

Decision maker:	Cabinet
Decision date:	Thursday 12 April 2018
Title of report:	Proposed redesign of the Allocations arrangements for Herefordshire
Report by:	Cabinet member finance, housing and corporate services

Classification

Open

Decision type

Key

This is a key decision because it is likely to be significant having regard to: the strategic nature of the decision; and / or whether the outcome will have an impact, for better or worse, on the amenity of the community or quality of service provided by the authority to a significant number of people living or working in the locality (two or more wards) affected.

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

All Wards;

Purpose and summary

To approve the proposed redesign of the allocations arrangements for Herefordshire.

The council has a range of statutory obligations in relation to allocations, although as it holds no housing stock, the direct control of lettings to tenants rests with social housing landlords.

Current arrangements for allocations are managed through Home Point, which is a single integrated form of choice based lettings system (CBL) where applicants on the housing register bid for social housing. Providers have indicated their wish to move away from an integrated system and to manage more of the process themselves.

Following discussions with providers, an agreed approach has been identified for the redesign of allocations. It involves each provider making their own arrangements for advertising properties and managing lettings. The council will operate the register, monitor how housing need is met by lettings and transfer data to providers so that customers can either be nominated directly for properties or bid for them on provider websites.

The anticipated benefits include:

- choice for customers who will be able to apply both to the council and directly to the providers;
- more information about the different tenures available within the housing stock of providers including private market rental and low cost home ownership;
- better access to information through more modern and interactive technology;
- more effective monitoring of the nomination arrangements and the council's statutory duties;
- flexibility for providers to try to ensure that all their housing stock is fully let.

The council's role will be focused more specifically on fulfilling its statutory duties around allocations. The separation of component parts of the process requires new and more complex solutions for data transfer and the council is commissioning a new IT system to support this which has been the subject of a separate decision. The council will also have to operate two different nomination/transfer arrangements to reflect the different approaches of two groups of providers. There will be nomination agreements between the council and each provider to help regulate arrangements, following dissolution of the Home Point partnership

There is a detailed project plan and process to support the changes and it is intended that they will be implemented between October and December 2018. The allocations redesign, if approved, would also require the further revision of the allocations policy adopted in March 2016 and an item on this issue appears elsewhere on the cabinet agenda today.

Recommendation(s)

That:

(a) the following new arrangements for allocating social housing be approved for implementation by 1st October 2018 within the existing budget:

- **the closure of the Home Point system and brand**
- **the separation of the housing register from the advertising of properties and the management of bidding and the discharge of the council's duty to nominate people and monitor allocations through multiple arrangements, including automatic data transfer.**

Alternative options

1. Make no changes to housing allocations arrangements. This option is not recommended as housing providers have confirmed they will not continue to use the current home point arrangements and the council cannot compel or require them to work in a particular way. Such an approach would lead to a breakdown of any organised means of ensuring that people in housing need get housing and would be likely to lead to rapid increases in homelessness and significant regulatory and reputational risk to the council

2. Make changes to improve the existing allocations arrangements but continue with a single integrated CBL system. This option is not recommended as the majority of housing providers have made clear that this would not be an acceptable course of action and it cannot be imposed upon them. The consequences of such an approach would be similar to those in paragraph 1.

Key considerations

3. Although the council holds no housing stock the allocation of social housing is one of the core functions of the council in its role as strategic housing authority. It is the process which determines and manages who amongst local people can gain access to social housing. This may have a fundamental impact on the lives of individuals and families, the wider local economy and social wellbeing. It also ensures that housing associations (housing providers) can let their properties and secure their income while enabling the council to fulfil its statutory duties.
4. The allocation of social housing is governed by Part 6 of the Housing Act 1996 (as amended). The council must adopt and operate an allocations policy which sets out local priorities and the application of national priorities or “reasonable preference” categories. It is not obliged as such to operate a housing register, but must be able to nominate people with housing need in priority order. Operation of a housing register is the only really practical way to fulfil this part of the duty. The council also has various duties to monitor and report upon who gets what social housing and performance of the system overall.
5. The law provides that the landlord determines to whom it lets specific properties. Landlords can assign that right to the council, for example by accepting 100% nominations for its properties, but this is rare among larger stockholding providers. In many other areas, the council retains at least some housing stock, but this is not so in Herefordshire. Choice based lettings schemes (CBL) such as Home Point are not required by law but they have been adopted widely by councils as a business or service choice.
6. In Herefordshire, housing allocations are managed currently through Home Point, the local brand name for a single integrated form of CBL. CBLs enable people on the housing register to bid for properties and rely on this bidding, rather than controlled nomination by the council as the means of selecting potential tenants for properties. The council manages most aspects of the process on behalf of housing providers, including advertising properties, checking eligibility and assessing applications, co-ordinating bidding and monitoring outcomes. Providers have contributed to the council’s costs of staffing Home Point and of the IT system which supports it. Housing providers decide which bidder is offered the tenancy for each property and this person may not be the household with the highest priority banding or housing need. This may be due to the rules relating to “bedroom need” of applicants, but more frequently the providers’ exclusions policies.
7. There is widespread evidence of sustained and growing need for social housing. The numbers on the housing register have increased steadily since July 2014 and stand currently at around 1,200, although review of inactive applications is now being undertaken. In addition, the register does not capture the need for targeted, supported housing which is often allocated outside the formal allocations process. Needs data indicates that numbers of these forms of social housing need to increase by at least 70 units annually.
8. Providers each operate lettings and exclusion policies which indicate their priorities but particularly how they manage risk; to their property, their existing tenants and their income. Whilst providers are also obliged to follow the council’s allocation policy, the two policies

may sometimes be in conflict, leading applicants from the housing register to be excluded from tenancies despite having a high priority banding. Some providers apply exclusions for extended periods where bidders have a history of either debt including rent arrears or antisocial behaviour/offending. This misalignment of policies raises the possibility of legal challenge to both the council and housing providers, but cannot necessarily be addressed fully by proposed changes to allocations arrangements.

9. The council publishes and revises from time to time an allocations policy setting out local and national priorities and also providing a practical description of how local allocations arrangements will operate. In recent times the implementation of allocations policy for Herefordshire has been complicated by practical factors and implications. The policy was revised in 2016 to re-balance numbers and needs and ensure statutory compliance, but could not be implemented once housing providers signalled their intention to change allocations arrangements away from Home Point. Now those changes have been negotiated, further revisions to the 2016 policy are required. The revised allocations policy for 2018 is the subject of a separate decision for cabinet.
10. The Home Point scheme has operated as the means of managing allocations locally since 2002, its introduction coinciding with the council's transfer of the last of its social housing stock and the creation of Herefordshire Housing Limited (HHL), now part of Connexus. This was the third and largest Large Scale Voluntary Transfer of council stock (LSVT), others having taken place in 1994 and 1996 by predecessor councils to providers now known as Stonewater and Fortis Living. LSVTs were quite commonplace during this period, although Herefordshire is amongst a minority of councils to have transferred all of their stock. Councils faced powerful disincentives to retaining stock, including great restrictions on repairs and maintenance and capital investment. LSVTs required the majority support of tenants. The level of control over LSVT providers expected by councils evolved over time and these are greater in the case of HHL than those earlier, but this is balanced by the LSVT with HHL being fixed term. Whilst the council exerts some control over provisions for right to buy and property disposals, these will expire in 2020.
11. By September 2016 the larger housing providers, accounting for around 90% of housing stock, announced their intention to change allocations arrangements to move away from a single integrated system and the Home Point brand and model. They expressed reducing confidence in the ability of current arrangements to ensure their properties were appropriately let and meet the needs of customers. Providers cited concerns about;
 - the cost of Home Point,
 - the lack of choice,
 - the general experience for customers including the dated look and feel of the online experience.
12. There was particular concern about the increasing difficulty in letting properties and more control was sought over advertising and the management of bids from customers. The council indicated its willingness to work with providers to change or improve arrangements and accepted the fairness of some of the concerns. However, it has pointed out that the revised allocations policy 2016 would have addressed key causes of increasing hard to let numbers but its implementation has been delayed by providers' challenge to allocations arrangements. Nonetheless, providers remained concerned about issues relating to choice, customer experience and cost and affirmed their intention to leave Home Point and redesign arrangements.

13. Negotiations among the providers and with the council have taken place to agree a redesign of allocations arrangements which would allow both the council to fulfil its duties and housing providers to address their concerns. Discussion focused particularly on two key challenges:
- a) how information on registered applicants and lettings can be exchanged effectively and lawfully between multiple IT systems.
 - b) the nature of the pathway or journey for customers and how it is communicated coherently to improve outcomes and minimise confusion.
14. Joint consultation was undertaken with tenants, applicants and the wider public in 2017 which indicated support for increased choice and flexibility despite the potential complexity of pathways. The council has also undertaken an internal audit of Home Point systems and processes and will adopt learning from it in finalising the detail of new arrangements. The audit concluded that some aspects of the Home Point process worked effectively and identified some issues to be addressed, including;
- Providers should ensure that when applicants are housed the register team is informed so that they can be removed.
 - Issues around submission and review of supporting documents would be resolved
 - It is important for annual reviews to be completed for all registered applicants to ensure the register is fully updated.
 - There should be more comprehensive reporting of Home Point performance within council processes.
 - Providers must provide explanation where a bid is “skipped” by a provider.
15. Proposals for the redesigned allocations arrangements to operate from August 2018 include;
- Providers will advertise properties independently and will be free to receive bids directly from the public, as well as from people on the housing register.
 - Providers will be bound by nominations agreements to let a proportion of properties to applicants on the housing register.
 - The council will operate the register, nominate and transfer data on applicants to providers and monitor the letting of properties and performance of the system overall.
 - Three of the larger providers, accounting for about 80% of housing stock, will advertise and manage their lettings through an online service, Home Hunt. The council will transfer housing register data to Home Hunt automatically, so that applicants will also be registered on that website and can bid for those providers’ properties.
 - Data transfer will minimise the need for double handling of documents and data, so streamlining processes. Home Hunt providers will transfer data to the council, allowing it to monitor allocations.
 - Other providers will receive nominations from the council directly and “manually” whenever they have a vacant property and will report back to the council to enable monitoring.
 - Providers must let to people on the housing register with the appropriate banding/bedroom need at agreed rates which range between 60% and 100% of all

lettings. Somewhat lower rates are agreed for specific lists of properties identified as hard to let. These will be reviewed on a six monthly basis.

- The council is procuring a new IT system to support its more limited role in a customer friendly way and communicate effectively with providers' systems.
16. Customers seeking housing will be able to choose to go directly to housing providers, in person or via their websites and can search and apply to more than one provider. However, if they have a recognised housing need, they will be advised as currently to apply to be on the housing register, which typically will increase their chance of receiving housing. The council and all providers will ensure that:
- all websites and advertising are clear and consistent in giving customers a picture of the whole system and their different options
 - a “no wrong door” approach will be applied

Detailed work to deliver this is now underway across all organisations, including communications professionals. This approach acknowledges that the customer journey is new and has some complexity and seeks to explain options and processes as simply, clearly and consistently as possible. However, it is also recognised that the current customer journey with Home Point is complex and has attracted criticism from public and providers alike.

17. A project management process is in place to support the allocations redesign and the delivery of the new arrangements to the public by October 2018. This includes detailed partnership meetings, a virtual project board at executive/director level, timelines and milestones and risk management. The delivery of the redesign incorporates new nominations agreements with providers, procurement of a new IT system to support the council's altered role and automatic data transfer to providers' systems. The timetable for the redesign project includes;

April 2018	Secure agreement to information sharing arrangements
May 2018	Approval of individual nomination agreements for signing
March 2018	Agree joint communications messages and communications plan
June 2018	Conclude IT procurement process and award contract to IT supplier
April 2018	Detailed plan for operational changes and preparation.
May 2018	Complete activity review of Home Point and cleansing of data
July 2018	Confirm new operational arrangements to align with new IT system
August 2018	Complete joint system protocols and software for data transfer
August 2018	Completion of website and other communications changes
Sept 2018	Completion of system and operations preparation
Sept 2018	Finalise joint communications and pre-launch publicity
October 2018	System change-over
October 2018	Official launch of new arrangements

18. Information governance specialists have provided advice throughout the project and new data sharing agreements are being finalised to comply with new legislation, including

privacy impact assessments. Nomination agreements are the subject of a separate decision and with the dismantling of the Home Point Partnership will be the only formal agreement with housing providers relating to allocations. The procurement process for a new IT system to support the arrangements was launched at the end of January 2018 and will conclude in early April. This procurement is the subject of a separate decision.

19. Herefordshire was one of the original pilot areas for choice based lettings and is now one of the first areas to explore changing the arrangements significantly, although there is a growing dialogue within the sector about the effectiveness of CBL systems. Herefordshire is currently the only area to adopt this particular approach.

Community impact

20. The housing allocations process is critical to the delivery of social housing to communities, which contributes to the council's corporate objective to ensure that people can live safe, healthy and active lives. Social housing contributes also to the economy of Herefordshire and ensuring that housing is fully and appropriately occupied enables housing providers to build more housing and contribute further to local infrastructure and employment.
21. The county's local needs assessment database, Understanding Herefordshire, records social housing need as reflected on the council's housing register. The register currently shows around 1,200 people requiring social housing. It also reflects housing need including homelessness and other needs associated with the quality and availability of housing provision, which illustrate the need to extend but also manage effectively local social housing resources. Allocations arrangements are central to that management.
22. The impact of the proposed changes on the council's role as corporate parent is likely to be limited. Through the accommodation strategy for vulnerable young people, the council's intention is to meet the needs of looked after children (LAC) and care leavers increasingly through targeted and supported accommodation, by-passing the social housing allocations system. However, LAC and care leavers are found on the housing register and sometimes gain accommodation through the allocations system. The proposed changes in themselves will affect little the options and experience of those user groups, although they may benefit from the increased choice and improved online presentation anticipated.
23. There are no direct implications for health and safety arising from these proposals, which do not involve significant changes to the council's direct operational or public facing services. Housing providers do not provide social housing through a conventional contractual relationship with the council and have independent responsibility as businesses and public bodies for ensuring appropriate health and safety in the provision of social housing and operation of their services.
24. The new arrangements will involve significant changes for people applying for social housing and it is very important that these are communicated effectively and in a timely way to existing tenants and the public. The council is developing a detailed communications strategy with providers, to include advance publicity so that people are aware of upcoming changes before they are implemented.

Equality duty

25. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
26. The proposed changes to arrangements for housing allocations will have some impact on people seeking social housing. This population includes some representation of people sharing each of the protected characteristics. The changes will lead to increased opportunity or other improvements in the experience of some applicants, but for others they will not. However, there is no specific indication that the changes will affect any group with protected characteristics more than people with social housing need in general. So, overall no specific negative impact is identified for people with protected characteristics.
27. Housing providers will be aware of their potential contractual requirements with regard to equality legislation deriving from their relationship with the council. However in the allocation of social housing, providers are regarded as public bodies in their own right and so governed directly by the same duty as the council. The council and providers expect there to be some positive impact for some local people from the proposed changes, potentially from increased choice in seeking social housing and an improved online customer experience. This positive effect is expected to be experienced across the population and not directed to any particular group with protected characteristics.
28. An equality impact assessment has been prepared in relation to this decision and is attached at appendix 1.

Resource implications

29. The financial implications of the proposed redesign of allocations arrangements are confined to the costs of the council's staffing and IT requirements in operating the housing register, nominations, data transfer and monitoring elements of the new system. The council holds no housing stock and bears no other financial risk relating directly to housing allocations. The operating costs of the arrangements for a full year, 2018/19 are estimated to be £151k, comprising £30.5k for IT software and support and £120.5k for staffing. These costs are within budget for 2018/19, funded from base budget and £95k from Better Care Fund (BCF) funding which has been approved to support the service in light of the loss of income from housing providers which previously contributed to costs. In the light of the BCF element of funding which is not part of base budgets, the costs of operating housing register and allocations will be reviewed each year to consider the need to reduce services or seek external sources of funding.
30. In 2016/17, housing providers gave notice of their intention to leave the Home Point partnership and cease payments towards the council's costs in operating Home Point. These notices took effect during 2017.
31. The capital costs of the purchase and development of IT software to support housing allocations is the subject of a separate decision which was approved in January 2018.
32. The procurement process has confirmed that the approved budget is sufficient to meet costs of procurement and 5 year support for the IT software.

33. There are no implications of these proposals for Transfer of Undertakings, Protection of Employment (TUPE) regulations as no services or functions are transferring. The new arrangements will not require any additional staffing for the council and the diversity of the arrangements apparently inhibit opportunities to reduce staffing. However, operational arrangements will be reviewed during 2018/19 following the implementation of changes, to consider any need to make adjustments to staffing.

Legal implications

34. The council, as housing authority, is required to exercise its functions under Part 6 of the 1996 Housing Act and other associated legislation. Whilst the council does not hold its own housing stock, it must continue to fulfil its statutory duties, whilst working together with the relevant housing associations. A robust and clear working relationship between the relevant parties is required to ensure transparency and fairness to those who are owed a duty is provided, whilst ensuring the council meets its ongoing statutory duties.

Risk management

35. The key risks arising from the proposed changes to housing allocations include the following and risk management will be through strategic housing and risks held on the registers for AWB directorate and the prevention division.
- Delay in implementation - this may arise from a variety of factors and the risk relates to harm to reputation and partnerships. It is mitigated by appropriate and established project management arrangements and a shared commitment to deliver with housing providers.
 - Confusion among applicants for social housing arising from the changes to the customer journey and increased choice for people. This could lead to delays and poor outcomes for prospective social housing tenants, additional workload for the council and reputational harm. This is mitigated by clear agreement on joint communications, a no wrong door approach to customers and a project plan for implementation.
 - Potential for BCF funding for this service not to continue beyond March 2019. The council will continue to work with NHS partners to assure the plan for BCF funding for 2019/20. As with all ring fenced funding which is time limited, the council will continually review the risk and revise budgets accordingly.
 - Failure of data transfer arrangements between the housing register and housing providers' public facing systems. This would affect both nominations from the register and monitoring by the council. This could lead to people with housing need not being housed, escalation of unlet properties for providers and the council not meeting its statutory duties. Mitigation is through the council's procurement of a new IT system to meet the new requirements of data transfer, detailed protocols between IT suppliers and providers and project management.
36. The risks arising should the proposals in the report not be adopted would be significant and include;
- The potential withdrawal of housing providers from Home Point arrangements leading to the collapse of the allocations process, leaving no way for the council to ensure that people with greatest housing need can receive social housing. This would lead in turn

to rapid increases in homelessness, poor outcomes for many people and reputational and regulatory risks for the council.

- The need to suspend or cancel the procurement of IT software and support leaving the council with a system not fit for any future arrangement of housing allocations and so further delaying and complicating any agreed proposals.
- Significant tension and deterioration in the relationships between the council and local housing providers.

Consultees

37. The changes proposed arise from in depth consultation, engagement and negotiation with nine independent social housing providers. Those providers initiated and have shaped substantially all aspects of the proposals now made.
38. A public consultation over the proposed changes to allocations arrangements encompassing existing register applicants and tenants was held over eight weeks between January and March 2017. There were around 180 fully completed responses. The majority of respondents welcomed the proposed changes with 67% indicating that they would opt to apply through the register and directly with housing providers. Others were apparently content to apply only through the housing register or go directly to providers. Very few respondents were critical of the proposals, with many citing choice and flexibility as the main benefits anticipated. This consultation reaffirmed main aspects of the proposals and encouraged the providers and the council in working together to resolve the detail of the planned changes. There were no amendments or changes of emphasis within the proposals which were specifically influenced by the consultation. The main features of the proposals remain as they were at the time of this public consultation.
39. It has been determined that the Adults and Wellbeing Scrutiny Committee will review the progress and impact of the new allocations arrangements early in 2019.
40. Consultation has taken place with the council's political groups regarding the decision. No comments or objections were received.

Appendices

Appendix 1 Equality Impact Assessment

Appendix 2 Customer journey diagram

Background papers

None