

**Committee: Cabinet**

**Agenda Item**

**Date: 2 August 2012**

**13**

**Title: Housing – Allocation Policy**

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Item for decision

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### **Summary**

1. This report is to inform Cabinet of the effect of the welfare reform changes on the allocation of social housing and the need to amend the Allocations Policy to take account of these changes.

### **Recommendations**

2. That the Cabinet agree that council's allocation policy be amended so that the criteria used for allocating the size of accommodation an applicant requires matches the bedroom requirement definitions of the Local Housing Allowance.

### **Financial Implications**

3. If new tenants are allocated properties where they would be subject to a reduction in any housing benefit received because the accommodation is larger than that which they are deemed to require, there is the possibility of an increase in rent arrears which would impact on the HRA business plan.
4. There will be a small cost in amending current software to implement change.

### **Background Papers**

5. Welfare Reform Act

### **Impact**

- 6.

|                            |  |
|----------------------------|--|
| Communication/Consultation | N/A  |
| Community Safety           | N/A  |
| Equalities                 | This will bring working age social housing tenants in line with private sector renting tenants |

|                                 |                                  |
|---------------------------------|----------------------------------|
| Health and Safety               | N/A                              |
| Human Rights/Legal Implications | N/A                              |
| Sustainability                  | N/A                              |
| Ward-specific impacts           | Applicants in all wards affected |
| Workforce/Workplace             | Changes to CBL system required   |

## Situation

7. The current bedroom requirement criteria was set when the allocations was policy was last reviewed in June 2011. The criteria was amended to be more generous than under the previous allocations policy to even out the demand for two and three bedroom houses.
8. Under the welfare reform changes working age tenants are going to have their housing benefit restricted if they are occupying properties that are larger than what they are deemed to require using the Local Housing Allowance criteria. They will receive a deduction of 14% if they are under-occupying by one bedroom and 25% if it is by two bedrooms.
9. If we continue to allow applicants to be allocated properties on which they will not be eligible to receive their full entitlement of any housing benefit payments then we are risking these tenants falling in to arrears and thus destabilising the HRA over the longer term.
10. It is therefore proposed that the allocations policy is amended so that the size rules for allocating accommodation match those of the Local Housing Allowance which are already in force within private sector housing.

## Risk Analysis

11.

| Risk                     | Likelihood | Impact | Mitigating actions   |
|--------------------------|------------|--------|--|
| Increase in rent arrears | Med        | 3      | Change allocations policy that working age tenants are allocated accommodation in line with LHA. |

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.

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