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Homelessness and stock transfer: a guide to the issues and best practice

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Contents

1	Introduction	1
2	Setting the context in Wales	3
3	The statutory and regulatory framework	5
4	Experience of transfer and access to housing	8
5	Issues for consideration	11
6	Sources of information	18

I Introduction

This guide is being published by Cymorth Cymru as a result of discussions between the organisation and key contacts in Wales about some of the difficulties that can develop in achieving effective access to housing for homeless and potentially homeless households once a local authority has transferred its housing stock. It is also being produced in the light of the number of Welsh local authorities actively considering stock transfer as a means of achieving the Welsh Housing Quality Standard.

This document was drafted by consultants Simon Inkson and Tamsin Stirling on behalf of Cymorth Cymru. Its development involved:

- a review of relevant websites and publications on stock transfer and access to housing (see section 6 for references)
- discussions with a small sample of local authorities, stock transfer housing associations and other relevant organisations, and
- consultation with key stakeholders

The production of the guide was funded by the Welsh Assembly Government's Homelessness Good Practice Grant programme.

The guide is targeted at local authorities that are either considering balloting tenants, or have resolved to ballot their tenants, on stock transfer. The guide offers practical advice about local authorities' continuing responsibilities in relation to the homelessness and housing allocations functions post transfer and how they can maximise access to social housing lettings, post transfer. It also provides advice to tenant representatives, housing associations and agencies that provide housing advice, homelessness services and housing related support in localities where stock transfer is being considered.

The research undertaken to produce the guide has identified a range of issues that have emerged from stock transfers over the course of the last decade that play a critical role in determining the effectiveness of the homelessness and housing allocations functions post transfer. It is important that local authorities in Wales that are about to transfer their housing stock and shadow transfer associations learn the lessons from those organisations that have already been through the process.

This guide sets out:

- the current context in Wales
- the statutory responsibilities of local authorities, in relation to the homelessness and housing allocations functions, (including their ability to contract out certain aspects of each function) and the regulatory expectations placed on Welsh housing associations in relation to meeting housing need and assisting local housing authorities discharge their responsibilities
- the key lessons from transfer over the last decade, and
- a series of issues for consideration for local authorities and others

A note on terminology

Throughout the document, local authorities are referred to as local housing authorities, housing associations that have been established to receive local authority housing stock are referred to as transfer associations and traditional housing associations are referred to as conventional associations.

Choice-based lettings (CBL) were enabled by the Homelessness Act 2002. CBL allows applicants for social housing (and tenants who want to transfer) to apply for vacancies which are advertised widely in the neighbourhood (e.g. in the local newspaper or on a website). Applicants can see the full range of available properties and can apply or bid for any home to which they are matched (e.g. a single person would not be eligible for a 3-bedroom house). Many CBL schemes give priority to those with urgent needs and use date order to determine priority for non-urgent cases. Authorities provide feedback about the priority of the applicants to whom properties were let to help other applicants to assess their chances of success in subsequent applications.

Comprehensive information about choice-based lettings is available online at www.choicemoves.org.uk and at www.communities.gov.uk/index.asp?id=1153186

A note on scope

There are a wide range of examples of effective practice on various aspects of homelessness in Wales. For example:

- Cardiff City Council are working with Cadwyn Housing Association to improve housing options for homeless households

- the six councils in North Wales have been working together for a number of years to share experience with criminal justice agencies to improve homelessness services for ex-offenders
- Carmarthenshire County Council have developed a range of mechanisms to prevent homelessness and worked to increase housing options in the rural context
- a number of local authorities in South East Wales work with voluntary sector organisation Llamau Limited to deliver a mediation service to prevent homelessness amongst 16 and 17 year olds
- Bridgend County Borough Council and all of the housing associations operating in the area have established an Inclusion Panel in order to minimise exclusions from social housing

However, given Wales' lack of experience of stock transfer to date, there are few examples in the context of stock transfer (excepting Bridgend). We have decided not to include non-stock transfer examples in this briefing. The Welsh Assembly Government has funded a series of advice notes and toolkits under its homelessness good practice grant programme and these will identify many such examples. Other sources of information include Welsh Housing Quarterly (www.whq.org.uk) and HouseMark (www.housemark.co.uk).

On lettings, the Welsh Assembly Government and Shelter Cymru are currently undertaking a review of all Welsh local authority lettings policies and will be issuing a report on their findings.

2 Setting the context in Wales

While there is currently only one transfer association in Wales, Rhondda Cynon Taf and Monmouthshire secured positive ballot results in late 2006 and another 6 local authorities have resolved to ballot their tenants on stock transfer over the next year or so. Of the remaining 13 authorities, 4 have agreed stock retention strategies in relation to achieving the Welsh Housing Quality Standard. Preparation for stock transfer is therefore a reality for a significant number of Welsh local authorities.

During 2005/06, 18,593 households presented as homeless to Welsh local authorities, down from 22,580 during 2004/05. Of these 7,811 households were accepted as unintentionally homeless and in priority, down from 9,856 the previous year.

During 2005/06, Welsh local authorities made 10,090 lettings to new tenants in their own stock (down from 11,196 during 2004/05):

- 6,167 of these were from local authority waiting lists
- 3,211 were rehoused on a priority basis because they were homeless

During 2005/06, nominations from Welsh local authorities to housing associations resulted in 1,127 lettings to new tenants (down from 1,374 during 2004/05):

- 447 of these were from local authority waiting lists
- 555 were rehoused on a priority basis because they were homeless¹

Information on new lets and relets by Welsh registered social landlords indicates that during 2005/06:

- 10,355 lettings were made (1,200 new lets and 9,155 relets)
- 3,037 properties were offered to local authorities for nomination (522 new lets and 2,515 relets)
- 2,315 lettings were made to local authority nominees (372 new lets and 1,943 relets were made to households nominated by local authorities)
- 1,132 lettings were made to households who were homeless and in priority need (up from 873 in 2004/05)
- 355 lettings were made to non-priority homeless households (up from 214 in 2004/05)

There is no published data on how many households are on Welsh local authority and registered social landlord waiting lists. However, anecdotal evidence indicates that waiting lists have increased markedly over past 4/5 years. This is backed up by research published recently by the Welsh Assembly Government, ***The Social Housing Cycle: lettings and homelessness in Wales, 1980-2005***. This indicates that, in periods of rising house prices and worsening affordability, fewer tenant households are able to move out and buy and hence the number of lettings available goes down. Transfers also fall. In effect, the sector seizes up at the same time as the demand for social housing increases. Waiting lists go up and the number of households presenting as homeless and accepted as being in priority need, (and subsequently rehoused), increases. The research concluded that we are in this part of the housing cycle at the moment. As a result, it is critical that local authorities ensure effective access to the available social housing stock for those in significant housing need and work to prevent homelessness occurring wherever possible.

Resolving disputes over individual nominations

In an area where the local authority retains the homelessness assessment function, where a dispute between the local authority and the transfer association arises over a homeless applicant to whom the authority owes a full housing duty, but who is not eligible under the associations' rules, the nomination agreement sets out a procedure to be followed. The transfer association can request more detailed information about the applicant within a given timescale. If, having received this information, the association wishes to reject the nomination, the case is referred to an Appeals Panel. The panel consists of one representative from the local authority, one representative from the transfer association and an independent chair who has the casting vote. The recommendations of the panel are binding on both parties.

[Source: ***Housing Allocation, Homelessness and Stock Transfer : A guide to key issues***. ODPM 2004]

¹ Data in relation to nominations was incomplete, with four local housing authorities not providing information

The Assembly's **National Homelessness Strategy** sets the policy context for preventing and tackling homelessness in Wales for the next two years. The strategy incorporates the following overall themes:

- priority for prevention of homelessness wherever possible
- user-focused services
- strategic planning of homelessness services
- partnership and joined-up working within the spirit of **Making the Connections**

The **National Homelessness Strategy** is supported by other Assembly measures such as secondary legislation, e.g. on the use of bed & breakfast accommodation and standards in temporary accommodation.

A Wales Audit Office report published in early 2007 reviewed the effectiveness of the National Homelessness Strategy and concluded that:

- the downward trend in homelessness indicated by national statistics is positive, but not conclusive
- the Strategy has encouraged a more joined-up approach to preventing homelessness, but further progress is needed to improve co-ordination and local delivery
- the evaluation of the Strategy, policy and services needs strengthening

The report makes a number of recommendations on improving the collection and use of data, examining the relationship between the use of the social and private rented sector; the supply of affordable accommodation and homelessness, prevention of homelessness and improved evaluation.

The themes set out in the **National Homelessness Strategy** reinforce the need for local authorities to take an effective strategic lead in the development and implementation of services to prevent and tackle homelessness. The CIH Cymru briefing **Taking the Lead: Building a stronger strategic role** noted that local authorities are possibly not well equipped to do this, due primarily to a lack of human resources. It may be appropriate for local authorities working towards stock transfer to engage specialist advice on the scope and shape of the retained housing functions post transfer.

Enabling access to social housing

Telford and Wrekin Council had difficulty following transfer finding homes with any local associations for people with a history of rent arrears. The local housing authority, partner housing associations and the local credit union have developed an agreement to assist statutory homeless families unable to access social housing because of debts relating to a former tenancy, clear the debts. The scheme involves:

- the applicant opening an account with the credit union and borrowing 1/3 of the amount owed which is paid to the landlord and agreeing to money management advice from the CAB and the provision of tenancy support
- the local authority paying a 1/3 of the debt and acting as guarantor to the credit union loan to the family; and,
- the housing association writing off the outstanding 1/3

[Source: **Housing after Transfer: The local authority role**. Audit Commission 2002]

3 The statutory and regulatory framework

Local authorities

A local authority's housing responsibilities do not end at the point of transfer. Local housing authorities that transfer all of their housing stock to another landlord remain housing authorities and retain important responsibilities for the following:

- housing allocations
- preventing and tackling homelessness
- private sector housing, and
- the strategic housing function, which involves identifying housing needs and co-ordinating the activity of a range of agencies to meet these needs

In terms of the access to housing functions, (housing allocations, preventing and tackling homelessness) local housing authorities' statutory responsibilities are set out below.

Housing allocations

Part 6 of the Housing Act 1996, (as amended by the Homelessness Act 2002), requires all housing authorities to have an allocation scheme that determines the authority's priorities and the procedure to be followed in allocating housing.

Where a housing authority has transferred its housing stock, the allocations function includes the sifting and prioritising of applicants for nomination to the transfer association and to other partner housing associations. The Act, as amended, sets out the categories of applicant who should be awarded reasonable and additional preference within an allocation scheme. The Act also requires local authorities to have regard to the **Code of Guidance for Local Authorities on Allocation of Accommodation and Homelessness**² in discharging its Part 6 obligations.

Advice about applying for an allocation

Part 6 of the Housing Act 1996 requires housing authorities to ensure that advice and information is available free of charge to everyone in the area on how to apply for housing accommodation. Housing authorities should also provide assistance free of charge to those who are likely to have difficulty making an application. Housing authorities are also to provide

applicants with information:

- that will enable them to assess how their application is likely to be treated under the allocation scheme and whether they are likely to fall within the reasonable preference categories, and
- whether accommodation appropriate to their needs is likely to be made available and, if so, how long before it is likely to become available

Homelessness

Part 7 of the Housing Act 1996, as amended by the Homelessness Act 2002, requires housing authorities to assess applications from households who claim to be homeless or threatened with homelessness within 28 days, determining whether:

- they are eligible for assistance
- they are homeless or threatened with homelessness
- they are in priority need
- they are homeless intentionally
- they have a local connection with the local authority

Housing authorities are required to secure accommodation for those who are eligible for assistance, in priority need, became homeless unintentionally and have a connection with the local authority. Typically, housing authorities will discharge the main homelessness duty by providing applicants with temporary accommodation until they are able to offer a more settled housing solution, (a housing allocation made under Part 6).

In discharging Part 7 obligations, housing authorities must have regard to the **Code of Guidance for Local Authorities on Allocation of Accommodation and Homelessness**.

² At the time of writing, a revised and updated version of the Code of Guidance is due to be issued by the Welsh Assembly Government for consultation.

Housing advice

Housing authorities are obliged under Part 7 of the Housing Act 1996 to ensure that advice and information on homelessness and the prevention of homelessness is freely available to anyone in their area.

In addition, housing authorities are required to provide advice and assistance to homeless applicants who are owed certain homelessness duties, including those not in priority need and those who are homeless intentionally.

It is recognised that a good quality general housing advice service is crucial in helping to prevent homelessness, enabling people to explore the full range of options available to them and achieve the most favourable outcome to their housing situation. It is also acknowledged that getting consistent housing advice provided across an area can be difficult as the advice is likely to be provided by a number of organisations including the local authority.

Undertaking reviews of homelessness and preparing homelessness strategies

Section 1 of the Homelessness Act 2002 requires local housing authorities to carry out periodic reviews of homelessness in their district and to adopt and publish homelessness strategies which sets out how an authority will work with partners to prevent homelessness and ensure that accommodation and support is available for people who are either homeless or at risk of becoming homeless.

The implementation of plan rationalisation in Wales means that the number of plans required to be submitted to the Assembly will reduce to four – the community strategy, local development plan, health social care and well-being strategy and children and young people’s plan. However, the Homelessness Act 2002 still requires the publication of a homelessness strategy. This is a contradiction that the Assembly needs to address, possibly through the use of Assembly measures introduced by the Government of Wales Act 2006.

Contracting out of statutory obligations

The Local Authorities (Contracting Out of Allocation of Housing and Homelessness Functions) Order 1996 (SI 1996 No. 3205) enables housing authorities to contract out certain functions under Parts 6 and 7 of the 1996 Act.

The Order specifies which aspects of the functions set out in Part 6 and 7 of the Housing Act 1996 may and may not be contracted out.

Part 6
Cannot be contracted out
Adopting or altering the allocation scheme, including the principles on which the scheme is framed, and consulting registered social landlords
Making the allocation scheme available for inspection at the authority’s principle office
Can be contracted out
Making enquiries and reaching decisions in individual cases whether the persons are or are not eligible persons
Carrying out reviews of decisions
Providing information to applicants
Making individual allocations in accordance with the allocation scheme
Part 7
Cannot be contracted out
Giving various forms of assistance to people providing advice and information about homelessness and the prevention of homelessness to people in the area
Giving assistance to voluntary organisations concerned with homelessness
Co-operating with another local housing authority by rendering assistance in the discharge of their homelessness functions
Can be contracted out
Making arrangements to secure that advice and information about homelessness, and the prevention of homelessness, is available free of charge within the authority’s district
Making inquiries about and deciding a person’s eligibility for assistance
Making inquiries about and deciding whether any duty, and, if so, what duty is owed to the person under Part VII
Handling referrals to another local housing authority
Carrying out reviews of decisions

Nominations and local lettings

In an area where the development of local lettings schemes led to concerns that those in the greatest need (including homeless applicants) would not receive enough priority, the local authority worked with five of its key partner housing associations to establish a nomination agreement which addressed this issue. As well as providing clarity on the roles and responsibilities of each organisation, the agreement includes a commitment from the housing associations that they will assist the council by providing alternative housing options for those who would otherwise be disadvantaged by local lettings policies.

[Source: ODPM (2004) **Effective co-operation in tackling homelessness – nomination agreements and exclusions**]

Registered social landlords

Section 170 of the Housing Act 1996 states:

'Where a local housing authority so request, a registered social landlord shall co-operate to such extent as is reasonable in the circumstances in offering accommodation to people with priority on the authority's housing register.'

Registered social landlords (RSLs) in Wales are required to work to the Assembly's Regulatory Code. This sets out key expectations for registered social landlords, the following of which are relevant to providing access to housing and working in partnership with local authorities:

- 1.1.1 RSLs should work in partnership with local authorities and other agencies to identify and provide for the housing-related needs of the area (including effective involvement in local homelessness strategies and reviews)
- 1.3.1 RSLs should ensure that people in housing need are aware of, and have access to, their housing
- 1.3.2 RSLs should work in partnership with relevant local authorities on the allocation of housing (including assisting local authorities to meet their obligations to house homeless people, vulnerable people and people who might be considered high risk)
- 1.3.3 RSLs should have a fair selection policy and seek to achieve a balance in housing allocation between:
 - the needs and preferences of applicants and transferees
 - the need to maximise social inclusion
 - the need to build stable communities

- the need to make best use of a publicly funded resource

- 1.6.1 RSLs should make housing available for people who have support needs and ensure they have access to appropriate services

These key expectations are further expanded in Wales Audit Office's **Housing Key Lines of Enquiry** published in November 2005 which includes a specific section on lettings and sets out what they consider constitutes an excellent and a satisfactory service.

In addition, the Welsh Assembly Government issued two circulars in draft some time ago setting out regulatory guidance for housing associations:

- **Suspensions due to Unacceptable Behaviour** – this brings the regulatory framework for housing associations in line with the requirements placed on local authorities by the Housing Act 1996 as amended by the Homelessness Act 2002
- **Local Authority nominations to tenancies with registered Housing Associations** – this sets out the detail for how nomination agreements and procedures should be framed

Housing associations and prevention

The **Housing Corporation's** recently published homelessness strategy recommends that housing associations make the prevention of homelessness a corporate priority and develop homelessness action plans which link to local and regional housing and Supporting People strategies. Homelessness action plans should include:

- agreed nominations requirements
- targets for contributing to government targets, e.g. on the reduction of number of households in temporary accommodation
- practical mechanisms to prevent homelessness within housing association homes
- move-on from hostels and supported housing
- a commitment to consider eviction only as a last resort

The strategy is available online at www.housingcorp.gov.uk/upload/pdf/Homelessness_strategy_20061128094557.pdf

The final versions of these circulars are expected to be issued soon.

4 Experience of transfer and access to housing

This section draws on the review of websites and literature and discussions referred to in section 1.

To date, over 100 English local housing authorities have transferred their entire housing stock:

- about 50% of these local housing authorities have contracted out the allocations function to the transfer association
- about 30% of these local housing authorities have contracted out the homelessness function to the transfer association

However, there has been a recent tendency for local housing authorities to bring homelessness and allocations functions back in-house to enable them to exercise greater strategic control.

Research undertaken in this area has not produced any evidence to indicate that contracting out of the homelessness and allocations functions automatically leads to a diminution of service quality, or of lack of access to housing for vulnerable clients.

However, research evidence suggests that where contracting out arrangements have not been effective, this can be attributed to one or more of the following factors:

- a lack of understanding of the retained housing activities by the local housing authority and inadequate resourcing of these activities
- a failure to make the decision about the location of the housing register and homelessness functions on the basis of a rational review of the functions, and
- poor advance planning

The failure of the local housing authority to fully understand its retained housing activities, and in particular the homelessness and housing allocations functions, has in some cases led to the decision to outsource the homelessness and allocations function. In these cases, this decision either:

- reflected the view that the management of access to social housing is an integral part of the landlord function rather than being an important aspect of the strategic role of the local housing authority, or
- was based upon the principle objective of the local

Common housing register

Bath and North East Somerset Council

operates the Bath and North East Somerset Homeseekers Register which is a partnership between the council and the housing associations working in the area.

Bath and North East Somerset Council receive around 75% of housing association voids, while the housing associations retain 25% of their properties for internal transfers.

The council wants applicants to have more access to properties even if they do not have the highest level of housing need, in order to help prevent homelessness and develop sustainable communities. This is done by ensuring that nominations to vacant properties are made on a rotating basis between Band A (urgent need to move, including statutorily homeless), Band B (high need to move), and Band C (low to medium need to move), according to property size, and the general area chosen.

Each year, the percentage of properties offered to each band is agreed, but usually includes 50% to Band A. The number and type of properties being offered to each band are closely and regularly monitored.

Information is available online at www.bathnes.gov.uk/BathNES/Housing/councilhousing/housingallocationsadvice/default.htm

housing authority being to minimise its post transfer operational involvement in housing

Research has also found that, prior to transfer, few local housing authorities had resourced their retained housing activities sufficiently. This situation was then exacerbated following transfer, with insufficient resources to either effectively perform the homelessness and allocations functions, or monitor the performance of the contractor in delivering aspects of the service. In a significant proportion of cases, the failure to resource retained housing activities led to difficulties in the relationship between the local housing authority and the transfer association. A majority of English local housing authorities examined as part of ODPM research reported expanding their housing staffing since transfer. This was reflected by the experience of those authorities contacted as part of the production of this briefing.

In many instances, local authorities considered only one option for the post transfer location of allocations and

homelessness functions, to the exclusion of all others, which in hindsight they came to regret.

Research undertaken for the former ODPM (2004) concludes that considering the location of the homelessness and housing allocations functions should either happen at a very early stage in the transfer process, (the post ballot pre-transfer stage is too late), or be left to be considered following the transfer of the housing stock. Publications from the Audit Commission (2002) and the former ODPM (2004) suggest that local housing authorities need to undertake a best value or scrutiny review of the homelessness and allocations functions prior to making decisions about potentially contracting out these functions post stock transfer. Such a review should be independent of the decision to transfer the housing stock and is best undertaken around the time that the local housing authority undertakes its options appraisal on how the relevant quality homes standard is to be achieved.

Poor advance planning in relation to the post transfer location of the homelessness and housing allocations functions has, in some cases, meant that where they have been out sourced, the functions are poorly specified with inadequate arrangements for review, monitoring and costing. Inadequate advance planning has often led to post transfer arrangements being reliant on trust which erodes over time as staff move and the interests of the local authority and the transfer association diverge.

Equally, there is much evidence of poor advance planning where the homelessness and housing allocations functions have been retained by the local housing authority and insufficient attention has been given to the development of nomination agreements and procedures, creating operational difficulties between the local housing authority and the transfer association.

Maintaining the local housing authority's access to lettings is dependent on:

- the quality of contract documentation
- the adequacy of management arrangements
- the development of trust-based relationships, and
- a commitment to continuous improvement on the part of either the local authority and its partner housing associations where the function has been retained in-house, or the contractor and the client where the function has been contracted out

The failure to put in place robust arrangements in relation to nominations arrangements is something that both the local housing authorities and transfer associations regret at a later stage.

In a number of instances, the quality of nomination arrangements suffered because insufficient attention was given to the detail of the agreements, due to the need to focus attention on successfully completing the transfer of the housing stock.

The day-to-day operation of nomination agreements can give rise to disputes – sometimes as a result of the lack of clarity in the agreements, but more often by the rejection of nominees by the transfer association. Nominations are rejected for a number of reasons such as the wrong size of household for the property, vulnerability and the lack of a support/care package and unpaid rent arrears. The avoidance of disputes requires the development of common policies and operational procedures on suspensions, information sharing protocols and a dispute resolution process. Such arrangements can also usefully be put in place with other associations working in the area.

Even where disputes over individual nominations are not an issue for the local housing authority, there may be an issue for the local housing authority in terms of the type of accommodation to which it gets access. For example, many nominations agreements state that the local housing authority will have access to a given percentage of lettings net of transfers made by the transfer association. This can lead to the local housing authority receiving access to a large proportion of smaller properties, once transfer requests from tenants of the transfer association to move to larger properties have been satisfied.

Despite requirements that all housing associations must demonstrate their co-operation with local housing authorities in meeting housing needs, transfer associations and conventional associations do not appear to be treated equally. Transfer associations are usually expected to reserve a higher proportion of their lettings than conventional housing associations and, in some areas, transfer associations are the only social landlords that participate in public protection arrangements (such as MARAC and MAPPA). This means that the transfer association may be required to accommodate all 'potentially dangerous' ex-offenders, rather than sharing this task with conventional associations.

Where the local housing authority has contracted out its allocations function to the transfer association, this can create potential conflicts of interest between the transfer association and conventional associations. The Housing Corporation suggests that such potential conflicts of interest could be overcome by appointing a third party contractor to perform the function, rather than the transfer association.

Where the transferred stock has undergone substantial works of improvement, which required tenants to be decanted to alternative accommodation, difficulties have occurred because of the knock on impact that this had had on the number of lettings. This is particularly the case where the local authority has not factored this into their calculations for the supply of lettings.

It should be noted that much of the research on the impact of stock transfer and access to housing was undertaken prior to the increased emphasis given to the prevention of homelessness by both the UK and the Welsh Assembly Governments. The transfer of housing stock will theoretically reduce a local authority's access to social housing lettings (from 100% access to lettings in its own stock, to 75% of lettings made by the transfer association following transfer). It is important that homelessness is regarded as a safety net, not as the main route into social housing in an area and that a fair proportion of lettings are made to other applicant groups. In addition, a high proportion of lettings going to households who have been accepted as homeless may conflict with the priorities of the transfer association in relation to providing balanced and sustainable communities. These factors provide additional rationale for ensuring that homelessness prevention is robust and effective.

In addition, it is important for the local authority, the transfer association and conventional housing associations that operate in the area to discuss the impact of transfer on access to housing and introduce agreements, policies, and processes to ensure that a proportion of demand from different sources, i.e. homeless, waiting list and transfer applicants, can be met. Practical examples of how this can be achieved are set out in the following chapter.

A focus on prevention

The **Vale of White Horse District Council** transferred its housing stock in 1995 and continues to manage the housing register for all housing associations in the area. The introduction of a system of choice-based lettings for housing association homes, alongside more effective advice and preventive work, has been a major factor in a drop in the numbers who become homeless and the numbers living in temporary accommodation. The choice-based lettings banding system makes the system easy to understand from a service user perspective and sends out the message that people do not have to be homeless to obtain social housing. The council has also improved the quality of advice on housing options and has developed a mediation service for parents wishing to evict their children.

Over the last two years, these actions have resulted in:

- a fall in homelessness applications of around 30%
- no incidences of repeat homelessness
- a reduction in the numbers of households being accepted as homeless by 25%
- the council being able to meet government targets to end the use of bed and breakfast except in emergencies and then for no longer than six weeks
- a reduction in the number of households living in other forms of temporary accommodation from 307 to 171

[Source: Audit Commission inspection report June 2006]

Vale of White Horse choice-based lettings website
www.valehomechoice.org.uk

5 Issues for consideration

This section of the guide provides local housing authorities and other organisations with a series of issues to consider in relation to the effective operation of the homelessness and allocations functions post transfer, both from the perspective of the organisations concerned, but also importantly, from the perspective of actual and potential service users.

We do not make any recommendations on whether the functions should be provided directly by the local housing authority or contracted out either to the transfer association or to a third party, in the recognition that any of these arrangements can work equally well given adequate preparation.

Principles

The issues are based on a number of key principles that we consider local housing authorities should take into account when considering homelessness and allocations post transfer. Local housing authorities should ensure that:

- through the provision of awareness raising and training sessions, key decision makers, including members and senior officers:
 - are fully aware of their continuing responsibilities post transfer in relation to housing
 - understand that the strategic housing function is an essential element of the community leadership role of the local authority, ensuring that within communities the right balance of house types are available to meet the housing requirements of all citizens. It is of critical importance that the strategic housing function is well resourced and has sufficient capacity to perform effectively post transfer
 - understand how the strategic housing role interconnects with the homelessness, allocations and private sector housing functions, to develop joined up housing policy for the area
- decisions about the post transfer arrangements for the homelessness and allocations functions are based on a thorough review, which should either be undertaken at an early stage of the transfer process, or following the completion of transfer. The review should involve all relevant parties, including internal and external stakeholders and service users
- there is effective, ongoing communication with partner organisations such as conventional housing

Choice-based lettings in the stock transfer context: cost sharing

Research for Communities and Local Government (2006) provides some guidance about the sharing of costs of a multi-landlord choice-based lettings scheme. Although it states that there is no self-evidently logical way of sharing costs, one option is felt to be particularly relevant to the stock transfer scenario.

The Ocean/East Cornwall choice-based lettings scheme distinguishes between costs associated with managing the waiting list and those with letting properties. Costs associated with managing the list are arguably a local authority strategic responsibility and should therefore fall on the authority, while those connected with letting properties are landlord-related functions and so should be fairly shared between the landlords involved. The same principle could apply to cost sharing for common housing registers.

It also notes that sharing costs on a pro rata basis linked to the number of lettings is not a very helpful concept where the local authority has ceased to be a landlord. However, if this approach is taken, the local authority should still contribute as it has wider responsibilities than the associations (i.e. the strategic role).

[Source Communities and Local Government (2006) **Monitoring the longer-term impact of choice-based lettings**

associations and voluntary sector organisations that have an interest in homelessness and allocations

- they have sufficient staff to effectively perform and/or monitor the homelessness and housing allocations functions post transfer
- they take a user perspective when considering arrangements for the homelessness and housing allocations functions post transfer, to ensure that arrangements make sense to service users and are simple to understand and negotiate
- the homelessness and allocations functions post transfer builds in scope for continuous improvement
- stock transfer is used as an opportunity to review relationships with all housing associations operating in the area, to ensure that they are all treated equitably
- formal and informal working arrangements are used to develop and cement good personal relationships with relevant staff at the transfer association and in all housing associations operating in the area
- they clarify with housing associations operating locally

what monitoring information they will need to feed into the wider strategic housing role and provide support for the provision of such information

- robust arrangements are put in place to enable the appropriate Scrutiny Committee to review:
 - the relationship between the local authority and the transfer association
 - the relationship between the local authority and conventional housing associations
 - the ability of the local authority to access a supply of lettings to meet its statutory responsibilities

Taking a robust decision on contracting out

A Teesdale Council report to the executive included a list of issues that the council needed to consider to inform a decision whether to contract out services or not:

- how it can discharge its statutory housing responsibilities and deliver its own housing policies
- to ensure appropriate targets can be set for the delivery of its housing functions and that these can be varied appropriately to meet changing circumstances
- to maintain the capability to fulfil its strategic role and appropriate links with the regional housing strategy
- to strike a balance between control and efficiency
- to deliver high quality services to the public
- to ensure local ownership of decisions from elected members and/or joint undertakings from partnerships
- to ensure housing functions are delivered in a coherent way that allows appropriate referrals to and from other services
- to maintain morale among staff affected by the transfer
- to avoid irrevocable contracting out decisions

The report recommended a Best Value review to inform a decision which was to take account of the council's statutory and strategic responsibilities as well as value for money.

[Source: Audit Commission website – positive practice]

Where either the homelessness or allocations functions (or both) are to be contracted out, it is essential that local housing authorities ensure that:

- they recognise that contracting out of the function is not a lower cost option than the provision of the service in-house, and fully fund the cost of the providing the service by the contractor
- the function is contracted out on the basis of an open tender, rather than restricting the choice of contractor to the transfer association
- the contract with the contractor:
 - clearly specifies the service to be provided
 - incorporates penalty clauses for poor performance
 - incorporates incentives to encourage performance improvement
 - allows for the provision of operational data from the contractor to the local authority, to enable the council to perform its wider strategic housing responsibilities, and
 - specifies procedures for annual review, altering the terms of the contract and its termination
- the applicants' right of appeal against decisions reached by the contractor, is to the local authority

There are also important principles for other organisations that have an interest in the effective operation of homelessness and allocations post transfer which focus on communication and co-operation. In practical terms, the decision about the future of homelessness and allocations services may be negotiated between the local housing authority and transfer association. However, conventional housing associations and relevant voluntary sector organisations should:

- be actively involved in any review of homelessness and allocations functions
- be actively involved in the development and implementation of the local homelessness strategy
- maintain effective communication with the local housing authority pre and post transfer
- ensure that any aspects of allocations and homelessness that they undertake are user focused
- provide relevant monitoring information to the local housing authority

Where a shadow board (for the stock transfer association) is established at the time that a decision is made about where the homelessness and allocations functions should be located, the following issues will be of concern to the board:

- what current arrangements are e.g, whether a common housing register is in place, how well current systems work and what service users think

about them

- the wish to provide excellent services to tenants and applicants which are easily accessible and responsive
- the cost of providing services in different ways
- the practical implications of different arrangements, including:
 - how much change there would be for tenants and applicants in the ways that they contact and access the service
 - whether the transfer association wants to take on additional activities/ business such as the assessment of homelessness inquiries or the management of temporary accommodation, or sees these as a distraction from the work of achieving WHQS

Protocol to prevent homelessness

In an attempt to reduce the incidence of homelessness for vulnerable people Your Homes Newcastle (an ALMO) and Newcastle City Council introduced a new Protocol and procedures on 1st July 2006.

The homelessness prevention procedure has been divided into three parts:

- action to be taken before the tenancy starts - identify anyone who is vulnerable and develop a support plan and undertake a new tenant visit
- action during the tenancy - identify anyone who is having difficulties with their tenancy, not identified as vulnerable at the start of the tenancy, hold a multi-agency case meeting and put a support plan in place
- action to prevent eviction and loss of home – identify anyone who is at risk of losing their tenancy and alert other agencies, include holding an eviction prevention case meeting

All key stakeholder agencies working in Newcastle have signed up to the Protocol and procedures - Probation Service, Youth Offending Team, Mental Health NHS Trust, Newcastle Independence Network, Inline - Supporting People Commissioning Body, Adult Protection Committee, Newcastle Primary Care Trust and Safe Newcastle Partnership.

It is intended that the protocol and procedures will be extended to include other social housing providers operating in Newcastle.

[Source: HouseMark case study]

- the way in which the transfer association wants to work with the local authority, i.e. whether it wants to adopt a more independent position, or one where it works in close partnership with the local authority.

Homelessness: overview

In this context, the homelessness function is taken to include the following:

- the provision of housing options advice and information
- prevention of homelessness
- homelessness assessment
- provision of temporary accommodation

It is essential that local authorities ensure that:

- staff carrying out or monitoring the function are well trained and have the resources required to perform effectively, have access to specialist advice and good corporate connections
- there are sufficient staff with appropriate skills to ensure a clear focus on the prevention of homelessness
- staff have the authority to be creative in developing solutions to housing problems, through the use of mechanisms such as a homelessness prevention fund
- they develop an appropriate range of temporary accommodation options in the pre and post transfer period, including use of private sector tenancies and private sector leasing arrangements
- appropriate and effective generalist and specialist housing advice is available in the area

Allocations: overview

Where the allocations function is to be retained in-house, it is essential that local housing authorities ensure that:

- they commence negotiations in respect of a nomination agreement at the earliest possible stage with the transfer association
- nomination agreements specify:
 - performance standards on the part of both parties
 - detailed service standards
 - performance indicators
 - targets and monitoring requirements
 - provision for access to operational data required

- o to perform the wider strategic housing function
- o procedures for the annual review of the agreement, procedures for altering the agreement, should demand for housing change
- o procedures to be followed to share information about applicants (this should be an extension of the Council's information sharing protocol – see example below)
- o procedures to be followed where the transfer association considers that a homeless applicant is in breach of its eligibility criteria (see example below)
- o procedures for contract review, altering the agreement or contract and its termination
- o detailed procedures for dispute resolution
- frontline staff in both the local housing authority and the transfer association receive procedures in plain language on the operation of the nomination agreement
- they have sufficient staffing resources in place to perform the allocations function effectively and to monitor the performance of all housing associations operating in the area
- negotiations are undertaken with all housing associations who operate in the area, with a view to:
 - o updating nomination agreements, to ensure that they reflect the agreement with the transfer association
 - o seeking their participation in public protection arrangements
 - o seeking agreement to the development of a partnership scheme between the Council, each housing association and the local credit union to enable people with debts relating to former tenancies to access social housing (see example below)
 - o developing a common suspension policy
 - o developing a common housing register, and
 - o developing a common choice based lettings scheme

Effective information sharing

In one transfer authority where the local housing authority continued to perform the homelessness assessment and management of common housing register post transfer, in order to counter the perceived problem of the rejection of nominations involving unsupported vulnerable applicants, the transfer association became party to an information sharing protocol involving housing services, social services and others. This has helped diffuse problems by ensuring common access to information on applicants' vulnerability and medical and/or offending

history. This information sharing arrangement is matched by the provision of support to enable tenants to maintain their tenancies.

[Source: **Housing Allocation, Homelessness and Stock Transfer: A guide to key issues.** ODPM 2004]

Where the allocations function is to be contracted out to a housing association in the area, it is essential that local housing authorities ensure that arrangements are introduced to develop a 'chinese-wall' within the association, to prevent potential conflict of interests.

Specific issues

The following checklists set out issues for consideration on a range of specific functions.

Homelessness prevention

- national and local homelessness strategies will set the framework for homelessness prevention by all relevant organisations (see examples below)

Local housing authorities should, in consultation with the relevant organisations:

- review priorities set out under Supporting People to ensure sufficient focus on the prevention of homelessness
- formalise the roles of various organisations in prevention (This provides further rationale for undertaking a fundamental review of homelessness and allocations services as part of the decision-making process of where the services should be located)
- formally agree the way in which prevention of homelessness will be undertaken by the contractor, should the homelessness function be contracted out to the transfer association, or a third party
- work with conventional associations, as well as the transfer association, to develop and agree mechanisms to prevent homelessness, e.g:
 - o provision of general and specialist advice, including debt advice
 - o development of protocols with each social landlord around eviction, detailing how prevention will be incorporated into their procedures for dealing with cases of rent arrears, anti-social behaviour, domestic violence and harassment, (see example below). Such protocols need to include commitment to considering preventative measures such as provision of

support, before eviction is considered

Homelessness assessment

Whichever organisation provides the homelessness assessment service, the following are needed:

- clear and comprehensive homelessness application form
- agreed policies and procedures regularly reviewed to ensure that meet statutory and regulatory requirement, as well as effective practice
- making reasonable and necessary inquiries about homeless households/individuals
- clear notification of decision, including giving the reasons for decisions
- accurate record keeping supported by an effective IT system
- robust monitoring systems supported by an effective IT system
- a robust system for dealing with requests for review, including learning from such requests and making any necessary changes to policies and/or systems
- a system for regular reporting of performance information to the relevant Scrutiny Committee

Provision of temporary accommodation

Local housing authorities should, in consultation with the relevant organisations:

- develop a clear plan for the provision of temporary accommodation based on an assessment of the need for different types of temporary accommodation taking into account likely impact of prevention and requirements of the Assembly's secondary legislation on use of bed and breakfast and standards in temporary accommodation
- consider the role of the transfer and conventional associations in the provision of temporary accommodation, e.g:
 - o leasing schemes (see example below)
 - o development and management of hostels
 - o leasing of association property for use as temporary accommodation

- consider the role of relevant voluntary agencies in the provision of temporary accommodation, e.g:
 - o managing hostels or other temporary accommodation
- reconfigure HRA leasing schemes where they are in place. Once transfer takes place, the HRA no longer exists and therefore the HRA subsidy will not be paid. Such schemes will need to be reconfigured as general fund leasing schemes, either as private sector leasing managed by the local housing authority, or as housing association leasing working with a partner housing association. Such schemes will need to work financially within the Housing Benefit limits applicable to the area, although the subsidy frameworks operate in a different way for the two types of leasing
- agree move-on arrangements from hostels and other temporary accommodation, including a link to support services to help resettlement
- ensure that the local housing authority and housing association allocation schemes give sufficient priority to homeless households, but do not over-incentivise people to apply as homeless

- agree systems for ensuring that households/individuals who require temporary accommodation, but who are likely to be difficult to accommodate, can be housed appropriately. This is likely to include a link to support services

Temporary accommodation

Torbay Council transferred its housing stock in 2001 and introduced a private sector leasing scheme in 2003. Unfurnished accommodation is rented from private landlords for a period of between one and three years. **Westcountry Housing Association** (a conventional association) manages the properties on behalf of the council and tenants are granted a non-secure tenancy under the homelessness legislation. Provision of this type of accommodation does not represent discharge of Torbay Council's duty to accepted homeless service users and their details therefore remain on the nomination list for permanent accommodation. Floating support funded through Supporting People, is available to families in the private sector leasing scheme.

The council is also able to access vacancies from its stock transfer association for use as temporary accommodation.

Information about Torbay Private Sector Leasing is

available online at
www.westcountryha.org.uk/wha/BuildingTheBusiness/Private+Sector+Leasing

Access to social housing

Local housing authorities must ensure that:

- a local authority allocation scheme (as required by law) is in place which sets out how priorities are determined and the procedure to be followed in allocating housing
- they gain an appreciation of how transfer association decant programmes associated with programmes of major repair and local lettings schemes linked to wider regeneration programmes will impact on the potential supply of lettings
- allocations policies/systems (whether choice-based or not) provide sufficient priority for homeless households, including households moving on from temporary accommodation, in the context of legal requirements in relation to reasonable and additional preference (reasonable preference includes households who are homeless)
- effective nomination agreements are in place (see allocations overview and examples below for more information)
- an effective process to resolve disputes around allocations/nominations is in place
- the operational function is linked to the strategic function, i.e. use monitoring of nominations, allocations outcomes and waiting lists to inform the detail of development of new social and affordable housing

Local housing authorities should ensure that:

- they and their partners consider the development of a lettings plan approach to inform nomination agreements (see example below)
- if a choice-based lettings system is not already in place, they consider whether this is the direction the local housing authority and its partners wish to go in strategically
- if a choice-based lettings system is in place pre-transfer, they agree who will undertake further development/refinement of the scheme post-transfer, e.g. bringing in other associations to be part of the scheme
- they and their partners consider and implement

partnership arrangements, e.g. common housing register (see example below), common allocations policy, common approach to suspensions/exclusions

- they and their partners agree cost sharing between relevant organisations where common approaches are in place (see example below)

Lettings plans

Since it introduced a common housing register in 1998, **Carrick Council** in Cornwall has prepared an annual lettings plan. Now it uses the plan alongside a common approach to choice-based lettings with its partner RSLs and private landlords. Carrick Council separates out projected supply and demand for 1, 2, 3 bed accommodation and accommodation specifically for pensioners. An example is provided below from the 2006/07 lettings plan.

Queue	Current demand	Target %	Target Housing
Gold	185	50%	23
3 bed projected supply = 47 lettings			3
Silver – home	185	45%	21
Bronze	49	0%	0
Total		100%	47

* high percentage of this band can produce a gain from tenants transferring e.g. tenants who would release family housing which they are currently over/under occupying

[Source: Carrick District Council]

Nominations practicalities

East Lindsey District Council maintains a common housing register on behalf of all housing associations working in the area which acts as a single point of access to all social housing in the area. The council has a partnership agreement with all the major associations working in the area which provides for nomination rights to 100% of all housing association new build properties, 75% of re-let properties of partner associations and 50% of re-let properties for non-partner associations.

The council has a banding allocations scheme which has four bands. Currently, 50% of nominations go to band 1, 30% to band 2, 15% to band 3 and 5% to band 4. The majority of nominations therefore go to those with the greatest need. However, the nomination arrangements also include scope for

immediate rehousing of an individual where an issue of public safety has arisen or where there are extreme concerns about an applicant's health or well-being should immediate rehousing not occur.

Information is available online at www.e-lindsey.gov.uk/housing/policies

The support link

Local housing authorities need to ensure that they:

- consider necessary links between homelessness and Supporting People to ensure that support can be provided to homeless households in temporary accommodation and to those at risk of eviction in the social and private rented sectors
- use monitoring information from homeless applications and the housing register to inform development/reconfiguring of supported housing
- ensure access to tenancy support schemes of people identified as vulnerable through homelessness or allocations processes
- ensure access to resettlement support for people moving on from temporary accommodation and supported accommodation with intensive support

- involve the transfer and conventional associations in discussions about:
 - how Supporting People funded schemes can best be used to prevent homelessness
 - gaining access to Supporting People funded services for their service users

Linking allocations and support

Carrick Housing (an ALMO) is part of a special needs allocations panel to identify people coming through homelessness and the housing register who need support to maintain a tenancy. Such individuals are referred to the panel which includes representatives from Carrick Housing, the council's housing needs team and the county adult social care and children's services teams. This mechanism has been successful in ensuring that support is in place before vulnerable people move in to a new tenancy.

[Source: Carrick Housing]

Monitoring and informing the strategic role

Local housing authorities must ensure that:

- monitoring information is readily available from all associations on voids, management transfers, housing register/waiting list applicants and nominations or bids under choice-based lettings systems and is used to inform the strategic housing role
- ongoing monitoring of the profile of homeless applicants is used to inform the development of housing, temporary accommodation and support schemes
- the adequacy of monitoring information is regularly reviewed
- information is provided to the relevant Scrutiny Committee on a regular basis

Transfer and beyond

Post transfer, it is important for practical mechanisms to be put in place to ensure that any problems that arise with arrangements for dealing with homelessness and allocations are identified at an early stage and solutions found. Such mechanisms will involve:

- regular liaison between relevant staff in the local housing authority and transfer association, as well as between the local housing authority and conventional associations
- agreed monitoring and information sharing systems
- formal review meetings and agreed systems for reviewing policies, procedures and systems, including the involvement of the relevant Scrutiny Committee

Mechanisms that involve other partners such as conventional associations and relevant voluntary sector agencies, such as homelessness forums or working groups, will also continue to be important.

6 Sources of information

Websites

CIH	www.cih.org
HouseMark	www.housemark.co.uk
IdeA	www.idea.gov.uk
Housing Quality Network	www.hqn.org.uk

Publications

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Housing Corporation (2003) **Impact of stock transfer on access to social housing**

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Welsh Assembly Government – **Code of Guidance for Local Authorities on Allocation of Accommodation and Homelessness** – <http://new.wales.gov.uk/topics/housingandcommunity/housing/publications/allocatehousingcode?lang=en>

Statistical references

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