

CANNOCK CHASE COUNCIL

HOUSING POLICY DEVELOPMENT COMMITTEE

14 DECEMBER 2010

REPORT OF THE DIRECTOR OF SERVICE IMPROVEMENT

LOCAL DECISIONS: A FAIRER FUTURE FOR SOCIAL HOUSING

1. Purpose of Report

- 1.1 To consider the Government's consultation paper 'Local decisions: a fairer future for social housing.'

2. Recommendations

- 2.1 That the Housing Policy Development Committee note the proposed reforms presented in the Government's consultation paper 'Local decisions: a fairer future for social housing'.
- 2.2 That the Head of Housing following consultation with the chairman of the Housing Policy Development Committee and the Housing Portfolio Leader formulate a response on the proposed reforms for submission to the Department of Communities and Local Government by 17 January 2011.

3. Summary

- 3.1 The Government issued a consultation paper on 22 November 2010 entitled "Local decisions: a fairer future for social housing". A copy of the consultation paper has been sent to members of the Committee as a separate document, whilst a summary is attached as Annex 1.
- 3.2 The consultation paper presents a number of proposed reforms which aim to make housing "fairer", ensure that social housing is focused on those in need and provide "better use" of the social housing stock. A response to the consultation paper is requested via 30 questions (attached as Annex 2) with a response date of 17 January 2011.
- 3.3 In accordance with the Government's philosophy of "local decision making", social landlords will be able to choose whether or not to implement the proposed reforms and if they choose to implement them to determine how they will be used. Whilst many of the reforms require legislative change (which will be enacted through the Localism Bill), the Government are asking through the consultation questions, whether the Council at this stage, would choose to implement the proposed reforms.
- 3.4 In view of the restricted timescale of the consultation paper (and the need for community consultation) it is considered premature to decide whether or not to implement some or all of the proposed reforms and if they were implemented how the Council's policy framework would be formulated. However, it is considered that the Council should submit preliminary view on the proposed reforms.

- 3.5 In order to meet the submission date for comments of 17 January 2011 it is suggested that following consideration of the Government's proposals by the Housing Policy Development Committee, a response is formulated by the Head of Housing following consultation with the chairman of the Housing Policy Development Committee and the Housing Portfolio Leader, and submitted to the Department Of Communities and Local Government. The response will be subsequently submitted to Cabinet for consultation.

4. Key Issues

- 4.1 The key reforms as contained in the consultation paper together with some initial comments are outlined below:-

(i) Tenancies

The lifetime tenancies of existing council (and housing association) tenants (i.e, people who are tenants at the time the law is changed) will not change.

For new tenants, the Government will give councils (and housing associations) the option of granting fixed term tenancies, as an alternative to lifetime tenancies. These fixed term tenancies will be at social rent levels and provide another option for landlords and tenants (alongside the new fixed term Affordable Rent tenancies –Housing Associations only).

Landlords will not have to grant the new fixed term tenancies and will be able to continue to give lifetime tenancies in some or all cases, if they consider this is right.

Generally speaking, fixed term tenants will have the same rights as lifetime tenants, such as a right to repair, and a right to buy.

The new fixed term tenancies will have a minimum time period of at least two years, but no maximum time period, so landlords can provide a length of tenancy that takes account of the needs of individual tenants and the local community – be that 10 years, 20 years, or longer.

Following the consultation the Government will decide on other rules for the use of fixed term tenancies. Those include whether the minimum period should be more than two years; whether some groups should always be guaranteed a longer fixed term or a social home for life; and whether existing secure or assured tenants should always continue to receive a lifetime tenancy when they move.

Landlords will need to publish their own policy on tenancies in the light of these rules and tenants' views. Their decisions on whether to renew a tenancy at the end of the fixed term will need to be in line with that policy.

The Government's view is that what happens at the end of the fixed term tenancy is important. Many tenants will need to stay in social housing, either in their current home or another more suitable property; others will be able to move on to low cost home ownership or private rented housing. Landlords will need to discuss the various housing options with their tenants well before the end of the fixed term, and help tenants move on to different accommodation, where this is appropriate.

Comment

Fixed term tenancies aim to restrict social housing to those most in need and increase the "turnover" of the social housing stock.

Whilst tenancies of between 2-5 years could potentially increase the number of vacancies in the short term, this would be dependent upon household being able to secure alternative

accommodation and it is considered that in the majority of cases it would be necessary to grant a further fixed term tenancy. Household who were granted tenancies for a 2 – 5 year period would have little incentive to invest or “look after” their homes and this would increase void costs when properties became vacant. “Short” fixed term tenancies would also contribute to a “transient” population and would do little to build strong and sustainable communities.

Therefore, increased turnover can only be realised in the long term, if such tenancies are granted for periods between 10 -20 years and will have no impact on meeting additional housing need in the short term. Many households who were granted tenancies for a 10 – 20 year period would have invested in their home and established links within their neighbourhood and as a result any decision to terminate their tenancies would inevitably be restricted and challenged.

(ii) Succession

The rules on succession (where someone living in a property inherits the tenancy when the tenant dies) are to change so they will be the same for all new council and housing association tenants. For all new tenancies (lifetime and fixed term) in future, the spouse or partner of the tenant will have an automatic legal right to succeed, as long as the tenant him/herself isn't a successor. (Currently, other members of the tenant's family have succession by law.) However, landlords will be able to give additional succession rights in the tenancy agreement, if they choose.

The changes to succession will not affect existing secure tenants who stay in their current home or move using the nationwide social home swap scheme. They will also not affect the right of a joint tenant to take over the tenancy when the other joint tenant dies.

Comment

The proposals would reduce the current statutory rights to succession. However, the Council would be able to give additional succession rights in its tenancy agreement.

(iii) Affordable Rent

A new 'Affordable Rent' tenancy to be offered by housing associations to new tenants of social housing from April 2011.

Affordable Rent properties will offer shorter term tenancies at a rent higher than social rent, with landlords able to set rents anywhere between current social rent levels and up to 80 per cent of local market rents. Local authorities will continue to play a key role on nominations.

Tenants of Affordable Rent properties will be able to get housing benefit, if they are eligible.

Comment

The Homes and Communities Agencies future funding plan (which has been formulated following the comprehensive spending review) suggests that all “new” housing association schemes over the next five years will be provided at “affordable” rather than “social” rents.

(iv) Allocations

Councils will be able to set the rules which decide who qualifies to go on the housing waiting list. At the moment Councils have to keep 'open' waiting lists, which means that

people can get onto any council's waiting list whether they need social housing or not and regardless as to whether they live in the local applicants area.

The rules which determine who should get priority for social housing will continue to be set by central government, by means of the statutory Reasonable Preference (RP) categories. This is to ensure that priority for social housing continues to go to the most vulnerable in society and those who need it most.

Council and housing association tenants who want, rather than need, to move will no longer have to compete with other people on the waiting list. Councils will be able to develop their own policies for these transferring tenants. However, social tenants who are in housing need (e.g. those who are overcrowded) will still go on the waiting list and will also continue to get priority.

Comment

The Council allocates dwellings through the uchoosehomes choice based lettings scheme. Under this scheme:

(a) Any household can register on the waiting list but can only be considered for accommodation if they live or work or have a connection and have some form of housing need.

(b) The relative merits of first time housing applicants and tenants who wish to transfer are considered against common criteria and according to the degree of housing need are placed in one of four bands for rehousing.

The proposals would enable households who do not have a connection with the Cannock Chase area to be excluded from the waiting list (if the Council chose to do this) and (again if the Council chose) to exclude further households who have sufficient resources to rent or buy privately or are living in private rented accommodation which is suited to their needs.

Transfers of existing tenants could also be undertaken "outside" the allocations system with the promotion of "chain lettings" to increase the number of transfers. Whilst the proposals are aimed to increase mobility within the social housing sector, separate schemes for transfer and waiting list applicants lack transparency and it would therefore be difficult to justify why one category of applicant had been allocated a dwelling. The Council operated separate schemes until 1992 and the allocation of properties to applicants rather than transfer cases (and vice versa) was subject to frequent challenge.

Increasing the number of transfers will result in increased void costs but will not result in better use of the stock (where a transfer involves housing need including under occupation this is dealt with under the allocation policy).

(v) Mobility

The Government is introducing a nationwide social home swap scheme so that all council and housing association tenants wishing to move have the best chance of finding a suitable match.

Comment

The proposed data sharing may help some tenants obtain a mutual exchange.

(vi) Homelessness

Councils will be able to bring the homelessness duty (owed to people homeless through no fault of their own and in priority need) to an end with an offer of suitable private rented housing. At the moment, this can only occur if the person agrees (unless they are offered

temporary accommodation). So, people owed the main homelessness duty can effectively insist on being offered social housing, whether they need it or not, taking around a fifth of new social lettings. This significantly restricts the number of social homes that could be made available to others in need on the waiting list. The tenancy offered will have to be for at least 12 months*¹ and if the person becomes homeless again within two years through no fault of their own, the council would have a duty to secure accommodation for them again. Councils will still be able to offer social housing to end the homelessness duty, if they choose.

Note

*¹ Generally tenancies in the private rented sector are for Assured Shorthold Tenancies for a term of 6 months.

Comment

Homeless households who have a statutory right to “permanent” accommodation can at the present time insist on being offered social housing whether they need it or not. As a result a fifth of new lettings are made to homeless households and this restricts the number of offers which can be made to other households on the waiting lists. The Council (through its Housing Options Team) has strong links with a number of private landlords and it is considered that Government proposals would enable a number of homeless households to be assisted with private rented rather than social housing if the requirement for the period were reduced to 6 months tenancy.

(vii) Council Housing finance

The current arrangement for financing council housing – through the Housing Revenue Account subsidy system – is complex, leaving councils uncertain about future income and unable to plan long-term. The Government plans to replace this with a new self-financing arrangement that will enable councils to keep all the rent money raised and spend it locally on their services. The Government envisage that it will also enable tenants and local taxpayers to hold their landlord to account for the cost and quality of their housing.

Comment

The consultation paper provides no detailed information on the potential size of the Council’s “settlement” payment to the Government and this will be the subject of a policy document to be issued in January 2011.

5. Conclusions and Recommendations

5.1 This report considers a number of proposed reforms presented in the Governments consultation paper “Local decisions: a fairer future for social housing”.

5.2 In order to meet the “consultation deadline” of 17 January 2011 it is suggested that following consideration by the Housing Policy Development Committee that the Head of Housing following consultation with the chairman of the Housing Policy Development Committee and the Housing Portfolio Leader formulate a response on the proposed reforms for to submission to the Department of Communities and Local Government.

6. Other Options Considered

6.1 No other options have been considered.

7. **Report Authors**

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Section 1

Contribution to Council Priorities (i.e. CHASE, Corporate Priorities)

Provision of additional affordable housing is a key action within the Housing Priority Development Plan.

Section 2

Contribution to Promoting Community Engagement

There is no direct contribution to community engagement arising from this report.

Section 3

Financial Implications

There are no financial implications arising directly from this report. The full financial implications of the self financing arrangement will be the subject of a further committee report when the details are known.

Section 4

Legal Implications

There are no direct legal implications arising from this report.

Section 5

Human Resource Implications

There are no identified Human Resource implications arising from this report.

Section 6

Section 17 (Crime Prevention) Implications

There are no Section 17 (Crime Prevention) implications arising from this report.

Section 7

Human Rights Act Implications

There are no Human Rights Act implications arising from this report.

Section 8

Data Protection Act Implications

There are no identified implications in respect of the Data Protection Act arising from this report.

Section 9

Risk Management Implications

There are no risk management implications arising from this report.

Section 10

Equality and Diversity Implications

There are no equality and diversity implications arising from this report. All new policies arising from the new legislation will be subjected to an equality impact assessment

Section 11

List of Background Papers

Section 12

Report History

Annexes to the Report

Annex 1 Local decisions: a fairer future for social housing
 Consultation