



**Report to**     **Cabinet**

**Subject**     **Homelessness and Allocations Functions**

**Date**         **5<sup>th</sup> June 2008**

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## **1. Purpose of the Report**

- To consider the future of the homelessness and allocations functions of the Council.

## **2. Background**

After the Council transfers its housing stock to Gedling Homes, the Council will still have a range of statutory housing obligations under parts 6 and 7 of the Housing Act 1996 (as amended by the Homelessness Act 2002).

These include a significant continuing strategic housing role, for which the Council needs to make suitable provision. This includes key responsibilities for homelessness and allocations.

The “client” operation for these services cannot be contracted out. For operational aspects, there are three options available to the Council on how to discharge these obligations – these are to: -

- Retain both homelessness and allocations in-house
- Outsource homelessness and allocations to another provider
- Retain one or other service in-house and outsource the other

Tribal Associates, who are advising and assisting the Council on stock transfer, were also asked to carry out a review of both the homelessness and allocations services currently being provided and make a recommendation based on the outcome of the review.

The report and recommendations on the options for homelessness and allocations are attached at **Appendix 1**. The report also includes further background about the Strategic Housing role.

Tribal have also carried out a wider review of the service, the results of which will help inform future service improvements.

### **3. Conclusion**

Tribal have recommended that the Council should retain both homelessness and allocations and provide both services in house for now. An outline of the reasons for this recommendation is in the report.

Should Cabinet support this recommendation, a decision on resulting staffing issues will need to be taken in the near future and a report on this will be taken to Personnel and Resources Committee in due course.

### **4. Recommendation**

That Cabinet agrees the recommendation of the consultants that both homelessness and allocations are retained in-house.

**Gedling Council**  
**Review of Homelessness and Allocations**  
**May 2008**

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## Introduction, the brief and options available

### Introduction

Gedling Council (the Council) commissioned Tribal Consulting (Tribal) to carry out a review of homelessness and allocations services to assist the Council decide whether to retain these services in-house or contract out the services to Gedling Homes or another provider.

### **The Brief**

The initial brief asked Tribal to consider the following questions for homelessness:

- What are the Council's aspirations for the service?
- What service is currently provided, and how does it measure against best practice?
- How much does it cost the Council to provide its homelessness services?
- What would be the nature of a possible retained homelessness function?

The brief was subsequently extended to cover allocations. The two services were considered in tandem.

### **How we approached the brief**

The review was carried out in April/May 2008. The process combined desktop analysis of documents, on-site interviews with officers and the cabinet member for housing. A Best Value review of services was part of the process using the Audit Commission inspection methodology. We designed a questionnaire for council staff to use when speaking with other organisations that had been through transfer and made decisions about the provision of homelessness and allocations. We also provided comparative information from our own data sources.

### **The options open to the Council**

The Council has choices to make about the future provision of homelessness and allocations services.

The primary considerations are:

- To retain homelessness and allocations in-house
- To outsource homelessness and allocations to another provider
- To retain one or other service in-house and outsource the other

The secondary considerations are:

- Who will provide the services, if not the Council (i.e. Gedling Homes or another provider)?
- What contractual arrangements should be put in place if not the Council?
- What service improvements are required for the foreseeable future, whoever is the provider?
- Where will the services be based – location and, if staying with the Council, within which directorate
- For allocations, should the Council introduce a Choice-based lettings (CBL) approach, and if so, which scheme

## **Acknowledgements**

We are very grateful for the assistance of officers in providing a large volume of information and for making themselves available at short notice for discussions. This work would not have been possible without the support provided.

## **Current provision**

### Current organisational arrangements

The services are currently configured as follows:

#### **Homelessness**

The structure chart provided by the Council makes provision for a Homelessness and Housing Advice Manager and four housing officers, one of whom is on a three-year contract. The homelessness and housing advice team is managed by an Area Housing Manager who is also responsible for Rents and Resources.

#### **Allocations**

The allocations function forms an integral part of the duties of generic housing officers. Four housing officers allocate properties, supported by three housing assistants under the management of a deputy area manager and area manager.

### The Council's aspirations for the service

The Council wishes to ensure that it provides the best possible solutions to the housing needs of its residents. Key objectives are to make better use of the private sector, secure more affordable housing and prevent homelessness.

### Best Value review of current service

As part of this review Tribal carried out a Best Value review of homelessness and allocations services using the Audit Commission methodology. The services have not previously been assessed using this approach. A separate report has been prepared and provided to the Council.

### Costs of service provision

#### **Homelessness**

The Homelessness and Housing Advice Budget for 2008/2009 is £319,600. The budget for 2007/2008 was £248,500 and the outturn, including central support charges at budget, is £259,366.

There is a separate budget for homelessness hostel accommodation which is charged to the Housing Revenue Account. The budget for 2007/2008 was £33,964 and the outturn, including central support charges at budget, is £39,064.

The Council receives £55k annual homelessness funding from Communities and Local Government (CLG) to assist with prevention. This will continue as ring-fenced funding for three years and thereafter it will come into the Local Area Agreements arrangements.

#### **Allocations**

The costs of operating allocations services are included within the overall Housing General Management budget which is funded from the Housing Revenue Account. The budget for 2007/2008 was £1,177,900 and the outturn, including central support charges at budget, is £1,064,569. The Housing General Management budget covers the costs of allocations, housing officers, general housing management, anti-social behaviour work, tenant participation, rents and resources.

Officers are carrying out further analysis to identify the specific cost of non-landlord aspects of allocation services, i.e. the processing of application forms, administering the waiting list on the housing IT system, selecting applicants for offers and sending offer letters or nominating to

housing associations. The Council's medium term financial plan includes an estimate of the costs of non-landlord services post-transfer.

## Future options

### Legislative requirements

Part 6 of the Housing Act 1996 (as amended by the Homelessness Act 2002) requires local authorities to publish an allocation scheme and allocate housing to eligible applicants in accordance with that scheme. Housing associations must, on request, and in so far as it is reasonable, co-operate with local authorities in offering accommodation to people in priority under their allocation scheme. Local authorities when discharging their duty must have regard to the Code of Guidance for Local Authorities on Allocation of Accommodation and Homelessness.

Part 6 of the Housing Act 1996 also requires local authorities to ensure that advice and information is available free of charge.

Part 7 of the Housing Act 1996 (as amended by the 2002 Act) requires local authorities to:

- § Ensure that the provision of advice on homelessness and the prevention of homelessness is available free of charge to everyone in their district
- § Give proper consideration to all applications for housing assistance and make inquiries to see whether they owe a duty under Part 7
- § Decide whether applicants are eligible for assistance, homeless and have a priority need, and whether homelessness has been brought about intentionally
- § Ensure that suitable accommodation is available for people who have a priority need and who are homeless through no fault of their own
- § Ensure that certain other homeless applicants, e.g. those who do not have a priority need, or who have brought homelessness upon themselves, get advice and assistance to help them find accommodation themselves

The Homelessness Act 2003 requires the local authority to adopt a strategy for preventing homelessness in the locality and for ensuring that sufficient accommodation and support will be provided for people who are homeless or at risk of becoming homeless. Strategies must be based on a review of homelessness and must be reviewed at least every five years.

Figure 1 provides information on the functions that can or cannot be contracted out as set out in the Local Authorities (Contracting Out of Allocation of Housing and Homelessness Functions) Order 1996 (SI 1996 No. 3205).

**Figure 1: Homelessness and allocations functions**

Functions that cannot be contracted out – homelessness	Functions that can be contracted out - homelessness
<p>The duty to produce a homelessness strategy</p> <p>Overall responsibility for homelessness</p> <p>Giving various forms of assistance to people providing advice and information about homelessness and the prevention of homelessness to people in the area</p> <p>Giving assistance to voluntary organisations concerned with homelessness</p> <p>Co-operating with another local housing authority by rendering assistance in the discharge of their homelessness functions</p>	<p>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</p> <p>Making enquiries about and deciding a person’s eligibility for assistance</p> <p>Making enquiries about and deciding whether any duty, and if so, what duty is owed to the person under Part VII</p> <p>Handling referrals to another local authority</p> <p>Carrying out reviews of decisions</p> <p>Securing temporary accommodation</p>
Functions that cannot be contracted out - allocations	Functions that can be contracted out - allocations
<p>Adopting or altering the allocation scheme, including the principles on which the scheme is framed and consulting registered social landlords</p> <p>Making the allocation scheme available for inspection at the authority’s principal office</p>	<p>Providing information to applicants</p> <p>Making enquiries and reaching decisions in individual cases whether the persons are or are not eligible</p> <p>Carrying out reviews of decisions</p> <p>Making individual allocations in accordance with the allocation scheme</p>

Best practice advice

**Guidance**

There is a body of best practice advice available to local authorities, particularly in relation to the overall strategic role and relationships with housing associations. This spans from the Audit Commission’s **Housing after Transfer: The local authority role** (2002), to most recently the Housing Corporation’s **Good Practice Note 16 Working with Local Authorities** (April 2008). A short list of useful reference documents is attached at Appendix A.

The Government, the Audit Commission and the former Community Housing Task Force have all stressed the importance of the local authority strategic role post-transfer. Their guidance states that they feel transfer provides an opportunity to clarify and strengthen an authority’s strategic housing role.

A local authority strategic housing function is expected to:

- ensure the delivery of seamless housing services to service users and potential service users



- ensure that connections are made across different housing activities to deliver efficiency savings
- contribute to wider corporate aims and objectives

The strategic housing function is a key housing role of a local authority. The function is important both nationally and locally and it plays a key role in the delivery of integrated housing services. The importance of the strategic role is now more significant than ever with housing strategy officers providing direction and playing a large part in tackling homelessness, meeting demand for affordable housing and addressing concerns about quality standards across housing tenures. Its impact on the economic and social well being of the community can be considerable.

However, despite local authorities strategic and enabling roles rising up the political agenda, there is currently little guidance on how to structure the strategic function, and homelessness and allocations services within the strategic function, other than the statutory obligations and the relevant Key Lines of Enquiry (KLOE's, prepared by the Audit Commission).

### Key messages

It is clear from Audit Commission inspection reports of strategic housing functions that no-one has got it right yet. No authority has been judged excellent by the Audit Commission for its strategic housing service and in the last four years only 20% of authorities have been assessed as good.

Some clear messages are evident from Audit Commission reports, recent research and current practice:

- Local priorities and circumstances should determine staffing arrangements, and the organisation structure of a strategic function
- A strategic function can only operate in partnership with the private, public and voluntary sectors
- Community engagement should not be associated only with the landlord function of local authorities but communities and stakeholders should also be engaged by the council's strategic housing function
- Homelessness functions should be realigned to become preventative rather than reactive
- In planning and running strategic housing service good information about the area is crucial
- The success of a strategic housing function often relies on its profile within the council and the resources allocated to it

There is no minimum or maximum staffing for a transfer authority, and no model structure proposed in the best practice guidance. We have looked at the experience of other authorities to review how they have structured homelessness and allocations functions. This has been achieved by a combination of telephone interviews carried out by the Acting Housing Strategy Manager and analysis by Tribal. The questionnaire compiled by Tribal for the telephone research is attached at Appendix B. The outcome of our analysis is set out in the next section.

### Experience of other authorities

#### Telephone questionnaire responses

The Acting Housing Strategy Manager had carried out five telephone calls at the time of writing. The summary of responses is shown overleaf. The majority of councils are retaining homelessness services in-house, or bringing them back in where they have been out-sourced initially. There is a more mixed picture for allocations.

**Figure 2: Telephone survey**

Contact	Response
Calderdale Council	<p>Calderdale Council decided to retain <b>homelessness</b> and management of temporary accommodation in-house. They had research how others handled the service, particularly Rother District Council’s experience. Calderdale looked at the nature of the service, the focus being a safety-net for vulnerable people rather than cost considerations</p> <p>Pennine Housing Association, the LSVT, manage the <b>Waiting List</b> and administer all nominations on behalf of the Borough. The LSVT is continuing to provide the service after the initial contract has expired and the Council has excellent relations with them.</p>
Chester Council	<p><b>Homelessness</b> transferred at time of transfer to Chester and District Housing Trust. There were some issues with the first contract, but since tendering again and re-awarding the contract to the LSVT, Chester and District Housing Trust (CDHT), things have improved. The first contract was not tight enough. New software has assisted with collection of information for example and the focus has been changed to the prevention agenda and a Housing Options team formed</p> <p><b>Allocations</b> is managed by CDHT who operate Choice-based lettings for the Council.</p>
Hertsmere Council	<p><b>Homelessness:</b> a week before transfer the decision was taken to let the LSVT (at the time Ridgehill HA) have a 3 year contract to provide the homelessness service. This did not work well. It left the Council with no expertise to carry out reviews as all officers with any housing expertise left to join the LSVT. Homelessness staff did not feel part of the new organisation as it was not core business. It was difficult getting some homeless people housed even though the LSVT was managing the service. Ridgehill HA subsequently joined other associations in a group structure and some of the local knowledge and connection with Hertsmere was lost.</p> <p>Six years ago the council took homelessness services back in-house which means that the council has greater control and can adapt the service. Hertsmere emphasised that if homeless is not being delivered as a good service the Council will be held to account, and the scale of monitoring this service if there is no day-to-day contact.</p> <p><b>Allocations:</b> the Council manage the housing register and nominate to associations in the area. This means that the Council can also ensure that the correct priority is given to homeless people.</p> <p><b>Temporary accommodation:</b> A ten year lease was agreed with the LSVT for the use of facilities for temporary accommodation. On reflection the agreement should have been in perpetuity.</p>
Kennet Council	<p><b>Homelessness</b> and the <b>Waiting List</b> transferred to the LSVT (Sarsen HA) at the time of transfer. The Council tendered the service after 5 years and the LSVT lost the contract on price (another LSVT was 25% cheaper). This contract lasted three years (there was a dip in performance, the Council began to be a Choice-based letting pilot and were effectively taking back part of the service). The new provider went into supervision after a time and eventually welcomed the opportunity of the contract being terminated. Kennett took the service back in-house over a 6 month period.</p>

	<p>Councillors were delighted at being a provider of housing services again after not being directly involved for a long period of time. Bringing services in-house also provided critical mass for strategic services.</p> <p>Although Kennett eventually brought the management of services in-house, an LSVT can run the housing register for a nominal charge because it is in their interest to do so and there are economies of scale by them doing so.</p> <p>The view of the interviewee (former housing strategy manager at Kennet) is that in order to provide a good service to both waiting list and homeless clients, one point of contact should be available.</p> <p><b>Temporary accommodation</b> is owned and maintained by the LSVT at very little or no cost to the Council (self financing or SP funded)</p>
Stafford Council	<p><b>Homelessness</b> is managed by the Council. It was felt that this would enable the Council to respond flexibly to changes in legislation etc without having to re-negotiate terms and contracts. This has proven to work and enabled more of a focus on prevention. At the time of transfer the Council researched arrangements made by other councils and became aware that a number of councils were taking homelessness services back in-house.</p> <p><b>Allocations and nominations</b> are managed by the LSVT, Stafford and Rural Homes. The Council pay the LSVT the equivalent of 2.5 members of staff to run the waiting list and carry out the nominations for the Borough (these were existing staff). The Allocations scheme run by the LSVT is the Council's scheme and priority is given to people who are homeless or need move-on accommodation.</p> <p><b>Temporary accommodation:</b> two units of temporary accommodation are leased from the LSVT with the Council paying the rent in advance and being recharged for repairs. The Council also accesses accommodation held by other housing associations and uses some bed and breakfast establishments</p>

**Local authority retained housing function structures**

We have used information from Tribal databases to provide some examples of how other councils have structured the retained housing functions. This will enable Gedling Council to benchmark proposed structures and resources against some comparators. Using data from the Office for National Statistics, we compared the following factors to try to find close matches:

- Total population (this is most relevant for retained housing functions such as housing advice and homelessness than size of stock transferred)
- The percentage of all the housing in the Borough that is social housing – the less social housing there is, the more demand there is likely to be on housing advice and homelessness services, including the provision of accommodation through the private sector; and demand for more affordable housing will also be greater
- Difficulty of access to owner-occupation – this is a modelled estimate of the proportion of households unable to afford to enter owner-occupation on the basis of their income for 2004 measure of access to affordable housing based

on house prices and income/earnings, which we believe will impact on the number of households approaching the Council for assistance and advice on housing matters

- Number of households on the Housing Register – this is an indicator of workload for staff working on rehousing applications
- New social housing lettings – this is an indicator of the workload of staff working on allocations of property to people being rehoused

The information provided in Appendix C is for councils which provide both homelessness and allocation services in-house. National statistics are historic and therefore the current day statistical information may differ.

**Analysis of options**

Taking account of legislative requirements, best practice advice and an evaluation of the experience of other councils, in Figure Three below we analyse the options available to the Council, namely to:

- Retain homelessness and allocations in-house
- Outsource homelessness and allocations to another provider
- Retain one or other service in-house and outsource the other

**Figure 3: Options analysis**

<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
Retain both homelessness and allocations in-house	Management of access to housing more likely to be seen as part of the LA strategic housing role	Additional resource cost (staffing and budgets) for managing the council housing register and nominating applicants to Gedling Homes and other RSLs (nb cost identified in the Council’s budget estimates).
	Direct control over service provision and quality	Separate IT required, or arrange access to Gedling Homes’ housing management system
	Able to continue with current arrangements for homelessness assessment and prevention	Both Gedling Homes and Gedling Council will need to operate separate housing allocation systems
	One point of contact for all housing applicants approaching the Council, whether homeless or not	
<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
Outsource homelessness and allocations to another provider (assume Gedling Homes)	The Council is able to concentrate on strategic functions and monitoring the service without being involved in operational matters	More likely to be seen as a landlord function rather than an important aspect of the strategic role

	Homelessness temporary accommodation costs and allocations costs already contained with Gedling Homes' budget (as part of HRA costs forming Gedling Homes' business plan)	The Council will need to retain a level of expertise in order to monitor the homelessness and allocations services without having the staffing with specialist skills. This particularly applies to homelessness
	There should be marginal additional costs for Gedling Homes to manage the LA allocations scheme and making nominations using LA criteria for priority	It may be more difficult to maintain the focus on prevention of homelessness
	A detailed specification for service outcomes will be required which can include service improvements	A detailed specification for service outcomes will be required before transfer and the contract retendered at regular intervals
	Gedling Homes may be able to share expertise with New Charter HA for both homelessness and lettings (choice-based systems) [NB – The current homelessness contract with New Charter is being re-tendered by Tameside Council – outcome known in the autumn)	
<b>Option</b>	<b>Advantages</b>	<b>Disadvantages</b>
Retain one service in-house and outsource one [based on outsourcing allocations to Gedling Homes and retaining homelessness within Gedling Council]	Some economies of scale for the operation of allocations, including use of IT systems	Customers will have two organisations to approach – Gedling Homes for applications for housing register or Gedling Council if seeking homelessness advice. No 'one-stop shop' approach to services
	Minimum change to the current functions of generic housing management staff and homelessness staff	The Council will need to retain a level of expertise in order to monitor the allocations services without having the staffing with specialist skills.
	Able to continue with current arrangements for homelessness assessment and prevention	
	A detailed specification for service outcomes will be required for allocations services which can include	A detailed specification for allocations service outcomes will be required before transfer and the contract

	service improvements	retendered at regular intervals
	Adopts the approach of the majority of post-transfer Councils to the provision of homelessness services	

**Recommendations**

Taking account of the above analysis and current trends in the provision of homelessness and allocations services by post-transfer councils, we recommend that the preferred option for the Council should be to retain both homelessness and allocations services in house. This will provide the Council with most control over the quality and delivery of operational homelessness and allocations, and ability to understand the strategic implications of housing access issues.

Once the Council has made its overarching decision, further decisions can be made about the configuration of services within the Council and how to specify and monitor the services to be outsourced.

## Appendix A – Useful Reference Documents

- Audit Commission (2002) **Housing after transfer - The Local Authority role**
- Audit Commission (updated 2007) **Key Lines of Enquiry – various including Homelessness and Housing Advice, Allocations and Lettings**
- Cambridge Centre for Housing and Planning Research 2007 **Tackling Homelessness: Efficiencies in Lettings Functions**
- Centre for Housing Policy University of York (2007) **Tackling Homelessness: Housing Associations and Local Authorities Working in Partnership**
- CIH, IDeA and Ipsos Mori (2007) **Skills for success, developing proficiency in strategic housing**
- Cymorth Cymru (2007) **Homelessness and stock transfer: a guide to the issues and best practice**
- Inform to involve (2008) **Surviving Transfer, the strategic housing function and retained activities**
- Housing Corporation (2006) **Tackling Homelessness, Housing Corporation Strategy 2006**
- Housing Corporation (2008) **Good Practice Note 16 Working with Local Authorities**

## Appendix B – Questionnaire

### Gedling Council – Homelessness and Allocations telephone survey – experience of other local authorities

Name of LA or RSL contacted	
Person responding (name and job title)	
Contact details (tel and email)	
Name of stock transfer organisation	
Year of transfer	
What decision was taken at the time about whether to outsource homelessness and allocations functions? Please say whether the two functions were retained or transferred overall	
<p>Please describe the services retained/transferred in detail (prompt – could include):</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> homelessness prevention</li> <li><input type="checkbox"/> homelessness assessment</li> <li><input type="checkbox"/> homelessness care and support</li> <li><input type="checkbox"/> management of hostel(s)</li> <li><input type="checkbox"/> management of</li> <li><input type="checkbox"/> temporary accommodation</li> <li><input type="checkbox"/> provision of temporary accommodation units</li> <li><input type="checkbox"/> housing options advice</li> <li><input type="checkbox"/> management of the housing register</li> <li><input type="checkbox"/> allocation of properties</li> <li><input type="checkbox"/> nominations to other housing associations using the Council's allocations scheme</li> </ul>	
Have arrangements changed from those put in place at the point of transfer? Yes/No	
If yes, why was this?	
If yes, how are services currently configured?	
Does the LA operate any of the following with RSLs in their area? a common housing register a common allocations policy a choice-based lettings scheme	
If yes, please provide more details of how this operates	
Any other comments and observations (prompt: could include working relations, provision of monitoring information, input to strategic role, financial matters)	
Thank you for your time	



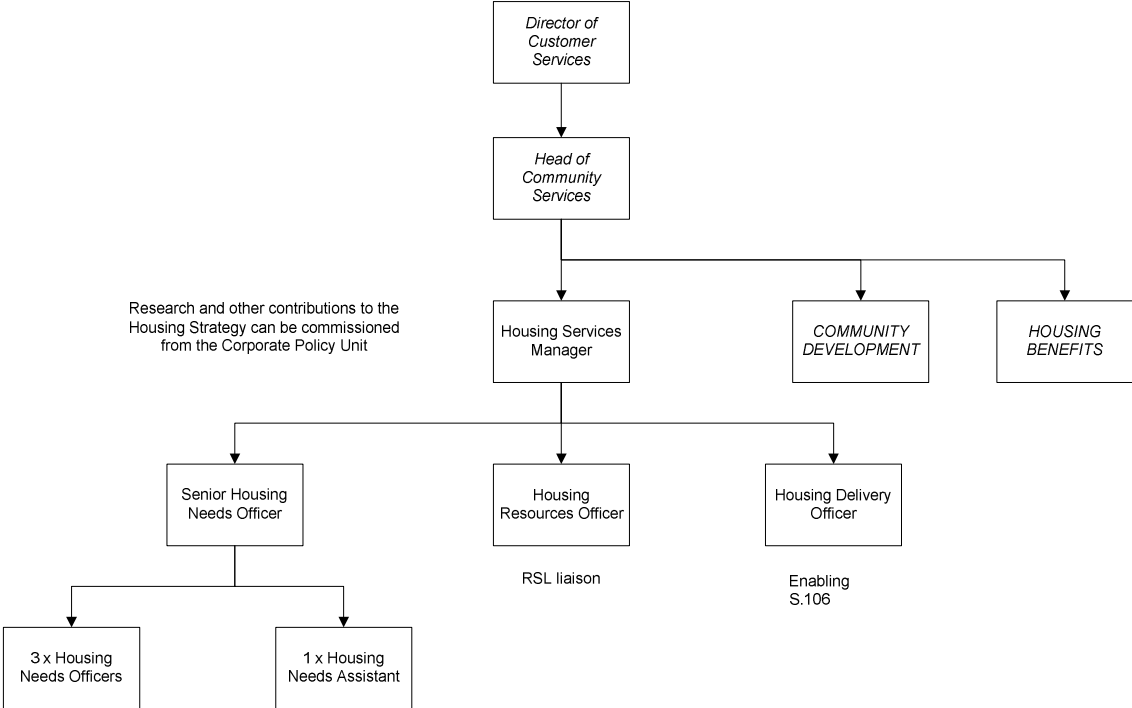
## Appendix C – Retained housing function structures

**Figure 4: Comparative statistics**

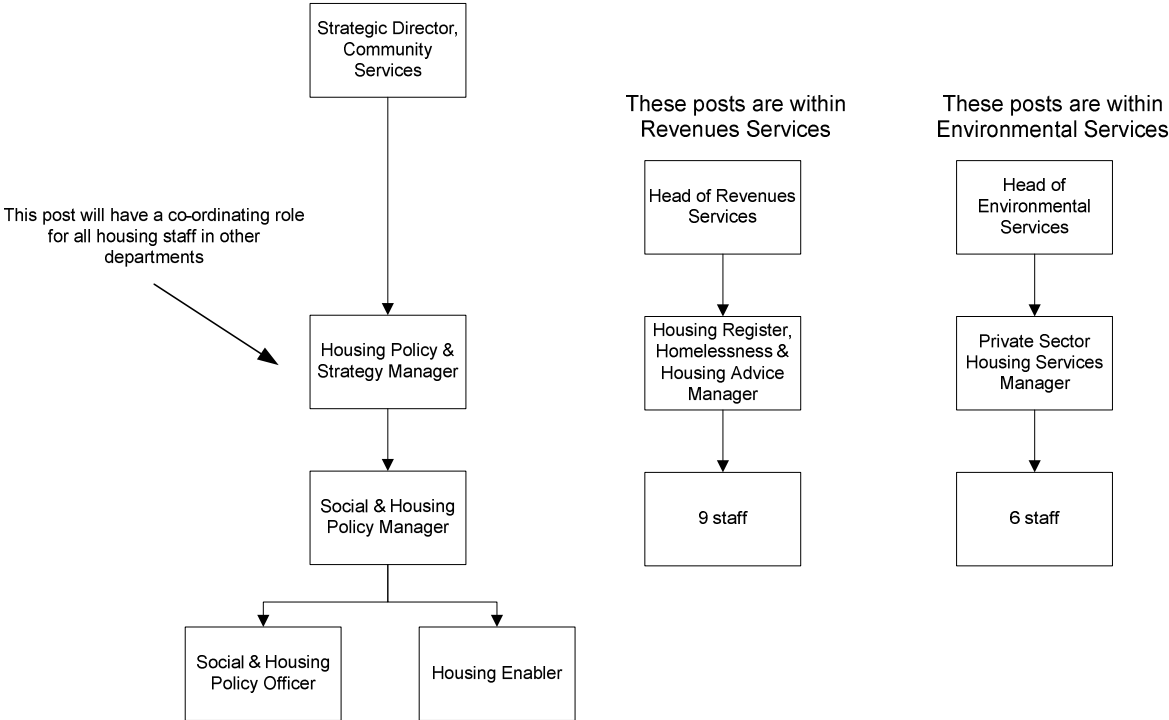
Authority	Total population (000s) (% of Gedling's total population)	% of housing that is social housing	Difficulty of Access to Owner-Occupation Indicator	Households on Housing Register	New social housing lettings	Homelessness acceptances BVPI 214
Gedling	111.7	10.2%	69.19	5,218	374/560	135
Surrey Heath	82.4 (73.8)	9.4%	74.10	1512	435	82
Broadland	122.2 (109)	8.4%	78.45	3185	241	180
South Norfolk	116.2 (99)	10.8%	77.52	2967	533	93
Rother	87.6 (78.4)	10.2%	80.60	1398	321	231

Source: Office of National Statistics. Comparative figures using information from past records and current day figures may vary (e.g. homelessness acceptances reduced)

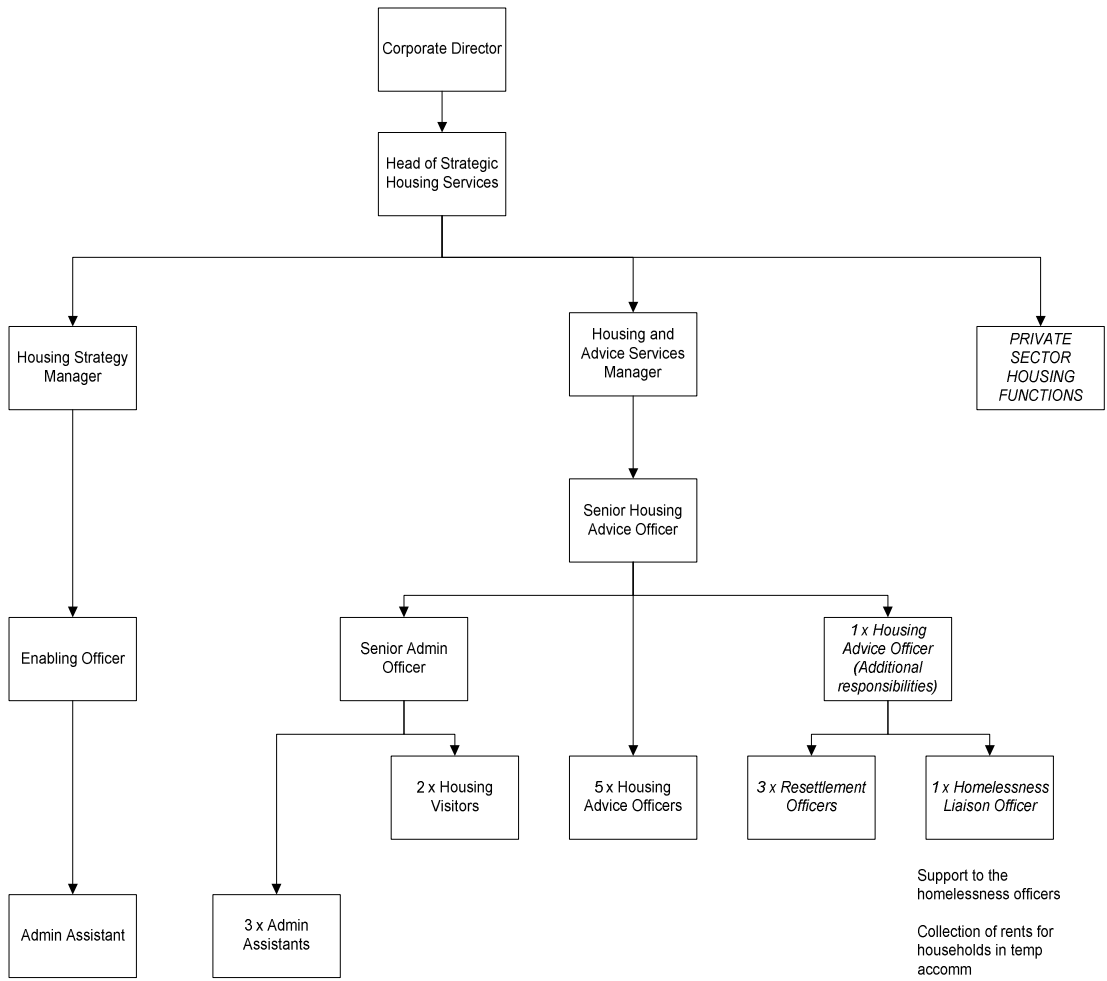
**SURREY HEATH - PROPOSED NEW STRUCTURE**



BROADLAND DC



**SOUTH NORFOLK**



**ROTHER DC**

