical need are appropriate for local authority lettings policy (these being medical and urgent medical). Applicants registering with DKO with medical needs are now assessed against the new framework.
- 15 There are currently 247 applicants on the register assessed as having an urgent medical need under the new framework. In April 2017 there were 217 applicants awarded this medical priority. This is a 14% increase over the last 6 months. An increase in urgent medical assessments *was* expected due to the positive change (for applicants) in criteria to qualify for this priority.
- 16 In the first 6 months of 2017-18, DKO has housed 769 applicants with a medical need, with 125 of those assessed as urgent medical under the new framework.
- 17 In the same period of the previous year, there were only 612 moves completed by medical applicants - with 77 assessed urgent medical under the old framework. This means there has been an increase of 26% in moves by those assessed with a medical need and although this may not be solely due to the banding changes, it is likely to be a contributing factor and can be seen as a positive change at this stage.
- 18 This policy change will continue to be monitored through monthly benchmarking to give more data for analysis and to see whether the trend continues. Staff training will continue to be offered by DCC to all partners and DKO procedures are discussed in detail at partner meetings.
- 19 In January 2018, file audits will be carried out (as they are each year) by Housing Solutions on a sample of each processing partner's forms assessed in the previous 12 months. This will assist in highlighting any issues with the way in which medical assessments are completed.

Time limit for band 1 applicants

- 20 After 12 months applicants in band 1 will be directly offered a suitable property of type and size (and area) and, if rejected, the applicant *may* be placed into band 2. All cases will be looked at individually and an inability to move at any given time and/or availability of stock will be considered. Statutorily homeless applicants continue to be granted band 1 in line with the Council's duty to rehouse (however long that may be in each case).
- 21 This policy change cannot yet be reviewed as all applicants in band 1 on the 4th April 2017 were granted a further 12 months (from that date) in this band before they are re-assessed.
- 22 Of the 382 applicants currently in band 1, 201 applicants have been in the band since the policy changes were implemented. These applicants *may* be re-assessed into band 2 in April 2018 if it is felt they have not actively engaged to access social housing (this priority band's purpose is to create the quickest move possible for applicants in urgent need, into suitable homes).

- 23 Applicants who require specific property types and/or areas of County Durham will be allowed to remain in band 1 but only if there is a reasonable chance that the scheme is able to offer the type, size and area of home that is required.
- 24 All applicants in band 1, that have been in the band since April 2017 will be written to in January 2018 - to remind them again of the policy change and they will be given further support to access social housing within Durham Key Options.

Removal of threatened with homelessness priority

- 25 Any homeless applicants with a priority need receive band 1 and homeless applicants without priority need (or intentionally homeless) receive band 2. Applicants providing evidence to DKO partners that they are to be homeless within the next 3 months are referred to the Housing Solutions service (these applicants were previously awarded band D priority).
- 26 This policy change has ensured fairness to all applicants and improved the chance (and speed) of a move into social housing - as well as other housing options being explored - for those that go through the Housing Solutions service.
- 27 The Housing Solutions service have not reported any significant increase in resource required to deal with these referrals since the policy changes. At the point of implementation there were only 87 applicants in this group, of which over a third were estimated to have either already resolved their homelessness issue or were now homeless and should have sought further assistance from the local authority.
- 28 Removing this low-level band for homelessness is predicted to increase engagement between applicants and the Housing Solutions service and in light of the upcoming Homelessness Reduction Act, this change is a positive one.

Removal of wanting larger accommodation priority

- 29 Previously, all applicants *wanting* larger accommodation (but not considered to be overcrowded) were given band D with the reason 'needing larger accommodation (outside of overcrowding)'. This meant priority was being given to applicants that could not afford the rent on larger homes and conflicted with the change in policy regarding affordability (see later in the report).
- 30 Those that *can* afford larger homes are still entitled to access them but are now assessed solely under their current housing *need* (and not their 'want'). Overcrowded applicants are given band 1 or 2 dependent on severity.
- 31 At the point of implementation there were 214 applicants in this group and these are now considered adequately housed ie no housing need.

New transfers with no housing need unable to re-apply for 12 months

- 32 Previously, a new tenant could register a fresh application with DKO immediately after moving; even if they were adequately housed (ie their need had been addressed by their recent move). This created increased voids.
- 33 DKO now disqualify tenants from the housing register during the first 12 months of their tenancy, unless they have a new housing need in that time (in which case they will be assessed as a new application).
- 34 On amending the policy, approximately 350 tenants were immediately disqualified from the scheme where they had only moved in the previous 12 months and had been assessed as having no housing need.
- 35 Since this policy change was implemented, 116 applications from transferring tenants have been disqualified where they had moved within the last 12 months and had no new housing need. All transfers can apply again after a 12 month period.
- 36 The breakdown of tenants disqualified since April 2017 is given below, by processing partner:

Partner	Total disqualified
Dale & Valley Homes	2
Durham City Homes	26
East Durham Homes	30
Karbon 1	9
Karbon 2	23
livin	21
North Star	5

- 37 Monthly benchmarking shows that Dale & Valley Homes have the lowest number of new applications (with any housing need) from their own tenants compared to all other DKO partners. File audits will reveal whether there are inconsistencies in assessing these applicants for qualification.

Assessing all rent arrears (not just those over 8 weeks)

- 38 DKO now assess *all* rent arrears at application stage when deciding whether someone will be an acceptable tenant in the future. It also gives DKO the opportunity to address overall financial issues and suggest suitable action to the applicant. Every case is judged on its own merits.
- 39 Since April 2017, 541 applicants have been disqualified from DKO due to rent arrears (where no suitable reason was found as to why the arrears accrued and/or where no payment plan was in place to show significant signs of change).
- 40 The breakdown of tenants disqualified for this reason is given below, by processing partner:

Partner	Total disqualified
Dale & Valley Homes	28
Durham City Homes	65
East Durham Homes	220
Karbon 1	43
Karbon 2	83
livin	99
North Star	3

- 41 The number disqualified for rent arrears in all of 2016-17 was 694. If the current trend continues, the number of applicants disqualified this financial year will have increased by 56% across the scheme. This overall percentage is in line with the increased percentage seen individually by Dale & Valley Homes, Karbon Homes and livin.
- 42 However, there has been no increase in disqualifications by Durham City Homes or North Star compared to the previous financial year under the old policy. East Durham Homes have seen a slightly higher increase than the partnership average, with a 60% increase.
- 43 Refresher training may be required by all partner landlords to ensure consistency of assessment across County Durham. File audits will also assist with highlighting any training need.
- 44 In light of this review, and to further support applicants to access DKO, the refusal letter has been amended to offer further support from partners with managing debt and arrears. A recommended repayment table has also been included to show applicants what steps can be taken towards qualifying.

All offers subject to affordability

- 45 DKO amended its entitlement chart to state that people will only be offered *larger* homes if they can afford them. This ensures that applicants are only placed into suitable homes and sustainable tenancies.
- 46 94 single applicants and 5 couples are currently on the housing register for a 1-bed home only. This means they have been assessed as unable to afford a 2-bed home.
- 47 144 families that would previously have had access to a (larger than needed) 3-bed home (regardless of affordability) are now only allowed a 2 bed home. These families will only be allowed access to a larger home if they show they can afford it or if they meet the requirements for exemption, as shown below.
- 48 RPs assist these applicants with debt management, budgeting and employability issues to assist with accessing larger housing.

- 49 Individual circumstances are taken into account and DKO continues to include safeguards in the policy to ensure vulnerable applicants are assisted into social housing. Exceptions to affordability (for larger homes) are given for:
- Fostering/adopting families
 - Applicants with a medical need where a bedroom cannot be shared
 - Applicants at the 20 week stage of pregnancy
 - Applicants requiring a carer from outside the household to stay overnight
- 50 Further to this new policy change, DKO Board feel they are still allowing some applicants access to homes they cannot afford. Options are currently being considered for affordability checking *all* applicants for *all* offers - not just where they want larger homes than their household size requires. Even though an applicant may be entitled to receive housing costs for the size of home they need, they may not be able to afford their rent due to benefit caps and may not pay their rent when receiving Universal Credit direct, if they have large outgoings and may prioritise other costs (eg debts).
- 51 The need of applicants will always be considered against affordability concerns of RPs - partners will need to ensure that any changes do not exclude the applicants that need our help the most.

Further information

- 52 All partners of DKO and other RPs in County Durham have only expressed positive comments since April, regarding the revised policy.
- 53 An appeals process remains in place for any applicant who feels aggrieved by decisions they disagree with, either at point of application or thereafter - including at point of any offer.
- 54 There have been no stage 3 appeals received by Durham County Council (as part of the DKO appeals process) regarding any of the policy changes in the last 6 months. This means that DKO partners have either successfully dealt with an appeal at stage 1 or stage 2 of the process, or there have been no issues regarding this element of the new policy.
- 55 The policy will be reviewed every April. The Head of Economic Development and Housing will continue to have delegated authority to make any necessary minor changes to the letting policy. A copy of the Durham Key Options Letting Policy is available on the Durham Key Options Website at:
<https://www.durhamkeyoptions.co.uk/content/aboutdko/CustomDocuments>

Recommendations

- 56 That the Economy and Enterprise OSC note and comment on the information provided in the report and presentation.
- 57 That the Economy and Enterprise OSC includes in its work programme for 2018/19 a further report monitoring the progress of DKO.

Background Papers:

- DKO Letting Policy April 2017 v1
- CLG Allocation of accommodation guidance for local housing authorities in England 2012

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Appendix 1: Implications

Finance -

None

Staffing -

None

Equality and Diversity -

A full impact assessment was carried out as part of the consultation.

Accommodation -

None

Crime and Disorder -

None

Human Rights -

None

Consultation -

Consultation was undertaken with all relevant parties/stakeholders.

Procurement -

None

Disability Issues -

None

Legal Implications -

Housing legislation requires certain steps to be taken in advance of changes to the DKO Letting Policy. Housing Solutions liaised with DCC Legal to ensure that all necessary legal requirements have and will be complied with.