
Meeting: Social Care, Health and Housing Overview and Scrutiny Committee
Date: 12 April 2012
Subject: The strategic housing agenda for Central Bedfordshire
Report of: Cllr Mrs Carole Hegley , Executive Member for Social Care, Health and Housing
Summary: The report is an overview of the strategic housing agenda, arising from the Localism Act; Welfare Reform and the Government's National Housing Strategy, launched in November 2011. In this context, the Council is developing its Housing Offer to the residents of Central Bedfordshire. Looking ahead, the council must first determine strategic objectives; local priorities and aims overall, in what is likely to be far reaching, and comprehensive, 'whole-system' change. This report sets the scene for that work to commence.

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Contact Officer: Tony Keaveney, Assistant Director - Housing
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS
Council Priorities: 1. The recommendations in this report contribute to the achievement of the following council priorities:- <ul style="list-style-type: none">• Supporting and caring for an ageing population• Educating, protecting and providing opportunities for children and young people• Managing growth effectively• Creating safer communities <p>The recommended approach to the development of a Tenancy Strategy for Central Bedfordshire seeks to align the aims of the strategy with the above council priorities.</p> Financial: 2. There are no financial implications arising from this briefing report. Legal: 3. This report is concerned with the implementation of new statutory powers and duties introduced by the Localism Act 2011.

Risk Management:

4. Not applicable.

Staffing (including Trades Unions):

5. Not Applicable.

Equalities/Human Rights:

6. Public authorities have a statutory duty in the exercise of all their functions to have due regard to the need to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations in respect of nine protected characteristics; age disability, gender re-assignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Having due regard for advancing equality involves:

- Removing or minimising disadvantages suffered by people due to their protected characteristics.
- Taking steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people.
- Encouraging people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low.

Understanding the potential effect of policies and practices on people with different protected characteristics is an important part of complying with the general equality duty. Public bodies must consider whether proposed policies will be effective for all sorts of different people. Conducting Equality Impact Assessments as part of the policy development process can help to identify any negative impacts or potential unlawful discrimination, as well as any positive opportunities to advance equality. This in turn can help public bodies to develop practical courses of action to mitigate negative consequences or to promote positive ones.

7. It is a theoretical possibility that in framing a Tenancy Strategy, Tenancy Policy and Allocations Policy, local priorities and concerns may conflict with the Council's obligations as a Public Authority to act to eliminate unlawful discrimination and promote equality of opportunity and that the Council could be subject to legal challenge using judicial review processes.
8. This report draws attention to this possibility and gives some specific examples of the way in which local priorities and Equalities obligations may conflict with each other. The report recommends that Central Bedfordshire Council exercises leadership and follows rigorous legal processes in ensuring that its emerging Tenancy Strategy and associated policies neither discriminate unlawfully, nor fetter the Council's duty to promote equality of opportunity.
9. The report draws attention to the draft Statutory Code of Guidance on Allocations, which contains an explicit instruction to frame the allocations policy in accordance with the statutory duties on Equality.

10. This report identifies the Council's new statutory duties and powers under the Localism Act and proposes a strategic approach to their implementation which does not in itself pose any implications for Equalities, and is therefore not subject to an Equalities Impact Assessment. Impact Assessments will be required as the Council begins to develop detailed plans for the implementation of the new duties and powers.

Public Health

11. A Tenancy Strategy which protects and promotes mixed and balanced communities has the potential to contribute to the promotion of public health and wellbeing.

Community Safety:

12. A Tenancy Strategy which protects and promotes mixed and balanced communities has the potential to contribute to the promotion of community safety.

Sustainability:

13. Not Applicable.

Procurement:

14. Not applicable.

RECOMMENDATIONS:

The Social Care, Health and Housing Overview and Scrutiny Committee is asked to:-

- 1. Consider its scrutiny role and approach to policy development over a two year period, so as to improve the Housing Offer to residents of Central Bedfordshire, aligned to the Council's Vision and taking account of legislative change, including the Localism Act and Welfare Reform.**
- 2. Consider the main changes set out within the report and comment as to the key issues to be considered from a local perspective, during the early stages of policy development work.**

Background information

15. The Coalition Government published a Strategy for Housing in November 2011 which ties together a number of recent policy initiatives and legislative changes (CLG, 2011). The Government wishes to ensure that social housing operates in such a way as to reduce benefit dependency and support social mobility and aspiration. The National Strategy presents itself as a challenge to the 'lazy consensus' on the use of social housing in previous decades.
16. The Government believes that the assumption of a 'tenancy for life' encouraged benefit dependency and stifled aspiration, whilst limiting access to social housing for those in housing need. The tenancy reforms are described by the Housing Minister Grant Shapps as 'the most radical shake-up in social housing for 50 years'.

17. Using freedoms and flexibilities introduced by the Localism Act, Central Government expect to see Local Authorities developing a new 'housing offer' which is tailored to local needs, priorities and aspirations; whilst meeting the Government's aim to improve access to those in the greatest housing need, and to encourage social mobility and entry into employment.

Principal changes to the housing system

18. The principal changes to the way social housing will operate are outlined below.
19. **Introduction of flexible tenures.** From April 2012, both Housing Association and Local Authority landlords are able to offer social tenancies which are time-limited to 5 years (or less in exceptional circumstances).
20. **Introduction of the 'affordable rent' regime.** From April 2012, both Housing Associations and Local Authority landlords can offer newly built properties and a proportion of re-lets at up to 80% of private market rents, subject to a delivery agreement with the Homes and Communities Agency (HCA). The additional rental income is to be spent on developing new social housing. There is no statutory link between tenancy type and rent regime. Landlords can offer a flexible tenancy at either a social or an affordable rent. Equally, a 'lifetime' secure tenancy can be offered at either a social or an affordable rent. The affordable rent regime is intended to make better use of constrained resources and allow the development of a more diverse offer to prospective tenants.
21. **Introduction of flexibilities in the way that social housing is allocated.** These flexibilities give Local Authorities greater freedom to determine the situations in which an applicant can be allowed to apply for social housing (in effect, to end 'open' waiting lists); and greater freedom to determine in which circumstances an applicant should have priority for an allocation. The statutory Reasonable Preference Categories will still apply however, and authorities will need to frame their allocations scheme to ensure that on the whole, people who fall within these categories have greater priority than those who do not. Local authorities have more freedom to discharge the full homelessness duty into the private rented sector. In order to facilitate mobility for existing tenants, landlords are required to sign-up to, and enable their tenants to use national Mutual Exchange schemes. These changes were introduced by the Localism Act and are the subject of a new Allocations Code of Guidance which is currently out to consultation.
22. **Change to the statutory right to succession.** From April 2012, new secure tenancies will have only one statutory right to succession for a spouse or partner. However, landlords have the freedom to grant additional succession rights in the tenancy agreement.
23. **Change to the regulation of social housing.** The current regulator, the Tenant Services Authority will be abolished from April 2012. The HCA will take over regulation of landlord governance and finance. However, in respect of service standards and complaints, there is an assumption of local scrutiny and resolution, with a greater role for tenants, elected councillors and MP's in holding landlords to account. Landlords are required to enable their tenants to carry out this role by supporting the formation and operation of Tenants Panels.

24. **Introduction of the Self-financing regime for council housing.** The self-financing regime for council housing comes into effect from 1 April 2012. Central Bedfordshire Council will take on £ 166m of debt; but will have freedom to manage the housing asset, more effectively than it has been able to do, under the former Housing Subsidy System regime.
25. **Implementation of the 'Tenant Cashback' model,** introduced by a regulatory direction, to be published in April 2012. The model is expected to provide new opportunities for tenants to get involved in commissioning and carrying out repairs and maintenance to their homes.
26. **Changes to the Right To Buy (RtB) from April 2012.** New RTB discounts and proposals for re-investing the capital receipts are to come into effect from April 2012, having received Parliamentary Approval on March 8th 2012.
27. The way that discounts are calculated will not change. The discount for houses is 35% of the value of the property, plus 1% for every year of the tenancy beyond the initial 5 year qualifying period, up to a maximum of 60%. The discount for flats is 50% plus 2% for each year beyond the qualifying period up to a maximum of 70%. However, the discount cap will be increased to £75,000, in comparison with the current discount cap which in the East of England is £34,000.
28. As part of the self-financing debt settlement calculation, the projected number of RtBs for each Local Authority was estimated based on property sales in recent years. An adjustment was then made to the Debt Settlement Figure to allow for reduced rental income resulting from these sales over the 30 year Business Plan period.
29. The increase in the discount cap is likely to lead to increased numbers of RtBs, and therefore reduced levels of income which were not factored into the debt settlement figure, under the new Self Financing regime.
30. DCLG are keen to ensure that Local Authorities are not disadvantaged in this way. For each RtB over and above the number originally envisaged in the debt calculation, Authorities will retain an amount equivalent to the proportion of debt allocated to that property. There is no obligation to use this amount to repay debt.
31. After calculating transaction costs and compensating Central Bedfordshire for loss of income above what has been covered in the self-financing settlement, HM Treasury and Central Bedfordshire will then receive the amounts they would have expected to receive had the policy on RtBs remain unchanged.
32. The amount that remains from the capital receipt will be used to create replacement social housing on a one to one basis. Local Authorities which are unable to fund replacement homes using the residual receipt will pay the net capital receipt to Central Government, for use in funding new Affordable Homes nationally.

33. Central Government are satisfied that it will be possible to fund replacement of the sold home with a new Affordable Rent property, using this residual receipt. No more than 30% of the cost of providing the new home can be met in this way. The remaining cost will be met from borrowing against the future rental income (at rents up to 80% of market rents), and cross subsidy from the landlord's own resources. This point is significant, as local authorities were originally excluded from the Affordable Rent regime.
34. Where a council is satisfied that it can fund replacement affordable rented homes (including extra care housing) on this basis, it can enter an agreement with Central Government that it will be able to retain the remaining receipt. The new scheme has been publicised as a mechanism for funding newly built properties on the principle of one for one replacement of each home sold. However, the principle of one-for-one replacement is to apply nationally – not locally – on the understanding that it may not be possible for a Local Authority to fund a one-for-one replacement within its own area.
35. Given the extent of the discounts now available, the residual receipt - after deducting debt costs and the amounts reserved for the Authority and Government – is unlikely to equate to 30% of the cost of providing a replacement property. The value of land made available is an additional consideration, in terms of acquisition or alternative use.
36. Housing Associations are under no obligation to recycle their capital receipts from the preserved Right To Buy to fund new affordable homes, but a number of measures to incentivise this are under consideration.
37. The qualifying criteria for purchasing a council property under the Right To Buy remain unchanged. The government are introducing a flat rate allowance of £1,300 per RTB to cover the cost of withdrawn applications.
38. **Worked Example** *Assumptions relate to the year 2012/13*

Projected Sales in Housing Revenue Account settlement	7
Central Bedfordshire assumed income (self financing settlement)	£150,000
Government assumed income (self financing settlement)	£360,000
Assumed debt for 7 properties (£165m/5200 properties x 7)*	£222,110
Attributable debt on each home sold –	£31,730 per home
Transaction costs allowance –	£1,300 per sale
Receipt per home sold after new discounts –	£50,000 (illustrative)

*Note: this is illustrative only – the share of debt will vary dependent upon property archetypes, e.g. a 3 bed will attract a higher share of debt than a 1 bed.

39. **Worked example continued**

If 20 homes are actually sold, that is equivalent to 13 additional sales (above the number that was assumed in calculating the debt settlement figure).

Receipts: 20 x £50,000 = £1,000,000

LESS

Costs:

Attributable debt on 20 units: 20 x £31,730 = £634,600

Less assumed debt (see above): £222,110

£412,490

Transaction costs: 20 x £1,300 = £26,000

£438,490

NET RECEIPTS

£1,000,000 - £438,490 = £561,510, to be distributed as follows:

£150,000 Central Bedfordshire Council (potentially used to repay debt)

£360,000 Government

£51,510 Available for replacement homes

40. **Welfare Reform** is a source of further change and uncertainty. Some elements of reform to the way that rents are subsidised have already been implemented, whilst others are the subject of ongoing debate around the content of the Welfare Reform Bill.

41. The following section of this report provides more detail as to the work required to implement these changes over the coming months, proposes an approach to this work, and poses options for the way that Overview and Scrutiny Committee engages in the process.

The Tenancy Policy

42. The revised Regulatory Framework for Social Housing in England, which is currently published in draft and comes into effect from April 2012, requires all social landlords to publish a Tenancy Policy which sets out how they will use the new power to grant flexible tenancies. The draft framework does not spell-out how soon landlords are expected to publish their Tenancy Policy. However, it is clear that landlords are not to begin offering flexible tenancies until they have a Tenancy Policy in place.

43. The Tenancy Policy will set out:-

- (a) The kind of tenancies they will grant.
- (b) Where they grant tenancies for a fixed term, the length of those terms. (The minimum fixed term is 2 years).
- (c) The circumstances in which they will grant tenancies of a particular type.
- (d) The exceptional circumstances in which they will grant tenancies for a term of less than 5 years in 'general needs' housing after a probationary period (This doesn't apply where the provider is only going to be granting periodic secure and assured tenancies). There is a Government direction to the regulator that a tenancy term of less than 5 years should apply only as an exception. The tenancy policy should identify in which exceptional situations that can apply.
- (e) The circumstances in which tenancies may or may not be reissued at the end of a fixed term, in the same or a different property.
- (f) The process for appeals and complaints concerning the type of tenancy granted, the length of a fixed term tenancy, and a decision not to grant another tenancy at the end of a fixed term.
- (g) How their policy takes into account the needs of people who are vulnerable due to disability, age, illness, and of households with children; to include policy on the provision of tenancies which provide a reasonable degree of stability for vulnerable households.
- (h) The advice and assistance available to a household where a new tenancy is not being granted at the end of a fixed term.
- (i) Policy on granting discretionary succession rights.

44. The Tenancy Policy should clarify how a landlord will support tenancy sustainment, prevent unnecessary eviction, and tackle tenancy fraud.

45. The draft 'Tenure Standard' states that –

'Housing providers shall issue tenancies which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community and the efficient use of their stock.'

The Tenancy Policy (of any individual Housing Association; or Council landlord) must be developed with regard to the Local Authority Tenancy Strategy.

46. The CIH advises that the Tenancy Policy may constitute a fundamental change in the local housing offer, and should therefore be communicated widely and beyond existing tenants.

47. The work of developing the Tenancy Policy will need to be carried out in conjunction with other key activities to be described in the following paragraphs. For the sake of clarity, a combined approach to these activities is suggested at paragraphs 46 to 52.

The Tenancy Strategy

48. It is a statutory requirement of the Localism Act that Housing Authorities must publish a Tenancy Strategy by January 2013. These strategies must-
 - (a) Set out the high level ambitions for an area which housing providers must have regard to when they develop their tenancy policy.
 - (b) Signpost or summarise registered providers' tenancy policies.
 - (c) Be developed with consideration of the local allocations policy and homelessness strategy.
 - (d) Be developed in consultation with providers.
49. Tenancy Policies are supposed to be formulated with regard to the Tenancy Strategy. This implies that Local Authorities must either, develop and publish a Tenancy Strategy in advance, or that Tenancy Policies will need to be retrospectively adapted to the Tenancy Strategy.
50. The Chartered Institute of Housing (CIH) recommend that Housing Associations and Local Authorities begin working together on the development of Tenancy Strategies and Policies in order to begin the alignment process from the outset and to begin working through any conflicts in aspirations and priorities.
51. It is clear that Tenancy Strategies are intended to influence Housing Associations' Tenancy Policies, rather than dictate their policy intent and operation. The influence which the Tenancy Strategy for Central Bedfordshire has over providers' Tenancy Policies will be strengthened if providers and the Council work together to develop and agree high level strategic outcomes for the housing offer in Central Bedfordshire.
52. The CIH advises that the first step in developing a Tenancy Strategy is to decide the strategic intent which the Tenancy Strategy and Policies should be trying to achieve. This decision should take account of:-
53.
 - (a) The corporate vision for the area, (for example the LB Wandsworth has 'reducing worklessness' as an aim of its Tenancy Strategy).
 - (b) The corporate vision for housing services
 - (c) The Business Plan.
 - (d) The input of non-housing partner organisations and services.
54. Within Central Bedfordshire, there is a need to explore how the interaction of the affordable rent regime, welfare reform, the socio-economic profile of existing and future tenants and the structure of the local jobs market might interact to help or hinder the collection of the projected rental income in the HRA Business Plan.

Allocation policy

55. The Allocation Policy must identify how Central Bedfordshire will use the Localism Act freedoms to determine who can apply to go onto the waiting list for social housing; how priority for housing will be awarded; the circumstances in which the private rented sector will be used to discharge the homelessness duty; and must dovetail with the Tenancy Policy in respect of the circumstances in which applicants will be allocated, (or able to express an interest in) affordable and social rented properties.
56. The CIH point out that in respect of Choice Based Lettings (CBL) schemes, there is a need to consider whether it will be possible to operate a fair and transparent scheme which applicants can understand, encompassing different tenancy types / tenancy lengths / rent setting levels.
57. Although notionally the Allocations Policy is required to be in place ahead of the Tenancy Strategy, in practice the Allocations Policy will need to be influenced by and support the high level strategic aims identified in the Tenancy Strategy, and operate in tandem with the Tenancy Policy to achieve them.

A suggested approach to developing the Tenancy Strategy and related policies

58. In order that the high level, strategic aims of the Tenancy Strategy can influence the content and operation of the Tenancy and Allocations Policies, the work of formulating and articulating these aims should begin in April 2012.
59. The timescales to which we are working dictate that the development of the Tenancy Policy and Allocations Policy will need to take place alongside this process.
60. In practice, it is likely that an iterative approach will emerge in which the Tenancy Strategy and Policy develop and change in response to each other.
61. The process of developing the Tenancy Strategy must be carried out in partnership with Housing Association partners. A wider consultation process, to be discussed in more detail at paragraph 87, will need to inform the earliest stages of the work. Members have a key role to play in ensuring that the views of local people are represented in the high level strategic aims, and in the attendant policies.
62. Overview and Scrutiny Committee are asked to consider how they will engage with the process of strategy and policy development. Members may, for instance, wish to form a Task Group, aided by input from officers as required, to lead on formulation of strategic aims.
63. Alternatively, Members may prefer an officer-led process, with Overview and Scrutiny Committee engaged at key decision making points to consider officer recommendations.
64. In considering their role, the Committee are recommended to consider the wider issues raised at paragraphs 68 to 86.

Developing the new 'housing offer' for Central Bedfordshire

65. Developing and implementing the Tenancy Strategy for Central Bedfordshire, through the Allocations Policy and Tenancy Policy, will culminate in the creation of a new 'housing offer' for Central Bedfordshire.
66. Introducing Localism Act freedoms around the allocation of social housing will build on and strengthen the existing housing options approach. For example, the freedom to discharge the full homelessness duty into the private rented sector is a significant opportunity to make better use of council stock, meet more housing need and contribute to mixed and balanced communities.
67. The private rented sector will inevitably become a bigger part of the local 'housing offer'. Successful use of the private rented sector to meet housing needs will require ongoing partnership work with landlords, aiming to achieve the greatest possible stability and value for money from tenancies in the sector.
68. An example of the way that the localism agenda is already acting to shape the local 'housing offer' is in the allocation to the Council's Housing Needs Service, by Central Government, of £129 000 Mortgage Rescue funding. The Council is free to use this funding to develop its own mortgage rescue product, tailored to local circumstances.
69. It is likely that properties let at 'affordable rents' will be an increasing part of the housing offer in Central Bedfordshire, as Housing Associations developing new build properties will do so at rent levels of up to 80% of market rents. That contrasts with current social housing rent levels which are typically, in Central Bedfordshire, in the range of 50-55% of market rents.
70. The anticipated changes to the Right To Buy could further act to increase the proportion of Affordable Rent properties in the stock profile across Central Bedfordshire, as additional properties let at social rents are sold and replaced with newly built Affordable Rent properties. The Right To Buy changes also have the potential to alter the stock profile in respect of its size and type, if it does not prove possible to fund one-for-one replacements locally. There may also be a geographic dimension to the changing stock profile, should there be a local resurgence of Right To Buy purchases. In the past, there have been greater numbers of sales of relatively desirable properties (particularly houses), concentrating the availability of social re-lets in those areas which were already relatively deprived or had a higher proportion of flatted accommodation.

Mortgages and support for mortgage deposits (as part of a Housing Offer)

71. An option that merits serious consideration, as part of a Central Bedfordshire Housing Offer, is for the Council to join the Local Authority Mortgage Guarantee Scheme (LAMGS). Under the scheme, the council would offer to underwrite up to four-fifths of the 25 per cent deposit needed to buy a home; with the buyer supplying the other one-fifth and then being able to benefit from similar repayment terms to a 75 per cent mortgage. The Council could effectively stimulate the local Housing market by assisting people with their deposit to buy a home, possibly for the first time.

72. The Government is keen to see local authorities getting involved in the mortgage market; the aim being to stimulate the housing market and offer options to people who may not be able to get a loan from a mainstream lender. In February 2011, the Housing Minister Grant Shapps said –

"I called on key figures from across industry to come together today, because we must do more to help aspiring first time buyers - the average age of the first time buyer with no support from their family is now 37, and there are 1.4 million households who aspire to own a home but are simply unable to do so because of house prices and mortgage availability.

73. A typical example of an “indemnity” type approach, involving the Council, is set out below involving a notional Ms Smith –

- Ms Smith found a property she wanted to buy for £150,000.
- Ms Smith puts down a £7,500 deposit, and so must secure a mortgage of £142,500 mortgage (95%).
- The Local Authority’s backing indemnifies £30,000 of that mortgage
- The lender arranges a £142,500 or 95% mortgage, but with the extra security provided by the Local Authority, the lender is able to offer a lower rate than one might otherwise get with a smaller deposit. That rate will be based on a 75% loan to value ratio.

74. Under LAMGS if a potential buyer meets the strict credit criteria applied by the scheme lender, and meets the criteria set out by the Local Authority to qualify for a mortgage under the scheme, the Local Authority will provide a top-up guarantee to the value of the difference between the typical LTV (i.e. 75%) and a 95% LTV mortgage. The potential buyer will thereby obtain a 95% mortgage on the same terms as a 75% mortgage, but without the need to provide the substantial deposit usually required.

75. The indemnity provided by the Local Authority means that, although you would still have a 95% mortgage, the lender could give you a lower rate than you might otherwise get with smaller deposits. If you can put down more than 5% yourself, this will reduce the size of your mortgage and reduce the amount covered by the Local Authority.

76. The option of joining the LAMGS is not considered in depth in this report; but it does merit further consideration. Similarly, there are options for the Council to provide Mortgages. This was a common approach in the 1980s.

Learning from good practice

77. It is helpful to consider the way that other local authorities and Housing providers are implementing their new duties and exploring the new freedoms. The fundamental point about Localism is that good practice and innovation will emerge across the UK; and there will be opportunities to learn from those organisations who are ambitious and are at the forefront of change.

78. Midland Heart Housing Group have developed a Tenancy Policy, within which they will work with every new tenant to set out a plan for their long term housing ambitions. Each tenant will receive advice and support during their fixed term to meet these ambitions, with the tenant's circumstances and aspirations to be reviewed at the end of their fixed term.
79. The London Borough of Wandsworth intend to pilot the use of 2 year tenancies for the limited number of new tenants who it is felt would particularly benefit from support to enter employment during the fixed term period.

Wider issues

80. In developing the Tenancy Strategy; Tenancy Policy and Allocations Policy for Central Bedfordshire, there are a number of wider issues which need to be more fully understood, in order to ensure that the right high-level ambitions are identified for Central Bedfordshire, and further that the operation of the Tenancy and Allocations Policies do not produce unintended negative consequences. These issues are introduced below.
81. A bid has been made to the Local Government Association for support under the 'Keep it REAL' programme, to implement the changes described above, with particular reference to some of the issues outlined below. This bid is attached at appendix A.

Welfare reform and affordability

82. This is an area of uncertainty and complexity. Some welfare reforms with direct relevance to housing have already been implemented. For example, the age at which Housing Benefit claimants in the private rented sector can claim for self-contained rather than shared accommodation has increased from 25 to 35, although with several groups, including those who have been residents in homeless hostels for a specified duration, exempted.
83. Further reforms, such as the introduction of the total benefit cap, the replacement of all existing benefits with Universal Credit, and the proposal to reduce benefit eligibility to people of working age who under-occupy social housing, will require primary legislation (in the Welfare Reform Act) and are the subject of ongoing parliamentary debate on the content of the Welfare Reform Bill.
84. Detailed modelling of the effect of different rent and tenure regimes will be needed in order to clarify under what circumstances of tenure, rent level, benefit eligibility, household structure and earned income, homes will be affordable to their tenants.
85. The Chartered Institute of Housing have developed a 'benefit calculator' which allows landlords to model benefit eligibility under the new regime. It is becoming common practice for social landlords, including the Council's Landlord Service, to identify tenants at risk (in terms of the Benefits Reforms being introduced) and to work with and advise tenants at an early stage, to enable those tenants to make choices in terms of their individual circumstances and to make the choices that are right for them.

Housing needs

86. It will be necessary to review and if necessary update our knowledge of local housing needs, in order to develop the most effective strategy and policies for Central Bedfordshire. Review and refresh of the Strategic Housing Market Assessment for Central Bedfordshire is currently in progress.

Equalities

87. It is made explicit in the draft statutory Allocations Code of Guidance that Local Authorities must have regard to their obligations under the Equalities legislation in framing their Allocation Policy. This introduces a potential tension between the practice of localism and the Equality duty, in the potential for local priorities and preferences to conflict with Equalities obligations.
88. The Equality duty which applies here is for public bodies to act to eliminate unlawful discrimination, victimization and harassment against people on the grounds of race, religion or belief, age, gender, pregnancy and maternity, gender reassignment, sexual orientation and disability. Further, the duty requires public bodies to advance equality of opportunity between different groups, and foster good relationships between different groups.
89. It is corporate practice to also consider the inter- relationships between the protected characteristics and socio-economic disadvantage in the conduct of Equality Impact Assessments.
90. The potential for conflict between local priorities for the allocation of social housing, and the Equality duty, requires the council to be very clear about how the equality duty applies to the content and operation of Allocations Policy. Where conflict does arise, the Council will need to exercise leadership in applying the Equality Duty in a way which fosters good relations and promotes cohesion.
91. Conflict may arise for example in the policy on awarding priority for an allocation of social housing. In practice, the allocation scheme must 'on the whole' favour those who fall within the statutory reasonable preference categories. However, the Government clearly intend that other circumstances should be allowed to attract priority for an allocation, should that suit local circumstances. In addition, there is an explicit Central Government aim to improve access to social housing for ex-service personnel.
92. It will require careful thought to construct a scheme which balances the desire to reflect local priority against the legal obligations conferred by the Equality duty and the reasonable preference categories (although it may transpire that local priorities do not conflict with equalities).
93. The requirement to develop a Tenancy Policy around the needs of vulnerable people is a further opportunity to ensure that protected groups are afforded equality of opportunity within the new 'housing offer', and that inadvertent disadvantage and discrimination are avoided.

Neighbourhood issues

94. In keeping with the principle of Localism, it is expected that Local Authorities and their partner Housing Associations will, in framing their Tenancy Strategy and Policy, have regard to neighbourhood issues, including community sustainability, and use their policies to address these.
95. Central Bedfordshire Council has within its area a number of relatively deprived neighbourhoods which have over the years, with mixed success, been the focus of neighbourhood regeneration activities. These neighbourhoods tend to correlate with a high density of social housing. The Council is ambitious to tackle area-based poverty, and identifies this as an issue in the 'Keep it REAL' bid.
96. A concern about the use of flexible tenancies is that by limiting the length of a tenancy to the time it takes the tenant to establish themselves in the labour market and improve their economic circumstances, you lose an opportunity to improve the socio-economic mix of the neighbourhood, exacerbating a natural tendency for people to leave less desirable neighbourhoods as their economic circumstances improve.
97. On the other hand, it could be argued that by discharging more acute housing need into the private rented sector rather than into social housing, there is less concentration of the most vulnerable households in particular neighbourhoods, so helping to foster mixed and balanced communities. However, in practice, the more affordable private rented housing stock may be itself concentrated in ex-council stock on the same relatively deprived estates.
98. These housing reforms present both a potential opportunity and a potential threat to the wellbeing of Central Bedfordshire's more deprived communities. Understanding how to implement them for the better should start with a robust understanding of the effect of 'Place' on its residents. There is a need to pose the question 'What is it about this neighbourhood in particular which is holding back its residents?'; further, 'What could a Tenancy and Allocations policy contribute to improving that situation?' and finally 'What else would need to be in place to achieve a significant and lasting improvement to this neighbourhood?'

Consultation

99. It is an explicit aim of the Localism agenda that the local 'housing offer' is designed to suit local needs and preferences. A consultation process will therefore be required which must be carried out in such a way as to attain a representative set of views from local people, service users and stakeholders. The consultation must be wide-ranging and seek input from non-housing partner organisations.

100. The consultation process will be designed, so that the whole system change that is envisaged can be understood (broken down) in terms of each element of change that is being proposed. The simple fact is that the change agenda is far reaching and comprehensive; and it will be difficult to project what each and every implication will be, for each individual household, because there are a range of variable factors. The approach will be to look at possible scenarios, for different household types and then to consider the Policy implications, as to where Policy lines should be drawn. The agenda is potentially complex and early thought is being given as to how the Council should approach engagement, in terms of –
- (a) Defining policy objectives and scope, for whole system change;
 - (b) Identifying risks and negative implications of change;
 - (c) Breaking down the change as a whole into elements that are related to each component part of the change agenda, namely Welfare reform; Allocations; Tenancy strategy; affordable housing delivery; Right to Buy etc.
 - (d) Clear proposals for change – set in a strategic context, and related to the evidence base in terms of Housing Need being met currently; affordability and Rent policy; impact on the jobs market; and the experience of different household groups in being able to access social housing. .

Taking forward the change agenda: towards implementation

101. The table overleaf sets out the scope of actions that are necessary, to implement this agenda in Central Bedfordshire, with some indicative time scales. These actions will be developed as part of a project, to Improve the Housing Offer in Central Bedfordshire

102.

Action	Proposed timescale
Develop a Tenancy strategy for Central Bedfordshire, setting out high level policy objectives.	Begin developing strategy in partnership with Housing Associations – May 2012
	Publish the tenancy strategy – January 2013
Produce a tenancy policy for Central Bedfordshire Council's Landlord Service	Begin policy development May 2012 in parallel with the Council's Tenancy Strategy.
Review Allocations Policy and CBL operation; the starting points being research and analysis as to who is accessing social housing in Central Bedfordshire; how well housing need is being met; and the impact on the jobs market.	Begin review May 2012, with a view to implementation of changes in May 2014 (2 year programme to fully implement comprehensive, whole system change.)
Model the effect of different rent regimes on affordability, in the light of welfare reform changes	Begin June 2012
Analyse affordability of different tenures and rent regimes for families on benefits and those in employment at different levels of income (including where hours and income fluctuate).	Begin July 2012
Based on the refreshed Strategic Housing Market Assessment, produce analysis of local housing needs to inform Tenancy Strategy and Policy (including analysis of the economic profile of prospective new tenants).	Begin June 2012
Model the impact of tenure and rent reforms on the HRA Business Plan.	April 2012
Develop a consultation process around the development of the Tenancy Strategy, Tenancy Policy and Allocations Policy; to include a formal 12 week consultation on the draft strategy and policies.	April 2012

103.
Cont.

Action	Proposed timescale
Implement changes in Tenancy Management policy and practice.	Develop procedures and paperwork associated with managing flexible tenancies. Timing dependent on publication of Tenancy Policy.
	Update written procedures on successions and assignments. Complete by June 2012
	Support formation and operation of Tenant's Panel. From April 2012.
	Develop policy on implementation of the Tenant Cashback model. From April 2012.
Implement changes in allocations policy and practice.	Shift operation of the housing register to online registration and self-assessment. Complete by December 2012
	Implement default discharge duty of homelessness duty into private rented sector. Policy position established September 2012
	Develop models to enable access to the private rented sector. From April 2012
	Develop model for an integrated Housing Needs / Private Sector Housing Service, for implementation during 2013.

Conclusion and Next Steps

104. Implementing the changes outlined above is whole system change, especially when seen in the context of welfare reform. The changes set out in the Government's National Housing Strategy; the Localism Act and the Welfare Reform Bill are comprehensive and far reaching. The change agenda should be related to local priorities and ambitions; and those priorities should be developed on the basis of a complete and accurate understanding of the local housing market; and also access routes into social housing and employment, as well as an understanding of areas like child poverty and worklessness.
105. It is important that an effective programme of Scrutiny is established during 2012/13, to work in parallel with the political leadership in defining strategic objectives, related to and which support the Council's Vision of Central Bedfordshire as 'a great place to live and work'. It is also necessary to set out and programme this work over a two year period, to include –
- (a) Research and analysis;
 - (b) Policy Making

(c) Engagement and consultation

(d) Implementation

106. The work – in terms of the various elements of the change agenda – will not be sequential and is important to decide which elements of change are progressed, and in what order. For legal reasons, the starting point will be the Council's Tenancy Strategy, due for adoption in January 2013. But there are important considerations that are less straightforward, for example, the Choice Based Lettings Partnership with Aragon Housing association; BPHA; Bedford and Luton Borough councils. That Partnership is well established; but it is not certain that all three councils will move in the same direction, in the same timeframe, and to achieve common Policy objectives. If there is divergence, then the partnership may not last and the implications of (possibly) dismantling the current CBL scheme will be significant, and will take time.
107. This report is the starting point, to begin a dialogue within the Council, as well as partners, stakeholders and the public, as to the extent and pace of change over (probably) a two year period. The report sets out the scope of the change agenda and seeks to build understanding. Some elements are relatively fixed, for example the new Self Financing regime for council housing; the Tenants Cash-back scheme; and changes to Right Buy discounts. Even so, the Council will need to consider the implications and implement those changes
108. There are other changes which are truly far reaching, where the starting point is to understand the implications (with reference to research based evidence); and to determine strategic objectives, which are shaped into local priorities through engagement and consultation. This work is now underway, in terms of planning and preparation.
109. The scale and extent of change should not be under-estimated. The Housing Minister Grant Shapps described the Tenancy Changes as 'the most radical shake-up in social housing for 50 years'. Alongside Welfare reform, the changes proposed are designed to challenge the 'lazy consensus' on the use of social housing in previous decades. It is the Government's view that the assumption of a 'tenancy for life' encouraged benefit dependency and stifled aspiration, whilst limiting access to social housing for those in housing need.

Appendices:

Appendix A – Keep it Real bid application to Communities and Local Government

Background papers and their location: (open to public inspection)

The practical implications of tenure reform. (2012) Chartered Institute of Housing

How to develop your tenancy policy. (2012) Chartered Institute of Housing

Implementing social housing reform: directions to the social housing regulator. (2011) Communities and Local Government

Laying the foundations : a housing strategy for England. (2011) Communities and Local Government

All stated papers are available at Watling House, Dunstable, Rm 46, High Street North, LU6 1LF. Alternatively they are available on request from Tony Keaveney, Assistant Director Housing.