

## **BARNSELY METROPOLITAN BOROUGH COUNCIL**

**This matter is NOT a Key Decision within the council's definition and has NOT been included in the relevant Forward Plan.**

### **Report of the Executive Director for PLACE**

#### **Review of the Lettings Policy in response to changes in Universal Credit affecting the 18 to under 22 age group**

##### **1. Purpose of report**

- 1.1 To update on the outcome of the review of the Lettings Policy, recently undertaken by Berneslai Homes. The review was prompted by changes in Universal Credit legislation affecting the 18 to under 22 age group.
- 1.2 To seek approval to make amendments to the Council's Letting Policy as recommended and highlighted in Appendix 1 of the report.

##### **2. Recommendations**

###### **It is recommended that:**

- 2.1 The proposed amendments to the Council's Lettings Policy and Code of Guidance as contained in Appendix 1 are agreed.
- 2.2 The Council works with Berneslai Homes and other agencies to provide advice and to support those applicants adversely affected by the legislative changes.
- 2.3 That a review of how the housing needs of those individuals affected by the amendments to the Lettings Policy be undertaken as part of the Housing Allocations and Community Safety Service Review; the proposals/actions to be presented to Cabinet over the coming months.

##### **3. Introduction**

- 3.1 The current Lettings Policy was agreed by the Council and implemented from April 2014. Although there has been a minor amendment in the Lettings Policy in 2016, to reflect changes in how we advertise vacancies following the Access to Service review, the policy is and has remained fit for purpose since the last review in 2014.
- 3.2 The changes in the Welfare Benefits system contained in 'The Universal Credit (Housing Costs Element for claimants aged 18 - 21) (Amendment) Regulations 2017 means that we need to review the way we deal with housing applicants aged 18 to under 22, who will no longer automatically qualify for financial assistance towards their rent payments, subject to their financial situation. The Council do not offer tenancies to under 18's as a general rule.

#### **4. Current Situation**

- 4.1 Whilst the current Lettings Policy is still considered 'Fit for Purpose', changes brought about by the introduction of The Universal Credit (Housing Costs Element for claimants aged 18 to 21) (Amendment) Regulations 2017 means that from 1st April 2017 the Housing Costs Element of Universal Credit will not be payable to all claimants aged 18 - 21 years old, going forward. To avoid offering accommodation to housing applicants which may not be affordable, the council must consider how we manage housing applications from young people aged 18 to under 22.
- 4.2 The review of the Lettings Policy, which has been managed by the Lettings Manager at Berneslai Homes (in consultation with the Council and other key stakeholders including Berneslai Homes tenants), has concentrated on addressing the potential affordability issues for 18 to under 22 year old housing applicants who may no longer qualify for assistance with their housing costs given the changes in Universal Credit. These changes were partially introduced by Government from the 1st April 2017 and will be fully rolled out in Barnsley in July 2017 as part of the Government's Universal Credit implementation timetable.
- 4.3 The review resulted in a 'Preferred Option' and proposed several recommended changes to the Lettings Policy and Code of Guidance as included in Appendix A. These changes were presented to the Berneslai Homes Board on 4<sup>th</sup> May 2017, recommending that the Board support submitting the 'Preferred Option' for Council approval. In summary, the recommendations propose that:
- Housing applicants aged 18 to under 22 should still be able, subject to the existing Lettings Policy eligibility criteria, to make applications and be eligible to join the Council's housing waiting list and bid for homes via Choice Based Lettings. At the time of joining the register, an initial affordability assessment will be undertaken to explore how the applicant intends to pay their rental costs. Any unemployed applicants will be advised to liaise with the Department for Works and Pensions (DWP) to ascertain whether they might qualify for assistance with their housing costs should their housing application be successful.
  - When applicants aged 18 to under 22 become eligible for an offer, a financial assessment will be undertaken to ensure that the applicant is able to pay their rent, either from their own income or because they are one of the exempt cases under Universal Credit regulations and therefore will still be able for assistance with their housing costs under Universal Credit. The details of the financial assessment are being worked up by Berneslai Homes' Tenancy Support Team but will review overall affordability (including all living expenses) and not just the ability of a perspective tenant to pay their rent.
  - Where the housing applicant is able to afford the rent for the property, the offer will go ahead.
  - Where the offer is unaffordable, the housing applicant will be advised that they will not qualify for an offer until their situation changes and they

either become eligible for assistance with housing costs through Universal Credit, or they gain employment and have sufficient income to pay their housing costs direct. There will be an appeals process for any prospective tenant who is turned down for accommodation on affordability grounds. This will be consistent with the existing appeals process as detailed in the Lettings Policy (pages 40-43).

#### **Impact on Housing Waiting List Applicants:**

- 4.4 As at 1st April 2017, from a waiting list of 5603, there were 707 applicants within the age group 18 - under 22 years. Of the 707 applicants, 241 are single persons and would potentially be adversely affected by these proposals. This equates to 4.3% of the total waiting list. However, the list of cases which the Government has indicated will be exempt from the Universal Credit changes means that fewer than 241 are likely to be affected, in reality. Whilst not exhaustive, exemptions to the changes are likely to be granted to those applicants who are:
- In work (with earnings threshold)
  - Out work less than 6 months (employed before for more than 6 months)
  - Couples
  - Care Leavers
  - Who can't live with parents (DWP assessment)
  - Unable to work due to medical issues
  - Single parents with child/children under 3
  - Carers
  - Pregnant people (29 weeks+)
- 4.5 In 2016/2017 Berneslai Homes rehoused 112 under 22 year old applicants out of a total number of lettings of 1456. 7.7% of the total number of allocations. Of this total 48 (3.3% of allocations completed) were single persons and potentially would have been affected by the proposals had they been effective in 2016/17. Of these 48 applicants it is believed that 37 would have been eligible for housing on the basis of falling in to one of the exempt categories or were in employment leaving 11 who would not therefore have received an offer.
- 4.6 Whilst it is anticipated that the numbers of affected applicants will be low, the impact of the benefit changes could be significant on both:
- The availability of accommodation for young people in the region, as some Local Authorities and Registered Providers may choose to completely exclude this age bracket from their waiting lists/allocations policies. This, in turn, impacts on other Council services e.g. Housing Options and Welfare Advice and, ultimately, Homelessness.
  - Rent collection rates and the sustainability of tenancies for Council/ Registered providers.

The recommended changes in the Lettings Policy will help to mitigate these effects.

## **5. Proposal and justification**

- 5.1 It is proposed that the recommendations made as a result of the review are supported and the proposed changes to the Lettings Policy and Code of Guidance implemented.
- 5.2 The withdrawal of housing support for non-exempt 18 to 22 year olds will result in these individuals being unable to pay their rent if allocated a property and this will result in almost certain eviction. This is not in the best interest of these individuals as their credit rating will be adversely affected and they will have the negative experience of failing to maintain a tenancy
- 5.3 Whilst these changes will have a negative impact on a small number of housing applicants, the Council must ensure that it is not allocating properties which are unaffordable. Debt and money worries can have a detrimental effect on health and well-being and could exacerbate the vulnerability of young applicants.
- 5.4 From a business perspective, the council also needs to ensure that it continues to maintain rental collection rates which are re-cycled back into the HRA for the purpose of both maintaining and retaining a quality supply of social housing across the borough.
- 5.5 These Policy changes will be accompanied by the provision of further detail regarding the financial assessment and appeals process for applicants and a review, as part of the Housing Stock Options Service Review for Housing Allocations and Community Safety, on how the Council and Berneslai Homes can do further work with vulnerable service users, affected by the legislation, to secure affordable accommodation.

## **6. Implications for local people / service users**

- 6.1 The Universal Credit (UC) regulation changes will adversely impact 'new claim' applicants aged 18- under 22. Non-automatic payment of the housing element of UC will mean that many young people, who are reliant on benefits, will have a lack of affordable housing options.
- 6.2 The proposed changes to the Lettings Policy will mean that some applicants will not be offered social housing accommodation if a financial check identifies that that they cannot afford to cover the rent.
- 6.3 Whilst the Council would not choose to exclude young applicants from accessing social housing accommodation, changes to UC nationally mean that mitigations need to be put in place to prevent young people from potentially being offered accommodation which is unaffordable.
- 6.4 To militate against the negative impact of these changes, the council proposes to approve the changes to Lettings Policy and to undertake a review of how the Council and Berneslai Homes can do further work with affected service users to explore accommodation options that are affordable.

## **7. Financial implications**

- 7.1 Consultations on the financial implications have taken place with representatives of the Executive Director of Core Services.
- 7.2 There are no direct financial implications from this report.

## **8. Employee implications**

- 8.1 There are no issues arising directly from this report.

## **9. Communications implications**

- 9.1 Relevant lettings literature and the BH website will be updated to reflect this policy change, accordingly.

## **10. Consultations**

- 10.1 Consultations have taken place with the Berneslai Homes' Senior Management Team and BH Board (4<sup>th</sup> May), Senior Officers and the Cabinet Spokesperson for Place within the Council and Barnsley Tenants and Residents Federation who are supportive of the approach being recommended.

## **11. Tackling Health Inequalities**

- 11.1 The recommended changes will impact on the availability of social housing accommodation to some 18-under 22 year old applicants on the housing waiting list. However, the changes to the Lettings Policy aim to minimise the impact of this new legislation on affected young people. Offering accommodation which is unaffordable could impact on the health and well-being of young people, their financial situation and opportunity to access further accommodation in the future (if they get evicted, have arrears, poor references etc.).

## **12. Climate Change & Sustainable Energy Act 2006**

- 12.1 There are no issues arising from this report.

## **13. Risk Management Issues**

- 13.1 There are 'business' risks associated with not making the proposed changes to the Lettings Policy. These include the potential for: increased rent arrears and resultant evictions and the sustainability of tenancies and neighbourhoods. The recommended changes aim to address some of these risks.
- 13.2 There is a risk that delays in customers providing information regarding their income etc. will increase the void turnaround time. Berneslai Homes intend to notify customers at the earliest possible opportunity of the need to provide financial information to mitigate any increases in void turnaround times.
- 13.3 Clearly, there is also a risk that some vulnerable people will not have access to social housing provided by the Council and managed by Berneslai Homes. If other local RPs and Housing Providers/landlords choose to exclude young

people from their accommodation altogether, there is a real risk of increased homelessness amongst certain groups of young people across the borough and beyond. The changes look to strike a balance between still assisting young people to secure social housing, but not offering accommodation which is unaffordable and could exacerbate the vulnerability of a service user further.

#### **14. Promoting Equality & Diversity and Social Inclusion**

- 14.1 Changes to the housing element of Universal Credit payments will directly impact on some young people aged 18- under 22. The recommendations have been subject to an Equality Analysis by Berneslai Homes, a copy of which is attached at Appendix 3. The proposals to change the Lettings Policy are designed to minimise the effects of this legislation on the 18 to under 22 age group.
- 14.2 Equality monitoring of the Lettings Service forms part of the Berneslai Homes Performance Management Framework considered by Senior Managers.
- 14.3 The recommendations are supported subject to the Council and Berneslai Homes reviewing how they can support/advise you people affected by the legislative changes to source affordable accommodation. This will be considered within the Housing Stock Options review Housing Options Service Review.

#### **15. Background Papers**

Appendix 1 – Proposed Updates to Lettings Policy and Code of Guidance

Appendix 2 - Berneslai Homes Board Papers 4<sup>th</sup> May Item 12.

Appendix 3 – Berneslai Homes Equalities Analysis

The full Lettings Policy is available online at: <https://www.berneslaihomes.co.uk/wp-content/uploads/2016/11/LETTINGS-POLICY-2014-revised-2016.pdf>

The full Code of Guidance is available online at: <https://www.berneslaihomes.co.uk/wp-content/uploads/2016/11/LETTINGSPOLICYCODEOFGUIDANCENovember-2016.pdf>

Office Contact:	Sarah Cartwright	Date:
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Financial Implications / Consultation:



Date: 23/05/2017

Consultations have taken place with representatives of the Executive Director – Core Services