

# **Report regarding Devon Home Choice and alternative models to Choice Based Lettings**

## **1. Context**

In autumn 2016 a report recommending the continuation of South Hams as a partner of Devon Home Choice went before Members of the Overview & Scrutiny Panel. Although the recommendation was approved, Members asked for a full review of alternatives to Devon Home Choice being explored during the next 12 months.

## **2. Background**

2.1 South Hams District Council has been a member of the Devon Home Choice partnership of all local authorities in Devon and 25 Registered Providers with housing stock in the County since its inception in 2010. 2054 households have been successfully rehoused in this time. Initially there was widespread government support for Councils to work together to create regional partnerships to promote social mobility for people who needed to move for work or to care for family. Previous to this partnership people requiring Affordable rented housing in South Hams would be required to register on the Council's housing register and also the registers of all local providers to ensure they were considered for all properties that became available. In South Hams this was a point's based system with points awarded depending on the degree of housing need. There were other variations of points systems used by the other providers.

2.2 As a non-stock holding Authority, South Hams is dependent on nomination arrangements with local providers. Typically this is 75% of the total properties on a scheme. Whilst this was simple to organise on brand new schemes, re-lets and the properties transferred to what was then Tor Homes and is now DCH, were more complex and there was a lack of transparency regarding this arrangement.

2.3 The will of the Councils and providers at the time, coupled with Department of Communities & Local Government funding brought together all of these housing registers under one scheme with a common application form and policy. Instead of complex points systems, applicants were placed in a banding dependent on their housing need. Once registered all property was advertised through the website, through newsletters and a recorded phone line for people without internet access. Furthermore, lists of available property were sent to elected Members, parish councils, libraries and other support workers or voluntary groups who requested them. Applicants had a week to express an interest (bid) for a property, and at closure of the advert a shortlist was generated with the applicant in the highest band for the longest period of time being made an offer of the property (subject to Section 106, age criteria or other restrictions placed on the property). Feedback would then be provided at the next advert, so applicants would be educated on how long people had been waiting and what band they were in, which would inform their future bidding.

2.4 Concerns were raised early on by Members from both South Hams and other Councils, regarding local people missing out on local property. As a result a 2% limit was set. This meant that all Councils could advertise properties with a preference to local applicants if they had accommodated more than 2% of their annual lets to households within Devon but with no local connection to that particular area.

## 2% target analysis as at 30<sup>th</sup> June 2017

	<b>No. Moved into local authority from within Devon but with no local connection</b>	<b>No moved out of local authority with no local connection to LA moved to</b>	<b>Balance</b>	<b>2016/17 Lets</b>	<b>2017/18 2% limit</b>	<b>Moved in from outside Devon with no local connection to LA moved to</b>
East Devon	8	2	6	425	9	2
Exeter		14	-14	609	12	
Mid Devon	8	1	7	290	6	
North Devon		6	-6	349	7	
Plymouth	6	9	-3	1398	28	1
<b>South Hams</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>320</b>	<b>6</b>	
Teignbridge	7	6	1	437	9	
Torbay	5	6	-1	325	7	2
Torrige	5	1	4	223	4	
West Devon	3		3	141	3	

### 3. South Hams District Council Allocation Policy

To further strengthen the offer to local people, South Hams Members approved an allocation policy where in parishes of less than 100 units of affordable housing, preference would be given to households with a local connection to that parish with a reasonable preference for affordable housing (Bands A-D of the Devon Home Choice policy). This was in addition to section 106 arrangements which also prioritised locals. The providers were accepting of this policy and have worked with the Council to ensure allocations continue to go to local applicants.

### 4. The operation of Devon Home Choice

4.1 SHDC as a non-stock holding authority pays a contribution of £1000 a year towards printing and other running costs. We directly employ 1 FTE at a Level 8 to process applications and all the associated activity connected with establishing housing need and the best options for an individual and the eventual advert of a property.

4.2 The majority of applications are submitted online and in September, of the 111 new application and changes of circumstances received, 9 were input manually. To ensure accessibility for all, 32 newsletters are sent to individuals who have requested adverts in this format. At least quarterly, people who have not bid and are in bands A&B are contacted to ensure they understand how to bid and are supported in doing so if required.

To keep the register updated and relevant, applicants are reviewed in the anniversary month of their original application. This has led to reductions in the register from July 2016 of 674 households.

	<b>Band A</b>	<b>Band B</b>	<b>Band C</b>	<b>Band D</b>	<b>TOTAL</b>	<b>Band E</b>	<b>Grand total</b>
<b>South Hams July 2016</b>	0 (0%)	188 (17%)	243 (21%)	708 (62%)	1139	738 (39%)	1877
<b>South Hams Oct 2017</b>	0 (0%)	123 (21%)	147 (26%)	305 (53%)	575	628 (52%)	1203

To support the partnership, 2 officers are hosted by Exeter City Council. These are paid for through the advert costs to stock holding Authorities and Landlords of £25 per advert. This also pays for the software, website and any enhancements needed to the system. To be clear, South Hams District Council as a non-stock holder, do not contribute to these costs.

## **5. Changes since 2010**

5.1 The Localism Act 2011 introduced some changes to the allocation of affordable rented Housing. Previously there had been a requirement to have an “open register” therefore anyone could apply to join, regardless of their likelihood to be offered housing in the future. It was perceived that this encouraged false expectations and large waiting lists.

5.2 The Act gives local authorities greater freedom to set their own policies about who should qualify to go on the waiting list for housing in their area. This means that they are now able, if they wish, to prevent people who have no need of affordable rented housing (Band E for the purpose of DHC) from joining the waiting list. Authorities are still obliged to ensure that homes go to the most vulnerable in society and those who need it most.

5.3 DHC remained an open housing register, however in the last 2 years Torbay, Teignbridge & Exeter City Councils have all removed Band E.

5.4 In 2016/17 43 of the 320 properties let in South Hams were allocated to people in Band E equating to 13.5% of the available properties.

5.5 As a compromise for removal of Band E by these 3 local authorities, it was agreed that if no one suitable applied for the property then the Landlord could re-advertise the vacancy again through alternative means. In practice this has led to affordable rented housing property being advertised and let through the gumtree website.

5.6 In addition to no longer being required to hold an open register, some Local Authorities nationally began exploring the possibility of stepping away from choice based lettings and exploring other models such as matching people directly to properties based on their housing need. Whilst 12 months ago it looked like various councils were moving towards this, to date none have moved away from operating a choice based lettings model.

5.7 The exception to this is Portsmouth, who are the only Authority currently in the Country to have moved away from CBL.

5.8 People requiring housing in Portsmouth are no longer required to complete an application form or join a housing register. An in-depth interview is conducted in person or on the phone. If the person is deemed to qualify under their Housing Allocation Policy., officers then match them with an available property. More details can be found here

<https://www.portsmouth.gov.uk/ext/documents-external/hou-housing-waiting-list-allocation.pdf>. The benefits of this scheme would ensure applicants received an interview and opportunity to discuss their housing need with a housing officer and potentially would understand the likelihood of being rehoused.

5.9 If a similar scheme was adopted in South Hams there would be challenges that would need to be addressed. By insisting all applicants apply by phone or in person, it would be necessary to increase officer resource in both the customer service team and case management and would represent a step change in the current channel shift programme which encourages customers to apply online at a time and place convenient to them. It could also be perceived that the scheme is less transparent, with no apparent list and no advertising of available property. Whilst frontloading the work to the first point of contact certainly has its benefits around early intervention, the lack of transparency, increased resource and inefficiencies in application process, would mean this is likely to be unviable in South Hams in the current climate

5.10 At the end of 2016, the Cornwall Home Choice (CHC) partnership showed signs of vulnerability as one of the Landlords, Coastline, left CHC to set up its own system. This however was another Choice Based Lettings system. The properties Cornwall Council still had nomination rights over continued to be allocated through Cornwall Home Choice. To date no other landlord in Cornwall has joined Coastline, and all still allocate their housing through CHC.

5.11 Due to the unsettlement felt by partners, Cornwall Council commissioned a report by independent Housing Consultant and former specialist advisor to the DCLG, Andy Gale. At the time of writing the findings of this report are confidential, however landlords with stock in both Cornwall and Devon, now seem optimistic about continuing the partnership in the future.

## **6. Options for South Hams**

### **Continuing as a partner in Devon Home Choice**

6.1 Members have questioned the fairness and transparency around the Devon Home Choice process. To reassure Members of the governance around the partnership, fundamentally decisions of policy go back to Members of each individual Council and the Board of each provider to decide.

6.2 A Management Board of Senior Officers for each of the partners meets bimonthly to discuss strategic issues, whilst an operational group also meets to discuss the day to day running, complex cases and ways to improve and streamline the process for both applicants and staff. A customer satisfaction survey was conducted 18 months ago, of which there was very poor uptake across Devon. In South Hams 42 applicants completed it. Of the 42 people who completed the survey for South Hams 52% did not understand why their application had been placed in the band it was in, and even though they did not understand, 74% thought the banding was unfair or very unfair. It is acknowledged by the partnership that further focused and specific research, including people who had been successfully rehoused, would give a more holistic picture of people's experience. An IT enhancement for alerting people to suitable properties has recently been completed which will improve accessibility for people looking for a home.

6.3 South Hams District Council does not own its own housing stock. Typically we have 75% of nominations over housing owned by Registered Providers, and this is the case for the stock we previously owned but has been transferred to Tor Homes, subsequently DCH who remain the largest landlord in South Hams.

6.4 DCH remain committed to the DHC partnership. They have responded to a letter setting this out. At this stage no other local Authority or Provider has intimated they intend to leave the partnership. Therefore if South Hams wished to leave Devon Home Choice, it would be leaving independently. It is likely that Devon Home Choice would still continue, and properties that were not subject to our allocation arrangement would continue to be advertised. Therefore local people would be required to register on 2 systems.

6.5 Despite the headlines of 12 months ago, the Choice Based Lettings Model remains in operation everywhere other than Portsmouth. The Portsmouth allocation policy requires individual assessments prior to being accepted for housing. Whilst there is no doubt this is a good service for applicants, who are informed of their housing options at the earliest opportunity, the rurality of South Hams make this option impractical for a number of people trying to access housing outside of the main towns. It is also not in keeping with the direction of travel of the Authority in driving through channel shift, freeing up officers to spend time on the most vulnerable customers. It is estimated that at least 2 full time officers would be required to offer a similar type of service.

6.6 For indicative purposes enquiries have been made to a major software supplier of a standalone IT option for South Hams District Council. This is commercially sensitive information and is therefore excluded from this report. However for a Housing Register alone the price would be £24,063. If South Hams members wished to continue with its own Choice Based Letting system and an online application this would be £52,663. The annual charges for support would be £11,370. It is unlikely if Devon Home Choice continued without South Hams that any provider would contribute to these costs, seeing it as a return to nominations.

	<b>Staff</b>	<b>ICT Implementation</b>	<b>ICT Annual Charges</b>	<b>Total</b>	<b>Cost per property advertised</b>
<b>Current Cost</b>	£22,940	0	£1000	£23,940	£25 fixed cost funded by landlord (Not SHDC)
<b>Estimated Cost of Standalone system</b>	£50,010	£24,063- £52,663	£11,370	£74,073 - £102,673 (Year 1) £61,380 (Year 2 ongoing)	£231 in Year 1, and £191 in subsequent years

## Option

It is likely the cost involved in a standalone scheme would be prohibitive. It is not clear of any benefit to residents of South Hams. Any allocation system is bound by reasonable preference criteria. It is therefore likely that any system would appear very similar if it were to remain lawful.

Any standalone scheme could introduce criteria ensuring it was only open to people with a local connection to the South Hams. As evidence suggests there are already existing safeguards in place within DHC with the 2% limit criteria. This would have prevented 6 households moving to the area without a local connection in 16/17. If typically 25% of the available property remained advertised through Devon Home Choice, it stands to reason that more property would be let to people without a connection to South Hams.

### **Recommendation**

**That SHDC continues in the Devon Home Choice partnership**

### **The question of continuing to register applicants in no housing need (Band E)**

Some Members in South Hams have voiced concerns over Devon Home Choice in the past. For some, registering applicants in no housing need with little chance of housing has been a futile exercise, whilst others would like the local connection preference to be extended to local people with no housing need. As we do not own any housing either option has to be in partnership with our local providers.

### **Option**

South Hams District Council can make a decision to stop registering Band E applications. However 13.5% of properties, based on last financial year could go to people through advertisements on gumtree or other websites.

Officers do not feel there is a large administration burden with the registering of Band E applicants. They are largely self-serving choosing to interact through the website, so it is unlikely to bring any office efficiency.

Regarding extending the preference to people with no housing need but with a local connection, the Council is bound by Part 6 of the 1996 Housing Act (as amended) to give "reasonable preference" to certain groups of people. These are as follows

- People who are homeless
- 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 need to move to a particular locality in the district of the authority, where failure to meet that need would cause hardship (to themselves or others)

Both the Devon Home Choice Policy & the South Hams Allocations Policy currently meet these statutory requirements. It would be unlawful to give preference to people in no housing need with a local connection, above those with a reasonable preference of housing need (other than where there was a section 106 agreement in place).

### **Recommendation**

**That South Hams District Council continue to register Band E applicants for Devon Home Choice.**

## **The Future of Devon Home Choice**

With the renewed vigour in the Cornish partnership, and a willingness to share the Consultant findings as soon as possible, the other Devon partners remain committed to working together and continuing with Devon Home Choice.

As a non-stockholding Authority working in partnership with Local landlords still remains the best deal for local people.

- DHC remains a one stop shop for affordable housing to rent in Devon
- Almost 100% of property in Devon is let through Devon Home Choice, with no need to revert to nomination arrangements  
DHC gives regular feedback to applicants on their final place on shortlists and allows them to make informed choices on where they want to live.

During the T18 transitional period, it has been important in South Hams to ensure applications were processed timely and effectively to ensure people did not miss out on properties. It is recognised that there is more work to be done to ensure people in the greatest housing need are supported in their choices. After a vacancy of nearly 12 months there is now increased specialist resource in housing. This officer has been tasked with focused targeted work to ensure we are best meeting the needs of South Hams residents. This will complement the early intervention work that the team will need to provide under the requirements of the Homeless Reduction Act – the biggest change to housing legislation since 1977 and both a challenge and an opportunity for this Council.

DHC has approached the consultant Andy Gale who conducted the Cornwall review to consider opportunities for the Devon partnership. Whilst currently unable to commit to a full review he has signalled an opportunity for the Devon partners to work together and create a new simplified version of DHC.

The partnership will therefore over the next 12 months be looking at a new model, no longer structured on the basis of offering one product only (affordable housing for rent) recognising that this traditional approach fails to recognise the reality of limited supply of rented homes and reinforces behaviour where by residents are unwilling to consider other housing solutions. A simplified banding system and initial application process with people who can help themselves encouraged to do just this, whilst using ICT solutions to create personalised housing plans highlighting to households the range of housing options they can consider (shared ownership, house shares, private rented options etc.). This could transform Devon Home Choice and provide a much needed service for people in Devon concerned about their housing options. Continuing participation in the partnership would ensure that South Hams were able to improve the opportunities we are able to give residents to the District.

Any fundamental changes to Devon Home Choice are as ever subject to the approval of each Council and Landlords Members and Boards.