



Mayor and Cabinet

Report title: Housing Allocation Policy review

Date: 11 November 2020

Key decision: Yes.

Class: Part 1

Ward(s) affected: All

Contributors: Fenella Beckman, Director of Housing Services

Outline and recommendations

- Lewisham Council's housing allocations policy has been reviewed. This report and accompanying documents outline a series of proposed changes to the policy.
- Mayor and Cabinet are requested to make decisions pertaining to proposed changes, and to approve a 12-week public consultation on the proposals.

Timeline of engagement and decision-making

11 November 2020	Proposed changes to be presented to Mayor and Cabinet, with recommendations to consult immediately
18 November 2020	Proposed changes to be presented to Housing Select Committee
Late November for 12 weeks	Proposed public consultation on changes

1. Summary

- 1.1. This report seeks to obtain approval to proceed to a 12 week public consultation on a series of proposed changes to the Allocations Policy.
- 1.2. This report sets the policy context and highlights the background and purpose of the current Allocations Policy, introduced in 2017.
- 1.3. It then outlines the key allocation challenges faced in the borough, and the rationale for the review.
- 1.4. The report goes on to summarise the amendments to the existing Allocations Policy proposed by officers, and refers to the accompanying documents where further detail of the proposals is provided.
- 1.5. This report considers the financial and legal implications of the proposed changes and makes a number of recommendations to Mayor and Cabinet.

2. Recommendations

- 2.1. Mayor and Cabinet are asked to:
 - 2.1.1. Approve a 12 week public consultation on the proposed changes to the Allocations Policy, as set out below, summarised in section 9 of this report, and detailed in Appendix A, and namely to consult on:
 - 2.1.1.1. changes to the banding structure
 - 2.1.1.2. changes to band allocation for several primary rehousing reasons
 - 2.1.1.3. introducing a new 'smart letting' approach to maximise the number of properties available to let
 - 2.1.1.4. reducing the 'three offer' rule to 'two offer' rule
 - 2.1.1.5. updating the bidding process
 - 2.1.1.6. reviewing how large properties are let
 - 2.1.1.7. delegating powers

3. Policy Context

- 3.1. Section 166a of the Housing Act 1996 requires local housing authorities to have a

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- policy in place for determining priorities and procedures to be followed in allocating housing.
- 3.2. The Allocation Policy sets out the Council's policies relating to the allocation of social housing and the procedures and processes used by officers to implement those policies.
 - 3.3. Priority for accommodation must be given to the groups who fall within the statutory reasonable preference categories, namely:
 - 3.3.1. people who are homeless (within the meaning of Part 7 of the Housing Act 1996)
 - 3.3.2. people who are owed a duty by a local housing authority
 - 3.3.3. people occupying insanitary or overcrowded housing, or otherwise living in unsatisfactory housing conditions
 - 3.3.4. people who need to move on medical or welfare grounds
 - 3.3.5. 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 to others)
 - 3.4. The latest Allocation Policy was published in April 2017.
 - 3.5. The Council is legally required to consult on major policy changes and so, before ratifying the proposed changes, a consultation process will need to be completed.
 - 3.6. The contents of this report are consistent with the Council's policy framework. It supports the achievements of the Corporate Strategy objectives:
 - 3.6.1. Tackling the housing crisis – Everyone has a decent home that is secure and affordable.
 - 3.7. In response to the changing landscape and increasing demands on our services, the council will imminently adopt a new five-year Housing strategy, and a two-year Homelessness and Rough Sleeping strategy. Both strategies respond to the rising pressures of the housing crisis and additional need created by the COVID-19 pandemic.

4. Background

- 4.1. The Allocation Policy was reviewed extensively in 2012, in response to the Localism Act 2011 and the Code of Guidance on Allocations June 2012.
- 4.2. In 2017 further changes were made in response to increasing demand for social housing and rising homelessness levels.
- 4.3. There are almost 10,000 households on the housing register. It would take over nine years to provide social homes to everyone on the housing register if the number of available homes stays the same, and if no more households are added to the register. It is likely that many of those on our register will never move into social housing.
- 4.4. Until recently, the Allocation Policy has been supplemented by an Annual Lettings Plan. Since 2017 we have used the ALP to define our key priorities, which has in particular given significant priority to rehousing homeless households on the basis that there was an urgent and temporary need to prioritise this group to respond to the increasing numbers of homeless applicants occupying temporary accommodation.
- 4.5. Over time it has become clear that we need to amend our allocations policy to ensure that it reflects our current priorities, and to ensure that applicants with most acute need are prioritised. This review of the allocation policy will ensure that the priority banding scheme more accurately reflects the councils rehousing priorities, particularly given the continuing high demand for social housing and continuing high numbers of applicants placed in temporary accommodation.

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- 4.6. For the above reasons, a number of changes to the Allocation Policy are proposed. These changes will ensure that the housing allocation scheme more accurately reflects the rehousing priorities for the borough.

5. Purpose of the Allocations Policy

- 5.1. The Allocations Policy defines who can apply to join the housing waiting list, identifies those with the greatest housing needs and sets out how individuals will be prioritised for council and other registered provider housing that comes available. It is therefore at the forefront of the council's response to housing need.
- 5.2. The policy must clearly state how bands for reasonable preference, and priority within bands, are determined and assessed and recognise the need to ensure fair and equal access to social housing.
- 5.3. The policy aims to use resources available as efficiently as possible, retaining flexibility to respond to fluctuations in demand from different client groups, preventing homelessness and offering choice to applicants.
- 5.4. The Policy must also reflect our strategic priorities, the relevant ones from the Housing Strategy 2020-25 being:
 - 5.4.1. Preventing homelessness and meeting housing need;
 - 5.4.2. Supporting people to access a stable and secure home.

6. Priorities for the Allocations Policy

- 6.1. Based on the current housing landscape, and demand in Lewisham, our priorities for the Allocations Policy are:
 - 6.1.1. Reducing the number of homeless households who are living in unsuitable and costly temporary accommodation;
 - 6.1.2. Reducing under occupation and severe overcrowding ;
 - 6.1.3. Supporting independent move-on for single vulnerable households who are currently housed in supported and semi-independent accommodation;
 - 6.1.4. Supporting those who are fleeing violence
 - 6.1.5. Supporting the regeneration of designated housing estates.
 - 6.1.6. Delivering on our corporate responsibilities, including in our role as a corporate parent and in relation to members of the armed forces who are in housing need.

7. Challenges

- 7.1. The allocation of social housing is a challenging process because there is a worsening lack of supply to match demand.
- 7.2. Over recent years, the number of social housing properties available for letting has been steadily decreasing. There are now almost 10,000 households on the housing register, and on average we let around 1000 properties. We anticipate even lower lets in this financial year (20/21) due to the impact of Covid-19.
- 7.3. The lack of supply is also exacerbating the level of need in the borough. Increasing numbers of households are in need of larger family homes for instance, however the number of larger houses available is very small. In 2019/20 there were 363 families in need of a five-bedroom property and only one of this size was let. The below table illustrates this, and the lets vs need for other house sizes:

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Bedroom	Let in 19/20	Number on the register in housing need
1 bedroom	624	1694
2 bedroom	305	3814
3 bedroom	171	2980
4 bedroom	27	986
5 bedroom	1	363

- 7.4. Over the past years, there has been a significant rise in the number of homeless households who require temporary accommodation. As of September 2020 almost 2,500 households are in temporary accommodation arranged by the Council, an increase of almost 650 compared to March 2017. In 2019/20 temporary accommodation cost the council approximately £3m.
- 7.5. In light of the substantial challenges we face in allocating such a scarce resource, and that the last major review of the allocations policy and banding scheme was in 2012, there is a need to review the Allocations Policy.

8. Approach

- 8.1. Due to the challenges discussed above, the approach to the review of the Allocations Policy has been manifold and extensive. Methods include:
- 8.1.1. Reviewing other boroughs' policies, to ensure relative consistency, whilst also taking into account Lewisham's particular characteristics;
- 8.1.2. Extensive data analysis, including the creation of a data model to simulate bid cycles to inform the implications of proposed changes.
- 8.1.3. In-depth data analysis of the current housing register and lettings from previous years, including continually analysing any equalities impacts.
- 8.1.4. Extensive discussion with legal counsel and officers across Housing, supported housing, and Children's Social Care.
- 8.2. Undoubtedly the changes proposed will be subject to varied opinions. Our residents who are in need of social housing are at the forefront of the review and those in the most critical need have been prioritised.
- 8.3. A 12-week consultation is proposed to ensure that residents affected are able to comment, and an extensive analysis will follow the consultation to ensure that all opinions and situations are considered when finalising the Allocations Policy.

9. Summary of proposed changes

- 9.1. Appended to this report are the following documents:
- 9.1.1. Appendix A: "*Allocations Scheme major policy revisions*" which summarises the substantive changes proposed to the policy and the reasoning;
- 9.1.2. Appendix B: "*Summary of all proposed changes to Allocations Policy*" which is a table of all proposed major and minor changes.
- 9.1.3. Appendix C: "*Summary of current and proposed banding schemes*" which contains two

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tables showing the current banding scheme and the proposed new banding scheme, along with the estimated number of applicants to fall in each band.

9.2. Below are high-level references to the proposed major changes; please refer to the above documents for further detail.

9.2.1. *Changes to the banding structure*

9.2.1.1. The below changes are proposed, including the introduction of a new Band 4. The detail surrounding the changes is provided at 9.2.2:

Current band	Change?	Proposed new band
Band 1: Emergency Priority	No	Band 1: Emergency priority
Band 2: High Priority	Yes – new priority groups, homeless with additional need and overcrowded by three bed, added to band 2	Band 2: High priority
Band 3: Priority	Yes - overcrowded by two bed moved to band 3	Band 3: Medium priority
N/A	Introduced a new band for overcrowded by one bed	Band 4: Low priority

9.2.2. *Changes to band allocation for several primary rehousing reasons, namely:*

9.2.2.1. Introducing a new homeless with additional need primary rehousing reason in band 2 will ensure the Council is able to respond to those very specific group of homeless applicants who through the support they receive from the Council have a need to remain within the Borough, and for whom other tenures such as the private rented sector are untenable.

9.2.2.2. Introducing a new overcrowded by three bed primary rehousing reason in band 2 to prioritise those households living in the most acute overcrowded conditions. We estimate that around 160 applicants within Lewisham are overcrowded by three beds or more. At present they will wait many years before being allocated accommodation, and it is appropriate to increase their priority given the high level of housing need they are in.

9.2.2.3. It is proposed that when awarding overcrowded by three bed, adult children are not considered when calculating the size of property required for applicants, unless they are dependents or are caring for another adult or adults in the household. Because the council has a disproportionately few large properties available it is necessary to ensure that this priority group targets these properties at households with dependent children.

9.2.2.4. Moving the overcrowded by two bed priority to band 3. The reasoning is due to the proposed additional prioritisation allowed for those overcrowded by three bed, who are placed in band two. The overcrowded by three bed cohort is a sizeable group with acute housing need, who are also bidding for rarer properties. It is therefore necessary to prioritise the most severe overcrowding needs and move overcrowded by two bed to band 3 to reflect this.

9.2.2.5. Allocating those households overcrowded by one bed low priority in a new band 4.

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This group will be moved to a new band 4 to reflect the moving of overcrowded by 2 bed to band 3 medium.

9.2.3. *A new 'smart letting' approach to maximise the number of lets available*

9.2.3.1. Within the new Policy we propose ring-fencing up to 20% of properties to applicants who are currently living in social housing (a transfer applicant) and who have a housing need ("smart letting").

9.2.3.2. We propose ring-fencing up to 20% of available properties to someone already living in social housing (transferring tenant) who is in need, and made sure that the property they vacate is ring-fenced to someone living in the PRS / Temporary Accommodation (non-transfer applicant). This policy has been proposed as it represents an opportunity to solve more housing need with the resources we have.

9.2.3.3. Aside from building new social homes, this is a key way for us to make best use of the available social housing with the resources we have. For each property, we could solve two households' needs, whilst also maintaining equitable access to the available lets.

9.2.4. *Reducing the 'three offer' rule to 'two offer' rule*

9.2.4.1. A 'Two Offer' policy is deemed reasonable, given that:

9.2.4.1.1. there is a scarcity of housing available;

9.2.4.1.2. there is a need for the Council to let properties as quickly as possible;

9.2.4.1.3. there is an administrative burden for officers when an offer is refused; and

9.2.4.1.4. the resident has bid for the property and indicated preference for that property.

9.2.5. *Reforming the bidding process*

9.2.5.1. Currently, applicants are able to place one bid a week for a property. We propose increasing the number of bids an applicant can make so that they can bid for multiple properties per week. This is beneficial for applicants as they will be able to express preference for more than one property and not be constrained by the system. This proposal will only be implemented if the system is operationally deliverable – officials will review the Council's new online system to assess this.

10. Financial implications

10.1. As has been previously narrated and outlined in this report, the current housing issues experienced both nationally and in the borough are putting severe pressure on the council's housing allocations and budgets. There are significant costs associated with housing generally, including managing the allocations service, managing the provision of council housing and providing services to those experiencing homelessness or the threat of homelessness.

10.2. All of these are affected over time by the demand for housing. The allocations policy is the means by which that demand is allocated to existing properties. As such, changes to the plan do not have direct financial implications.

10.3. The changes to the allocations policy set out in the report are expected to assist in managing those pressures and assist in officers making the best use of the resources available to them.

11. Legal implications

11.1. The allocation of housing by local housing authorities is regulated by Part 6 of the

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- Housing Act 1996 (HA 1996). A local housing authority (LHA) must comply with the provisions of Part 6 when allocating housing accommodation (section 159(1), HA 1996). However, subject to this compliance, authorities may otherwise allocate housing in any manner they consider appropriate
- 11.2. Section 166A (1) of the HA 1996 provides that every LHA must have an allocation scheme for determining priorities between qualifying persons and as to the procedure to be followed
 - 11.3. Section 166A (2) through to (14) sets out which sets out the procedure to be followed when allocating housing accommodation
 - 11.4. Section 166A (13) Before adopting an allocation scheme or making an alteration to their scheme reflecting a major change of policy, a local housing authority must
 - (a). send a copy of the draft scheme, or proposed alteration, to every private registered provider of social housing and registered social landlord with which they have nomination arrangements [s159(4)] , and
 - (b). afford those persons a reasonable opportunity to comment on the proposals
 - 11.5. The Localism Act 2011 received royal assent on 15th November 2011. The 2011 Act introduces a number of significant amendments to Part 6 of the 1996 Act. Of particular relevance here are the following provisions: Section 160ZA replaces s.160A in relation to allocations by housing authorities. Social housing may only be allocated to 'qualifying persons' and housing authorities are given the power to determine what classes of persons are or are not qualified to be allocated housing (s.160ZA(6) and (7)).
 - 11.6. The statutory guidance on social housing allocations is entitled "Allocation of accommodation: Guidance for Local Authorities in England and was revised in June 2012 Authorities are obliged to have regard to this guidance when devising and implementing their schemes.
 - 11.7. The Equality Act 2010 (the Act) introduced a new public sector equality duty (the equality duty or the duty). It covers the following nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
 - 11.8. In summary, the Council must, in the exercise of its functions, have due regard to the need to:
 - eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Act.
 - advance equality of opportunity between people who share a protected characteristic and those who do not.
 - foster good relations between people who share a protected characteristic and those who do not.
 - 11.9. The duty continues to be a "have regard duty", and the weight to be attached to it is a matter for the Mayor, bearing in mind the issues of relevance and proportionality. It is not an absolute requirement to eliminate unlawful discrimination, advance equality of opportunity or foster good relations.
 - 11.10. The Equality and Human Rights Commission has recently issued Technical Guidance on the Public Sector Equality Duty and statutory guidance entitled "Equality Act 2010
 - 11.11. Services, Public Functions & Associations Statutory Code of Practice". The Council must have regard to the statutory code in so far as it relates to the duty and attention is drawn to Chapter 11 which deals particularly with the equality duty. The Technical Guidance also covers what public authorities should do to meet the duty. This includes

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steps that are legally required, as well as recommended actions. The guidance does not have statutory force but nonetheless regard should be had to it, as failure to do so without compelling reason would be of evidential value. The statutory code and the technical guidance can be found at: <https://www.equalityhumanrights.com/en/advice-and-guidance/equality-act-codes-practice>

11.12. The Equality and Human Rights Commission (EHRC) has previously issued five guides for public authorities in England giving advice on the equality duty:

- The essential guide to the public sector equality duty
- Meeting the equality duty in policy and decision-making
- Engagement and the equality duty
- Equality objectives and the equality duty
- Equality information and the equality duty

12. Equalities implications

12.1. An equality analysis has been started and can be found at Appendix D. It will be updated following the consultation period and will be finalised before mayor and cabinet considered the final proposed changes to the policy.

13. Climate change and environmental implications

13.1. There are no anticipated climate change and environmental implications.

14. Crime and disorder implications

14.1. There are no anticipated crime and disorder implications.

15. Health and wellbeing implications

15.1. The Allocations Policy gives preference to residents with medical need (classified in terms of Exceptional medical need, High medical need and Low medical need).

15.2. Those in Exceptional medical need are expected to remain at the most urgent level (Band 1) and therefore should experience no significant impact as a result of proposed changes.

15.3. Those in High medical need are expected to remain at the second level of need (Band 2). Changes proposed to this band have been recommended in order to ensure those in the most need are able to access social housing. Numbers within this band are expected to remain relatively stable or even decrease, therefore any impact on people with High medical need is anticipated to be positive.

15.4. Those in Low medical need are expected to remain at the third level of need (Band 3). Currently this cohort are grouped with households overcrowded by one bedroom. Changes proposed include overcrowded by one bedroom being moved to a new Band 4 with lower priority, thereby decreasing the size of Band 3 significantly. Therefore any impact on people in Low medical need is anticipated to be positive as the likelihood of them being awarded social housing will increase.

15.5. Implications for residents with disabilities will be fully explored within the Equalities Analysis Assessment.

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16. Appendices

- 16.1. Appendix A: “*Allocations Scheme major policy revisions*” which summarises the substantive changes proposed to the policy and the reasoning;
- 16.2. Appendix B: “*Summary of all proposed changes to Allocations Policy*” which is a table of all proposed major and minor changes.
- 16.3. Appendix C: “*Summary of current and proposed banding schemes*” which contains two tables showing the current banding scheme and the proposed new banding scheme, along with the estimated number of applicants to fall in each band.
- 16.4. Appendix D: “*Equalities Impact Assessment*” which details the full equalities impact assessment for the proposed policy changes
- 16.5. Appendix E: “*Public consultation questions*” which outlines the proposed public consultation questions
- 16.6. Appendix F: Supporting policies: Location Priority Policy and PRSO Discharge Policy

17. Background papers

- 17.1. Current 2017 Allocations policy – approved by Mayor and Cabinet in 2017

18. Glossary

Term	Definition
Allocations	Term used by social landlords to describe the process of identifying properties and letting them to people, who then become their tenants.
Annual lettings plan	A plan drawn up by a social landlord covering the various groups that the landlord intends to let properties to over the year. It also sets targets and monitors procedures.
Choice-based lettings	Based on the Dutch style of advertising and letting homes, aiming to give a more customer-focused approach to the letting of social housing.
Supported Housing	Accommodation for people with specific care needs. Residents are ‘supported’ in their accommodation by paid staff. Tenures can cover people in various groups, such as older people, people with learning disabilities, or those with needs around addiction and homelessness services.

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Term	Definition
Under-occupation	When the tenants in a property are not fully occupying it.

19. Report author and contact

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