

**Open**

# **Overview & Scrutiny Committee**

## **Agenda**

**6pm**  
**Thursday, 7th February 2019**  
**Council Chamber**  
**Wyre Forest House**  
**Finepoint Way**  
**Kidderminster**



## Overview & Scrutiny Committee

### Members of Committee:

**Chairman: Councillor H E Dyke**  
**Vice-Chairman: Councillor M Rayner**

**Councillor N Harris**  
**Councillor N Knowles**  
**Councillor S Miah**  
**Councillor H S Williams**

**Councillor K Henderson**  
**Councillor D Little**  
**Councillor S J Walker**  
**Councillor S J Williams**

**Would Members please note that, to ensure continuity in scrutiny, substitutes should only be appointed for the Scrutiny Committee in exceptional circumstances.**

### Information for Members of the Public:

**Part I** of the Agenda includes items for discussion in public. You have the right to inspect copies of Minutes and reports on this Agenda as well as the background documents used in the preparation of these reports.

**Part II** of the Agenda (if applicable) deals with items of "Exempt Information" for which it is anticipated that the public may be excluded from the meeting and neither reports nor background papers are open to public inspection.

### **Declaration of Interests by Members – interests of members in contracts and other matters**

Declarations of Interest are a standard item on every Council and Committee agenda and each Member must provide a full record of their interests in the Public Register.

In addition, alongside the Register of Interest, the Members Code of Conduct ("the Code") requires the Declaration of Interests at meetings. Members have to decide first whether or not they have a disclosable interest in the matter under discussion.

Please see the Members' Code of Conduct as set out in Section 14 of the Council's constitution for full details.

### **Disclosable Pecuniary Interest (DPI) / Other Disclosable Interest (ODI)**

DPI's and ODI's are interests defined in the Code of Conduct that has been adopted by the District.

If you have a DPI (as defined in the Code) in a matter being considered at a meeting of the Council (as defined in the Code), the Council's Standing Orders require you to leave the room where the meeting is held, for the duration of any discussion or voting on that matter.

If you have an ODI (as defined in the Code) you will need to consider whether you need to leave the room during the consideration of the matter.

### **Co-opted Members**

Scrutiny Committees may wish to appoint Co-Opted Members to sit on their committee in order to add value to the scrutiny process. To appoint a Co-Opted Member, a Committee must first agree to appoint either a specific person or to approach a relevant organisation to request that they put forward a suitable representative (e.g. the local Police Authority). Co-Optees are non voting by default but Committees can decide to appoint voting rights to a Co-Optee. The Co-Option of the Member will last no longer than the remainder of the municipal year.

Scrutiny Committees can at any meeting agree to terminate the Co-Option of a Co-Opted Member with immediate effect. Where an organisation is appointed to put forward a Co-Opted Member, they are able to send a substitute in exceptional circumstances, provided that they notify Democratic Services in advance. Co-Opted Members must sign up to the Members Code of Conduct before attending their first meeting, failure to sign will mean that they are unable to participate. This also applies to substitute Co-Opted Members, who will need to allow sufficient time before a meeting in order to sign the Code of Conduct.

The following will apply:

- i) The total number of voting co-opted members on any Scrutiny Committee will not exceed 25% at any one time.
- ii) The total number of voting Co-opted Members on any Review Panel will not be limited.
- iii) Those Co-opted Members with voting rights will exercise their rights in accordance with the principles of decision making set out in the constitution.

**For Further information:**

**If you have any queries about this Agenda or require any details of background papers, further documents or information, you should contact Louisa Bright, Principal Committee and Member Services Officer, Wyre Forest House, Finepoint Way, Kidderminster, DY11 7WF. Telephone: 01562 732763 or email [louisa.bright@wyreforestdc.gov.uk](mailto:louisa.bright@wyreforestdc.gov.uk)**

Wyre Forest District Council  
Overview & Scrutiny Committee

Thursday, 7th February 2019

Council Chamber, Wyre Forest House, Finepoint Way, Kidderminster

Part 1 - Open to the press and public

<b>Agenda item</b>	<b>Subject</b>	<b>Page Number</b>
<b>1.</b>	<b>Apologies for Absence</b>	
<b>2.</b>	<b>Appointment of Substitute Members</b>  To receive the name of any Councillor who is to act as a substitute, together with the name of the Councillor for whom he/she is acting.	
<b>3.</b>	<b>Declarations of Interests by Members</b>  In accordance with the Code of Conduct, to invite Members to declare the existence and nature of any Disclosable Pecuniary Interests (DPI's) and / or Other Disclosable Interests (ODI's) in the following agenda items and indicate the action that they will be taking when the item is considered.  Please see the Members' Code of Conduct as set out in Section 14 of the Council's Constitution for full details.	
<b>4.</b>	<b>Minutes</b>  To confirm as a correct record the minutes of the meeting held on the 6 <sup>th</sup> December 2018 and the minutes of the Overview and Scrutiny Sub-Committee held on the 17 <sup>th</sup> December 2018.	6
<b>5.</b>	<b>How Are We Doing? Performance Update</b>  To consider a report from the Business Improvement Officer which provides an update on the performance of the Council for quarter 3 from 1 <sup>st</sup> October to 31 <sup>st</sup> December 2018.	12
<b>6.</b>	<b>Treasury Management Strategy 2019-20</b>  To consider a report from the Corporate Director: Resources which provides Members with background information on the Chartered Institute of Public Finance (CIPFA) Prudential Code for Capital Finance in Local Authorities (Prudential Code).	29
<b>7.</b>	<b>Lion Fields Parcel 4: Bromsgrove Street Car Park</b>  To consider a report from the Economic Development and Regeneration Manager which sets out the next steps for the Council in bringing forward re-development proposals for 'Parcel 4' of Lion Fields, which covers the redevelopment of the Bromsgrove Street Car Park.	76

<b>8.</b>	<b>Allocations Policy Review</b>  To consider a report from the Head of Strategic Growth which outline the proposed changes to the Allocations Policy following amendments made to the legislation around Homelessness (the Homelessness Reduction Act 2017) and other statutory instruments / guidance around allocations.	85
<b>9.</b>	<b>Feedback from Cabinet</b>  To note the content of the Cabinet action list, following consideration of the recommendations from its meeting on 18 <sup>th</sup> December 2018.	182
<b>10.</b>	<b>Work Programme</b>  To review the work programme for the current municipal year with regard to the Corporate Plan Priority, Annual Priorities and the Forward Plan.	183
<b>11.</b>	<b>Press Involvement</b>  To consider any future items for scrutiny that might require publicity.	
<b>12.</b>	<b>To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	
<b>13.</b>	<b>Exclusion of the Press and Public</b>  To consider passing the following resolution:  “That under Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting during the consideration of the following item of business on the grounds that it involves the likely disclosure of “exempt information” as defined in paragraph 3 of Part 1 of Schedule 12A to the Act”.	

Part 2 - Not open to the Press and Public

<b>14.</b>	<b>To consider any other business, details of which have been communicated to the Solicitor of the Council before the commencement of the meeting, which the Chairman by reason of special circumstances considers to be of so urgent a nature that it cannot wait until the next meeting.</b>	
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**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW & SCRUTINY COMMITTEE**

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER**

**THURSDAY, 6TH DECEMBER 2018 (6PM)**

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**Present:**

Councillors: H E Dyke (Chairman), N Harris, K Henderson, N Knowles, D Little, N Martin, S Miah, S J Walker, H S Williams and S J Williams.

**Observers**

Councillor: C Rogers.

**OS.61      Apologies for Absence**

Apologies for absence were received from Councillor M Rayner (Vice-Chairman).

**OS.62      Appointment of Substitutes**

Councillor N Martin was a substitute for Councillor M Rayner.

**OS.63      Declarations of Interests by Members**

No declarations of interest were made.

**OS.64      Minutes**

**Decision: The minutes of the meeting held on 1st November 2018 be confirmed as a correct record and signed by the Chairman.**

**OS.65      Recommendations from the Highways Maintenance Review Panel**

The Committee received a report from the Highways Maintenance Review Panel which provided an overview of the issues the Panel had considered. The report set out its conclusions and recommendations for the Committee's consideration. The Chairman led Members through the report and the recommendations, assisted by the Head of Operational Services.

The Committee was advised that the Panel had been established to undertake an in-depth review of the service standards for Highway Maintenance, in response to residents' enquiries and to aid joined-up working with town and parish councils. It was noted that the public generally lacked awareness over which services were the responsibility of the County Council and which were provided by the District Council.

The Committee was invited to discuss the report and suggest amendments to the recommendations.

#### **Agenda Item No. 4**

Discussion ensued and Members expressed concern over the continued lack of response by Worcester County Council to matters on which the Highways Maintenance Review Panel had sought further clarification.

Issues of resources, regular maintenance, seasonal demand, public perception and identification of areas of responsibility were discussed.

The Head of Operational Services drew Members attention to the issue of residents clearing snow and ice from paths outside their properties and the concern that they could open themselves up to litigation by the Council or a member of the public if someone were to fall on the cleared area and make a claim. He clarified that it was not the case and that the County Council had also confirmed this.

Concern was expressed that while the experience of County Council liaison officer responses to requests and service provision in some areas of Wyre Forest were reported to be effective, this was not reflected consistently throughout the District. It was suggested that reinstatement of the Highways Partnership Forum could alleviate this discrepancy.

Councillor Oborski requested that the criteria for the provision of County Council grit bins be clarified. Members also expressed concern about the drain maintenance programme, whether or not it existed and if so, its current status.

It was suggested that in the event of inclement weather, it was not just snow and ice that caused problems. If fallen leaves were not picked up, these became wet and a danger to the public. The Head of Operational Services said that while the small district sweepers cleared some of these away, he would take that concern forward.

Each recommendation within the report was considered individually by the Committee. Amendments and additions as agreed were made.

#### **Agreed:**

- **Head of Operational Services to identify where improvements can be made to the quality of work carried out by Wyre Forest District Council and continue to look at opportunities for additional income generation.**
- **Investigate that Worcestershire County Council reinstate the Highways Partnership Forum.**
- **Highways Liaison Engineer for Wyre Forest, Paul Green, to be invited to attend a Members Forum to discuss his role, job description and the process for Councillors to contact him.**
- **Members to be encouraged to liaise with County Councillor colleagues to improve communication and knowledge about local issues and understanding of the reporting systems for Worcestershire County Council.**
- **Enquire whether a Worcestershire County Council pro-active drain maintenance programme exists for Wyre Forest and if it does not already, recommend that pro-active drain maintenance be utilised to avoid issues**

during inclement weather.

- **Communicate to members of the public, through a variety of publicity means, to encourage them, and local shop owners, to keep their local area clear of snow and ice taking steps to allay the perception that they could be liable should someone fall on an area that has been cleared. Provide the public with a clear definition of Wyre Forest District Council's Highway Maintenance responsibilities and the areas covered by other organisations including the work carried out by WFDC on behalf of Worcestershire County Council.**
- **Use the Wyre Forest District Council website to signpost the gritting routes on the Worcestershire County Council website making clear that this is a WCC responsibility using social media posts to support this information.**
- **Request that access areas to sheltered accommodation be added to the gritting routes.**

**OS.66 Recommendations from Affordable Housing Review Panel**

The Committee received the recommendations from the Affordable Housing Review Panel which had been reconvened to consider Local Authority Delivery Models to tackle housing need.

Councillor Knowles led Members through the recommendation briefly outlining the background and scope of the Panel's considerations. He said that case studies of other councils' initiatives in trying to meet the affordable housing needs development had been presented to the Panel. He expressed appreciation to officers and members involved in the Panel.

The Committee acknowledged the reasons for recommending reconvening the Panel, given within the report.

**Agreed: The Affordable Housing Review Panel be reconvened post May 2019 to further consider the Council's approach to housing delivery.**

**OS.67 Feedback from Cabinet**

**Agreed: The content of the Cabinet decision list following consideration of the recommendations from its meeting on 13<sup>th</sup> November 2018 be noted.**

**OS.68 Work Programme**

The Chairman advised that a progress update on the Climate Change Action Plan and Health Action Plan recommendations provided by the Principal Health & Sustainability Officer, in respect of the Overview and Scrutiny Committee meeting held on 4<sup>th</sup> October, had been circulated to Members.

The Committee noted that some items scheduled to be included on the Agenda for consideration by the Overview and Scrutiny Committee, according to the work programme and forward plan had been withdrawn. The Chairman advised that she



#### **Agenda Item No. 4**

was not aware of the reasons for this. Concern was expressed by Members about the potential delay caused. It was noted that there were no items scheduled for January 2019.

The Chairman asked that enquiries be made about the reason the items scheduled to have been included in the work programme on this agenda had been withdrawn.

**Agreed: The work programme be noted.**

#### **OS.69**

##### **Press Involvement**

There were no future items for scrutiny that might require publicity.

There being no further items for discussion, the meeting ended at 6.51pm.

**WYRE FOREST DISTRICT COUNCIL**

**OVERVIEW & SCRUTINY SUB-COMMITTEE**

**COUNCIL CHAMBER, WYRE FOREST HOUSE, FINEPOINT WAY, KIDDERMINSTER**

**MONDAY, 17TH DECEMBER 2018 (6PM)**

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**Present:**

Councillors: H E Dyke (Chairman), N Knowles, D Little, H S Williams and S J Williams.

**Observers**

Councillors: N J Desmond and F M Oborski MBE.

**OSSC.06      Apologies for Absence**

There were no apologies for absence.

**OSSC.07      Appointment of Substitutes**

No substitutes were appointed.

**OSSC.08      Declarations of Interests by Members**

No declarations of interest were made.

**OSSC.09      Exempt Information**

**Decision: Under Section 100A(4) of the Local Government Act, 1972 the press and public be excluded from the meeting during the consideration of the following items of business on the grounds that they involve the likely disclosure of “Exempt Information” as defined in paragraphs 2, 6 and 7 of Part I of Schedule 12A of the Act.**

**OSSC.10      Investment Proposal**

The Sub-Committee considered a confidential report which set out a proposed investment using the Council's Capital Portfolio Fund.

The Corporate Director: Economic Prosperity & Place presented the report. He gave a comprehensive and thorough explanation of the proposed transaction and the consideration of key matters consistent with the Council's Capital Strategy and the Government Statutory Guidelines for Local Authority Investments, covering the background to the investment opportunity including its location, condition, valuation and tenancy details.

Having outlined the justification for the investment and highlighted the potential

#### **Agenda Item No. 4**

risks, he confirmed that the proposal was in line with the Council's adopted Capital Portfolio Fund Strategy and met the Government Statutory Guidelines for Local Authority Investments.

The Financial Services Manager gave an explanation of the financial implications of the transaction. The Corporate Director: Resources highlighted the risk analysis as set out in the confidential report.

Members fully scrutinised the report and acknowledged the identified risks. The proposal was moved and seconded. Upon a show of hands the vote was carried unanimously.

**Decision: Recommend to Cabinet that the Council invests in the property from its Capital Portfolio Fund.**

There being no further business, the meeting ended at 6.47pm.

# Overview & Scrutiny Committee

## Briefing Paper

Report of: Rhiannon Foxall, Business Improvement Officer  
Date: 7<sup>th</sup> February 2019  
Open

### How Are We Doing? Performance Update

#### 1. Summary

- 1.1 To update Members on the performance of the Council for Quarter 3 (from 1<sup>st</sup> October 2018 to 31<sup>st</sup> December 2018).

#### 2. Background

- 2.1 Performance management is instrumental in all council activities as it helps us to keep track of how well we are performing and enables any potential issues to be identified at an early stage so remedial action can be taken. It also informs our decision making processes which underpin the delivery of our Corporate Plan 2014-19.
- 2.2 The Council has a number of processes in place to monitor our performance including:
- Corporate Plan Actions
  - Corporate Risks and associated actions
  - Leading Measures
  - Lagging Measures

#### 3. Progress

- 3.1 **Appendix 1** is a detailed report of performance against our purpose of [‘Place’](#).
- 3.2 **Appendix 2** is a [museum overview](#).
- 3.3 **Appendix 3** is the [Capital Projects](#) report.

#### 4. Key Achievements/Issues

- 4.1 There are no significant issues to highlight at the end of this quarter with regards to actions as there are none that are overdue. Therefore no exception report features as an appendix.
- 4.2 **Measure LA007 – Perception of anti-social behaviour as a problem**  
The results of the Viewpoint survey have been shared with community safety partners and they are disappointed with the significant increase. Safer Wyre Forest Tasking, which is led by the community safety team,

will consider specifically the perceptions issue and any further actions to be undertaken at its next meeting in February.

**5. Options**

- 5.1 That the progress in performance for quarter 3 be noted.

**6. Consultation**

- 6.1 Leader of the Council  
6.2 Corporate Leadership Team

**7. Related Decisions**

- 7.1 None.

**8. Relevant Council Policies/Strategies**

- 8.1 Wyre Forest District Council Corporate Plan 2014 – 2019.

**9. Implications**

- 9.1 Resources: No direct implications from this report.  
9.2 Equalities: No direct implications from this report.  
9.3 Partnership working: No direct implications from this report.  
9.4 Human Rights: No direct implications from this report.  
9.5 E-Government: No direct implications from this report.

**10. Equality Impact Needs Assessment**

- 10.1 An equality impact assessment has been undertaken and it is considered that there are no discernible impacts on the nine protected characteristics as set out by the Equality Act 2010.

**11. Wards affected**

- 11.1 None.

**12. Appendices**

- 12.1 Appendix 1 – Full 'Place' report  
12.2 Appendix 2 – Museum overview  
12.3 Appendix 3 – Capital Projects report

**13. Background Papers**

Corporate Plan action information is available on the Council's Performance Management System, Pentana Performance.

Alternatively, reports can be requested from the Business Improvement Officer.

**Officer Contact Details:**

Name: Rhiannon Foxall  
Title: Business Improvement Officer  
Contact Number: Ext. 2786  
Email: [rhiannon.foxall@wyreforestdc.gov.uk](mailto:rhiannon.foxall@wyreforestdc.gov.uk)

## KEEP MY PLACE SAFE AND LOOKING GOOD

This report details the progress we have made against our purpose of 'keep my place safe and looking good'.

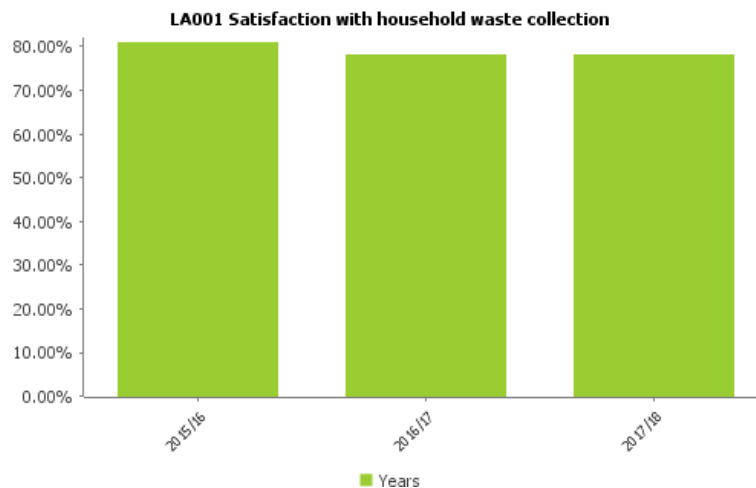


### Measures

As a way of measuring the progress with our purpose, we collect key data to monitor trends and patterns. This data not only helps us to understand the impact of the work that we are doing but it also assists with decision making at a corporate level. The latest available data is detailed below:

**LA001** Satisfaction with household waste collection

Aim to Maximise



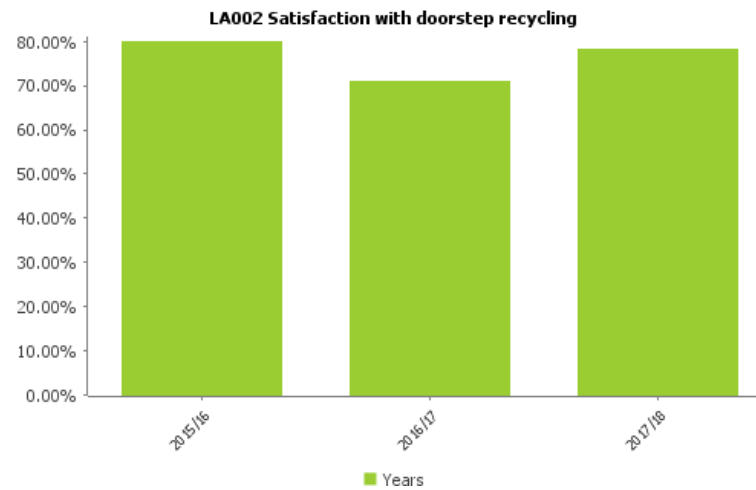
Current Value

78.00%

Managed By Steve Brant

**LA002** Satisfaction with doorstep recycling

Aim to  
Maximise



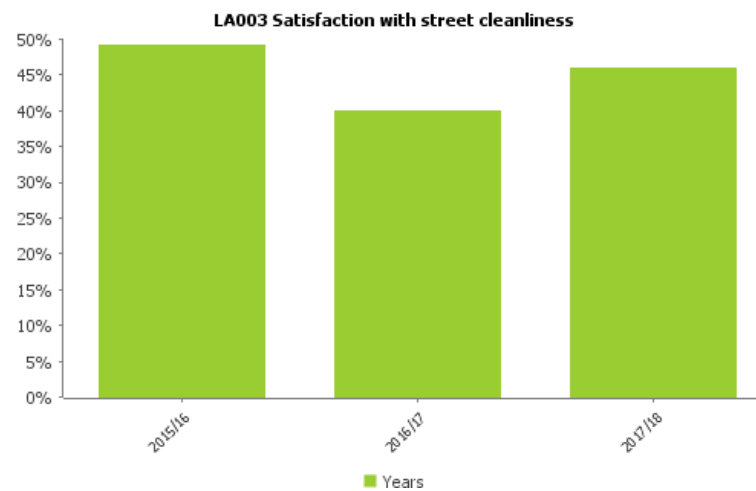
Current  
Value 78.00%



Managed By Steve Brant

**LA003** Satisfaction with street cleanliness

Aim to  
Maximise



Current  
Value 46%

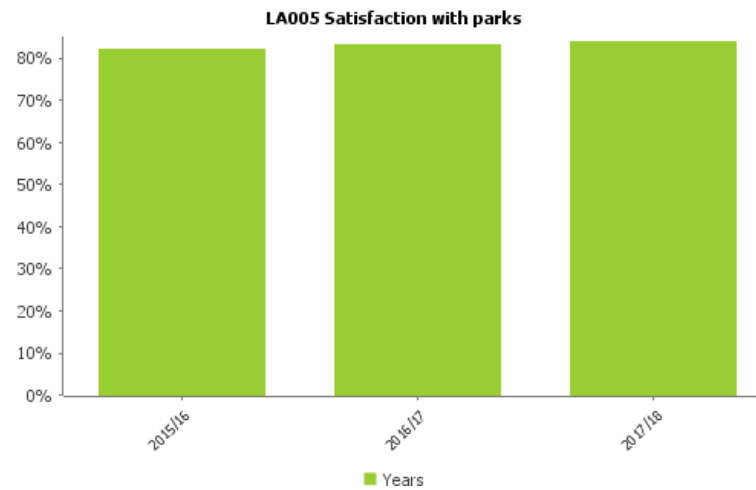


Managed By Steve Brant



**LA005** Satisfaction with parks

Aim to  
Maximise



Current  
Value

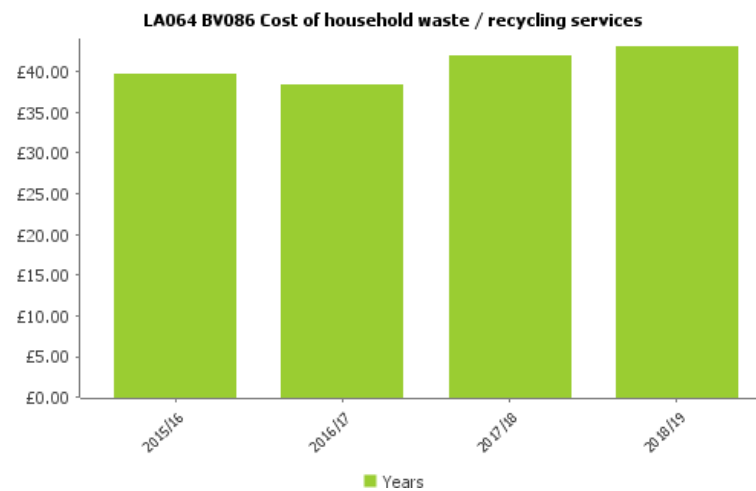
84%



Managed By Steve Brant

**LA064** Cost of household waste /  
**BV086** recycling services

Aim to  
Minimise



Current  
Value

£43.00

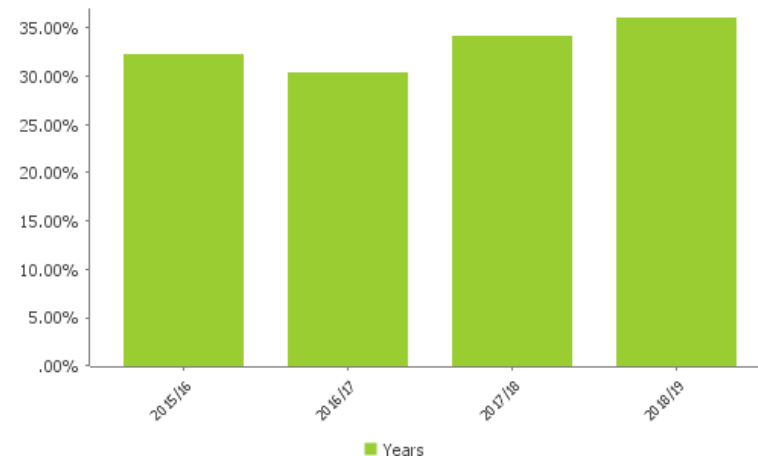


Managed By Steve Brant

**LA065** Yearly percentage Of Household Waste Sent For Reuse Recycling And Composting

Aim to  
Maximise

**LA065 Yearly percentage Of Household Waste Sent For Reuse Recycling And Composting**



Current  
Value

35.95%

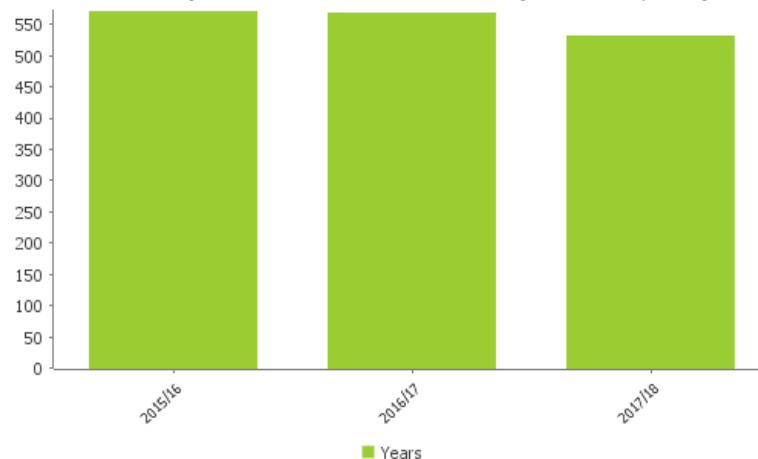


Managed By Steve Brant

**LA066a** Yearly residual Waste Per Household – KG's (old RES PI 08 /NI191)

Aim to  
Minimise

**LA066a Yearly residual Waste Per Household – KG's (old RES PI 08 /NI191)**



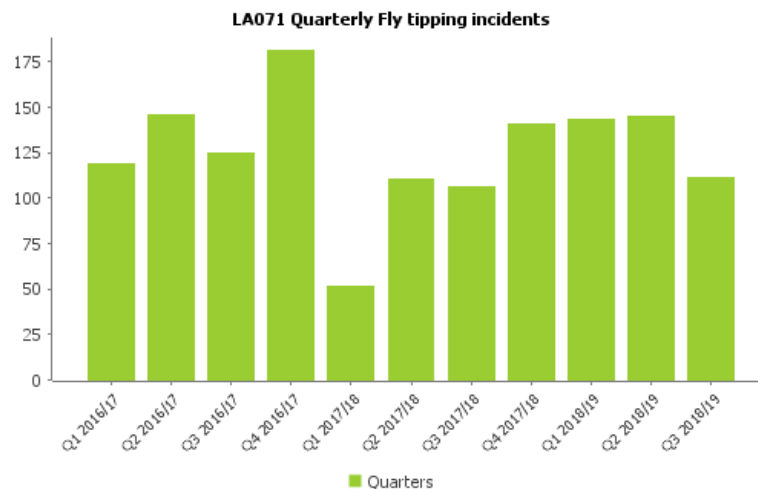
Current  
Value

530



Managed By Steve Brant

**LA071** Quarterly Fly tipping incidents Aim to Minimise

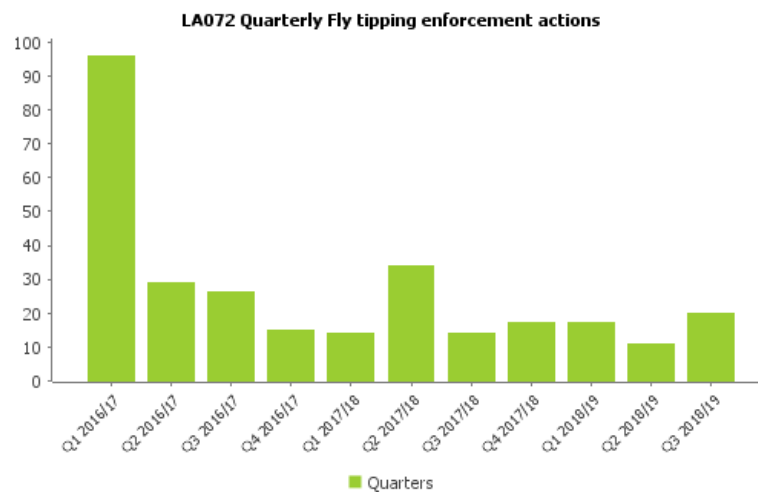


Current Value 111



Managed By Steve Brant

**LA072** Quarterly Fly tipping enforcement actions Aim to Minimise



Current Value 20

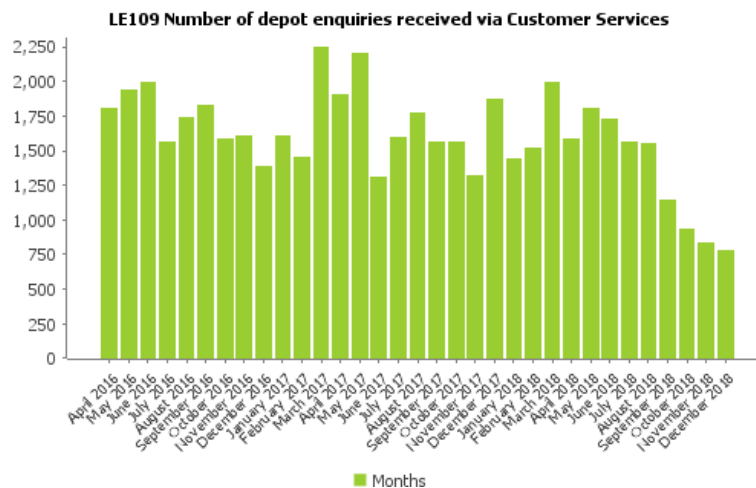


Managed By Steve Brant

## Agenda Item No. 5 Appendix 1

**LE109** Number of depot enquiries received via Customer Services

Aim to  
Minimise



Current  
Value

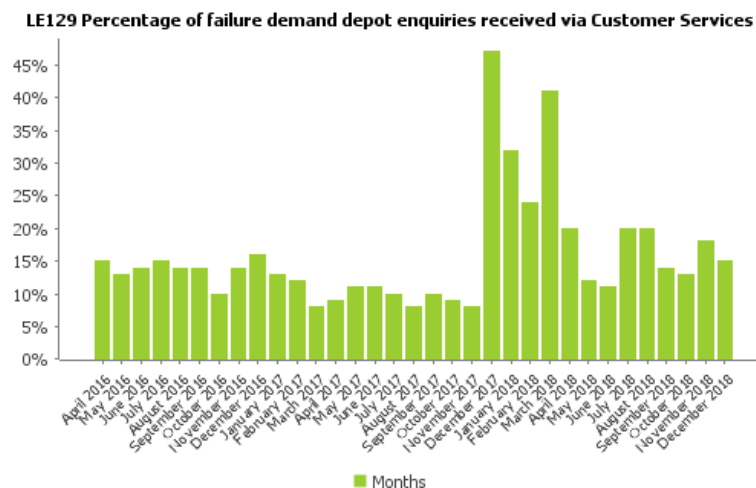
775



Managed By Steve Brant

**LE129** Percentage of failure demand depot enquiries received via Customer Services

Aim to  
Minimise



Current  
Value

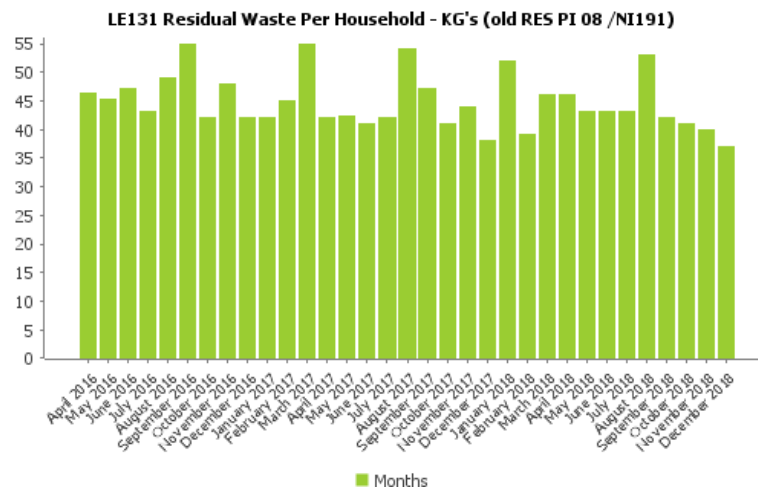
15%



Managed By Steve Brant

## Agenda Item No. 5 Appendix 1

**LE131** Residual Waste Per Household – KG's (old RES PI 08 /NI191) Aim to Minimise



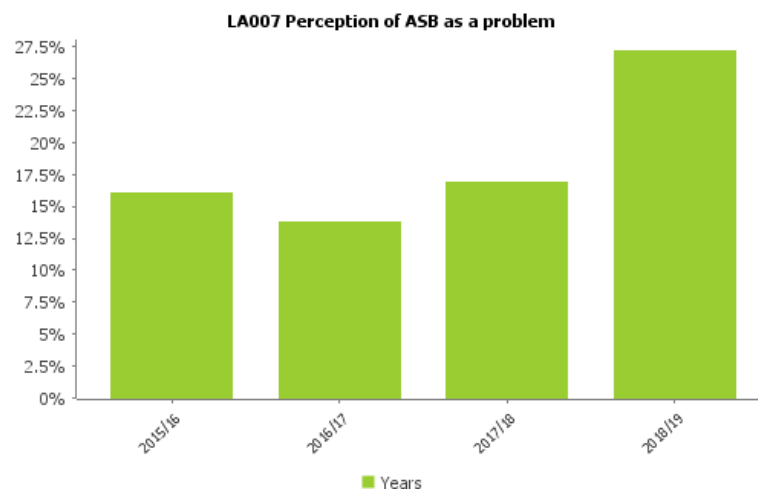
Current Value 37



Managed By Steve Brant

**LA007** Perception of ASB as a problem

Aim to Minimise

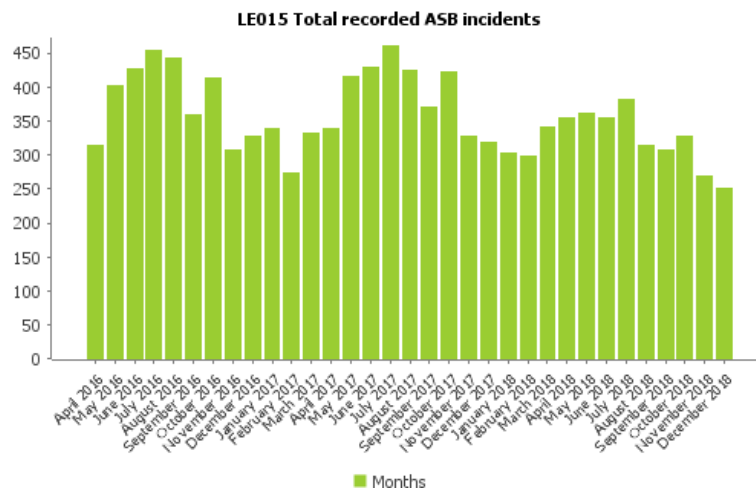


Current Value 27.1%



Managed By Kathryn Underhill

**LE015** Total recorded ASB incidents      Aim to  
Minimise

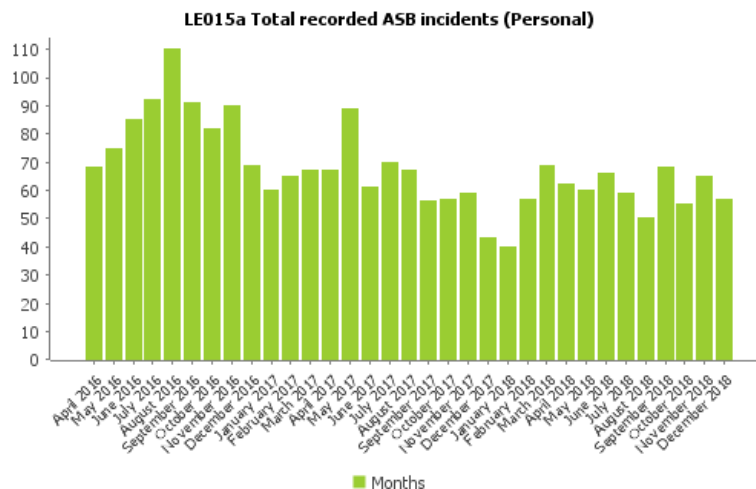


Current Value 250



Managed By Kathryn Underhill

**LE015a** Total recorded ASB incidents (Personal)      Aim to  
Minimise



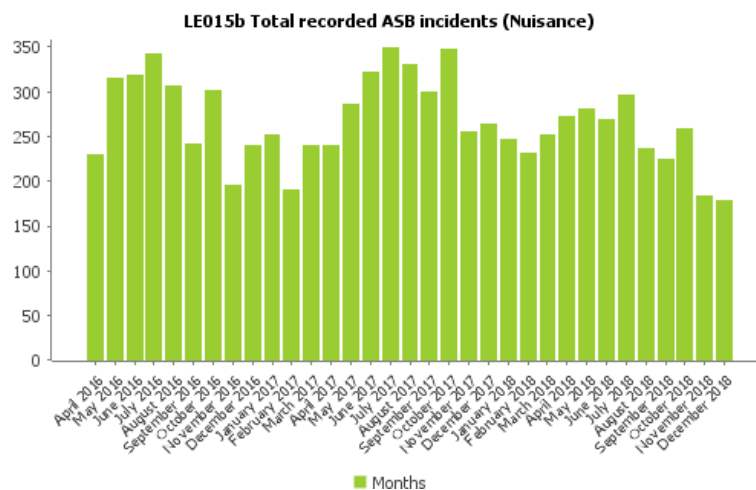
Current Value 57



Managed By Kathryn Underhill

**LE015b** Total recorded ASB incidents  
(Nuisance)

Aim to  
Minimise



Current  
Value

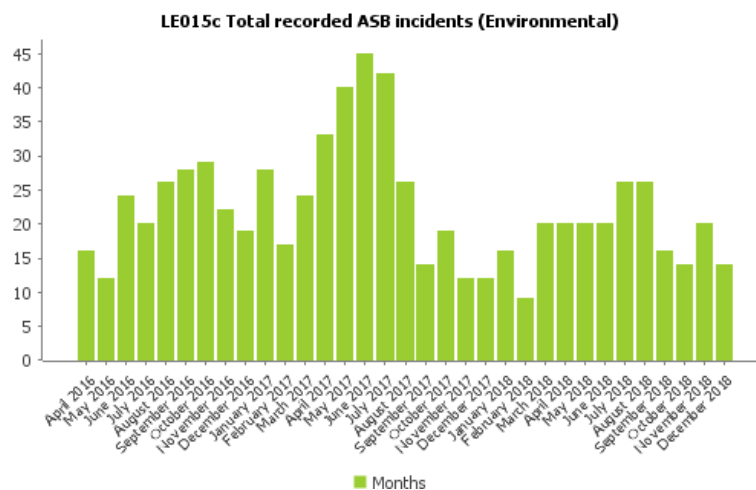
179



Managed By Kathryn  
Underhill

**LE015c** Total recorded ASB incidents  
(Environmental)

Aim to  
Minimise



Current  
Value

14



Managed By Kathryn  
Underhill

## ENSURE THAT THERE ARE GOOD THINGS FOR ME TO DO, SEE AND VISIT

This report details the progress we have made against our purpose of 'ensure that there are good things for me to do, see and visit'.



### Actions

Listed below is the progress against our current major projects that support the delivery of our purpose of 'ensure that there are good things for me to do, see and visit'.

### Cross cutting Actions

Listed below are primary actions for other purposes but also impact on this purpose:

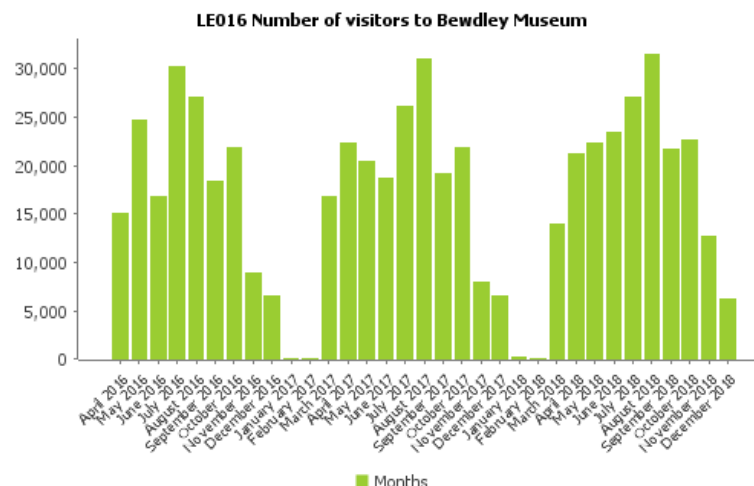
WFF 18/19 30

Stourport Canal Basins

### Measures

As a way of measuring the progress with our purpose, we collect key data to monitor trends and patterns. This data not only helps us to understand the impact of the work that we are doing but it also assists with decision making at a corporate level. The latest available data is detailed below:

LE016 Number of visitors to Bewdley Museum  
Aim to Maximise



Current Value 6,267



Managed By Kay Higman

### Cross cutting measures

Listed below are primary measures for other purposes but also impact on this purpose:



**LE032**

Participation rates in sport/leisure facilities – Wyre Forest Leisure Centre

## Bewdley Museum 2018/19

Our 2018/19 season has seen another jump in visitor numbers to 204,332 which is another increase on the previous year. This is such an achievement and more significant against a trend for many museums who have reported a decline in visitor numbers.

The museum continues to be a popular venue that offers something for all ages and groups of people. We continue to attract a mix of local and national visitors and many post excellent feedback on trip advisor and face book. Below is a sample of the many comments on Trip advisor where five stars have been awarded. For 2018/19 we were either first or second in things to see and do in and around Bewdley and continue to achieve excellence on their website.

*Wow !!! on walking around the town exploring, if you like, we ended up in the museum, id always known it was here but have never viewed it until now and was really surprised how interesting it was and a fair bit to see and walk around, enjoyed it.*

*Hidden away to one side of the main road through the town, this is a hidden gem. Well worth a 30 - 60 minute visit. Plenty of displays and activities on local historical themes. Local craft-style shops. Decent Cafe. Good toilets. Park and garden areas.*

*This is a fascinating museum with a brilliant air raid shelter, and walk through areas telling the history of Bewdley. It has a cafe and a garden area with a pond. It has a lovely atmosphere and a good shop*

For the 18/19 season:

- Our ticketed performances in the gardens remained very popular; Midnight Gang broke previous records with 480 tickets sold and the annual Cherry Fair saw over 6000 people over two days attending.
- Our Education programme continued to expand and has generated income in line with our business plan and has the potential to generate more by expanding into areas that cater for dementia and disabilities.
- Our activities programme for children in the school holidays was bursting at the seams with 1000 children attending drop in sessions and again the cafe and shop both reported higher numbers on those days.
- The revamped shop has proved to be very successful offering unique gift ideas. The offer has been expanded and the team have been working hard to get the offer right. The margins have held at 2.4 across the range and a difficult target should be achieved by the end of March.
- Our heritage wedding open days are attracting lots of customers and the conversion is 50% which is fantastic. We held a number of wedding services during this season and a number of these had champagne/prosecco receptions in the gardens.
- We have initiated a project to breath life into the Foundry. This is an area that is sometimes missed by visitors. We would like to expand the displays with new interactive features, develop a larger education area and hopefully create an area that will draw people in.
- Our site and gardens continue to attract growing numbers of people our focus this year has been on the areas we know we can deliver well, are popular with our visitors and critically generate income growth year on year.

- The team have worked so hard this year to deliver an exceptional visitor experience maintaining high levels of quality on site across a very diverse offer. Again I would like to express my thanks for the dedication and commitment the team give to make the museum as successful as it is.

**Alison Bakr**  
**Museum Manager**  
**January 2019**

## Capital Projects

This report details the progress of all of our capital projects



WFF 18/19 68	Green street depot 2020 improvement and investment plan	60%	
Due Date	Managed By	Latest Note	Latest Note Date
31-Mar-2020	Steve Brant; Linda Draycott	Interclass appointed as contractors. Date of possession 19th November 2018. Date for completion 31st May 2019. Contract period 28 weeks. Arrangements made with Kidderminster Town Council for an extension of the land occupied by Customer Services.	14-Jan-2019

Listed below are actions that will become capital projects in the future

WFF 18/19 31	Lion Fields
WFF 18/19 77	Churchfields

**WYRE FOREST DISTRICT COUNCIL****OVERVIEW AND SCRUTINY COMMITTEE**  
**7<sup>TH</sup> FEBRUARY 2019****Treasury Management Strategy 2019-20**

<b>OPEN</b>	
<b>CABINET MEMBER:</b>	Councillor N J Desmond
<b>RESPONSIBLE OFFICER:</b>	Chief Financial Officer
<b>CONTACT OFFICERS:</b>	Tracey Southall - Ext. 2100 <a href="mailto:tracey.southall@wyreforestdc.gov.uk">tracey.southall@wyreforestdc.gov.uk</a> Helen Ogram – Ext, 2107 <a href="mailto:helen.ogram@wyreforestdc.gov.uk">helen.ogram@wyreforestdc.gov.uk</a> Lisa Hutchinson - Ext. 2120 <a href="mailto:lisa.hutchinson@wyreforestdc.gov.uk">lisa.hutchinson@wyreforestdc.gov.uk</a>
<b>APPENDICES:</b>	Appendix 1 - MRP Strategy Appendix 2 - Interest Rate Forecasts Appendix 3 - Prudential and Treasury Indicators Appendix 4 - Economic Background Appendix 5 - Specified and Non Specified Investments Appendix 6 - Approved Countries for Investments Appendix 7 - Treasury Management Scheme of Delegation Appendix 8 - The Treasury Management Role of the Section 151 Officer

**1. PURPOSE OF REPORT**

- 1.1 To provide Members with background information on the Chartered Institute of Public Finance (CIPFA) Prudential Code for Capital Finance in Local Authorities (Prudential Code).
- 1.2 To restate the Prudential Indicators and Limits for the financial years 2019-20 to 2021-22 and set out the expected treasury operations for this period.
- 1.3 To seek approval for the Council's Treasury Management Strategy Statement for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 that sets out how the Council's treasury service will support the capital decisions taken, the day to day treasury management and the limitations on activity through treasury prudential indicators. The key indicator is the Authorised Limit, the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is the Affordable Borrowing Limit required by Section 3 of the Local Government Act 2003 and is in accordance with the CIPFA Code of Practice on Treasury Management and the CIPFA Prudential Code.

- 1.4 To seek approval for the Council's Investment Policy and Strategy Statement for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 that sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.
- 1.5 To seek approval for the Council's Minimum Revenue Provision (MRP) Policy Statement for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 that sets out the Council's criteria for repayment of Prudential Borrowing.
- 1.6 This proposed strategy was endorsed by the Treasury Management Review Panel on 4<sup>th</sup> February 2019. Overview and Scrutiny to now recommend that February Council gives approval to this key strategy. This is in compliance with the CIPFA Treasury Management Code of Practice.
- 1.7 To fulfil four key legislative requirements:
  - The reporting of the Prudential Indicators as required by the CIPFA Prudential Code;
  - The Treasury Management Strategy Statement in accordance with the CIPFA Code of Practice on Treasury Management and CIPFA Prudential Code;
  - The Investment Policy and Strategy Statement (in accordance with Ministry of Housing, Communities and Local Government (MHCLG) investment guidance);
  - The Minimum Revenue Provision (MRP) Policy Statement (as required by Regulation under the Local Government and Public Involvement in Health Act 2007).

## **2. RECOMMENDATIONS**

**The Overview and Scrutiny Committee recommends to Council to:**

- 2.1 **Approve the restated Prudential Indicators and Limits for the financial years 2019-20 to 2021-22 included in Appendix 3. These will be revised for the February 2019 Council meeting, as per paragraph 7.2 of this report, following any changes to the Capital Programme brought about as part of the budget process.**
- 2.2 **Approve the updated Treasury Management and Investment Policy and Strategy Statements for the period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 (the associated Prudential Indicators are included in Appendix 3 and the detailed criteria is included in Section 10 and Appendix 5).**
- 2.3 **Approve the Minimum Revenue Provision (MRP) Statement that sets out the Council's policy on MRP included in Appendix 1.**
- 2.4 **Approve the Authorised Limit Prudential Indicator included in Appendix 3.**
- 2.5 **Notes that the separate, but intrinsically linked, Capital Strategy 2019-22 to be approved separately by Council, sets out the policy statement covering non-treasury investments including the related suite of prudential indicators.**

**3. BACKGROUND**

- 3.1. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
- 3.2. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3.3. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest, costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.
- 3.4. Whilst any initiatives such as property acquisitions or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day to day treasury management activities.
- 3.5. **CIPFA defines treasury management as:**
- "The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
- 3.6. **Recent Developments** - Revised reporting is required for the 2019-20 reporting cycle due to revisions of the MHCLG Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any non treasury activity undertaken under the Localism Act 2011. The capital strategy is reported separately.

### 3.7. Reporting Requirements: Treasury Management

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- **Prudential and treasury indicators and treasury strategy** (this report) - The first, and most important report is forward looking and covers:
  - the capital plans (including prudential indicators);
  - a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
  - the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
  - an investment strategy (the parameters on how investments are to be managed).
- **A mid year treasury management report** – This is primarily a progress report and will update members on the capital position, amend prudential indicators as necessary, and detail whether any policies require revision.
- **An annual treasury report** – This is a backward looking document that provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

### 3.8. Reporting Requirements: Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require (for 2019-20 onwards) all local authorities to prepare an additional report, a capital strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the capital strategy is to ensure that all elected members on the full council fully understand the overall long term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

The capital strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy on non treasury investments, such as property acquisitions, usually driven by expenditure on an asset. The capital strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;



- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the capital strategy.

To demonstrate the proportionality between the treasury operations and the non-treasury operation, high-level comparators are shown throughout the Capital Strategy 2019-22 report.

The capital strategy will include capital expenditure, investments, liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

This introduces further layers of reporting of risk in relation to investments that are not part of treasury management; particularly where prudential borrowing funding is used to achieve multiple objectives, including generating a net return.

This Council was one of the first to approve a Capital Strategy for 2018-21 in May 2018 in advance of the effective date of the revised reporting requirements. The second full Capital Strategy for 2019–22 was considered by Cabinet on 18<sup>th</sup> December 2018 at the same meeting as the Medium Term Financial Strategy (MTFS) for 2019-22. Final progression to Council following the scrutiny process, as set out below, will align with both the TMSS and MTFS report approval.

### **3.9. Scrutiny**

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Treasury Management Review Panel who makes recommendations to the Overview and Scrutiny Committee for the Treasury Management Reports. The Cabinet Financial Strategy Advisory Panel undertakes the scrutiny role for the Financial Strategy covering the MTFS and the Capital Strategy, making recommendations back to Cabinet for onward progression to Council.

### **3.10. Treasury Management Strategy for the period 1st April 2019 to 31st March 2020**

The strategy for 2019-20 covers two main areas:

#### **i. Capital Issues**

- the capital plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

**ii. Treasury management Issues**

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

**4. TREASURY LIMITS FOR THE PERIOD 1<sup>st</sup> APRIL 2019 to 31<sup>st</sup> MARCH 2020**

- 4.1 It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.
- 4.2 The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is ‘acceptable’.
- 4.3 Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion, incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and three successive financial years, details of the Authorised Limit can be found in Appendix 3 of this report.

**5. CURRENT PORTFOLIO POSITION**

- 5.1 The Council's treasury portfolio position at 18<sup>th</sup> January 2019 comprised:

Investments Held With	As at 18 <sup>th</sup> January 2019 £	Average Rate of Return	Duration
Lloyds Bank	560,000	0.65%	Instant Access
Handelsbanken	4,000,000	0.60%	Instant Access
Aberdeen Money Market Fund	4,000,000	Variable (0.73% on 18/01/19)	Instant Access
Black Rock Money Market Fund	4,000,000	Variable (0.74% on 18/01/19)	Instant Access
Federated Prime Money Market Fund	4,000,000	Variable (0.71% on 18/01/19)	Instant Access

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Lloyds	1,000,000	0.85%	95 days notice
Lloyds	1,000,000	1.00%	175 days notice
Goldman Sachs	1,000,000	0.745%	180 days notice
Santander	2,000,000	0.75%	35 days notice
Santander	1,000,000	1.00%	180 days notice
Lloyds Bank	1,000,000	1.00%	Fixed to 07/07/19 (1 year)
Nat West Bank Certificate of Deposit (CD)	1,000,000	0.86%	Fixed to 30/01/19 (1 year)
Nat West Bank Certificate of Deposit (CD)	1,000,000	0.93%	Fixed to 30/04/19 (9 months)
Nat West Bank Certificate of Deposit (CD)	1,000,000	0.87%	Fixed to 04/03/19 (6 months)
Nat West Bank Certificate of Deposit (CD)	1,000,000	0.86%	Fixed to 18/03/19 (3 months)
<b>Total (nb, balance includes circa £10m to be paid to preceptors over February and March )</b>	<b>27,560,000</b>		

- 5.2 The table below details the latest position regarding the Council's remaining two Icelandic investments.

Bank	Original Investment £	Interest Claimed £	Total Claim £	Dividends Received £	Balance Outstanding including Interest Due £	Balance Outstanding Principal Only £
Kaupthing Singer & Friedlander	5,000,000	156,378	5,156,378	4,421,594	734,784	712,500
Heritable Bank	1,000,000	31,110	1,031,110	1,010,488	20,622	20,357
<b>Total</b>	<b>6,000,000</b>	<b>187,488</b>	<b>6,187,488</b>	<b>5,432,082</b>	<b>755,406</b>	<b>732,857</b>

## 6. **BORROWING REQUIREMENT**

- 6.1 The Council's Capital Financing Requirement (CFR), its underlying borrowing requirement, is detailed below. Capital expenditure was originally approved by Council on 21<sup>st</sup> February 2018; slippage in the Capital Programme is now factored into the Prudential Indicators included in this report along with the impact of any changes to the Capital Programme proposed by Cabinet on 18<sup>th</sup> December 2018.

	2017-18	2018-19	2019-20	2020-21	2021-22
	Actual £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
<b>Capital Financing Requirement as at 31<sup>st</sup> March</b>	<b>18,067</b>	<b>48,875</b>	<b>59,040</b>	<b>58,295</b>	<b>57,482</b>

**7. PRUDENTIAL AND TREASURY INDICATORS FOR THE PERIOD 1<sup>st</sup> APRIL 2019 to 31<sup>st</sup> MARCH 2020**

- 7.1 Prudential and Treasury Indicators (as set out in Appendix 3 to this report) are relevant for the purposes of setting an integrated treasury management strategy.
- 7.2 Within the Budget Report to Council in February 2019, revised Prudential Indicators 2019-20 to 2021-22 will be presented for approval (see Recommendation 2.1 of this report) if appropriate.

**8. BORROWING STRATEGY**

- 8.1 The Council has undertaken external borrowing to fund the CFR and will continue to do so for any future unsupported capital expenditure.

The Council's external borrowing position at 18<sup>th</sup> January 2019 totalled £25m, detailed below:

<b>Lender</b>	<b>Principal</b>	<b>Date</b>	<b>Type</b>	<b>Interest Rate</b>	<b>Maturity</b>
PWLB	£1m	15/03/13	Fixed interest rate	2.62%	15/03/22 (9 years)
PWLB	£1m	29/07/14	Fixed interest rate	3.99%	29/07/33 (19 years)
PWLB	£1m	20/10/14	Fixed interest rate	3.54%	20/10/56 (42 years)
PWLB	£1m	02/12/14	Fixed interest rate	3.44%	02/12/39 (25 years)
PWLB	£1m	20/01/15	Fixed interest rate	2.99%	20/01/39 (24 years)
PWLB	£1m	04/02/15	Fixed interest rate	2.87%	04/02/41 (26 years)
PWLB	£1m	04/02/15	Fixed interest rate	2.80%	04/02/37 (22 years)
PWLB	£1m	08/04/15	Fixed interest rate	2.96%	08/04/35 (20 years)
PWLB	£1m	02/07/15	Fixed interest rate	3.35%	02/07/32 (17 years)
PWLB	£1m	20/07/15	Fixed interest rate	3.40%	20/07/31 (16 years)
PWLB	£1m	29/07/15	Fixed interest rate	3.13%	29/07/30 (15 years)
PWLB	£1m	06/08/15	Fixed interest rate	2.96%	06/08/28 (13 years)
PWLB	£1m	02/02/16	Fixed interest rate	2.99%	02/02/63 (48 years)
PWLB	£1m	24/06/16	Fixed interest rate	2.21%	24/06/26 (10 years)
PWLB	£1m	03/03/17	Fixed interest rate	2.42%	03/03/62 (45 years)

Lender	Principal	Date	Type	Interest Rate	Maturity
Derbyshire County Council	£1m	31/03/17	Fixed interest rate	0.80%	29/03/19 (2 years)
PWLB	£1m	26/03/18	Fixed interest rate	2.28%	26/03/64 (46 years)
PWLB	£1m	14/09/18	Fixed interest rate	2.49%	14/09/68 (50 years)
PWLB	£1m	14/09/18	Fixed interest rate	2.53%	14/09/60 (42 years)
PWLB	£1m	25/09/18	Fixed interest rate	2.59%	25/03/62 (43.5 years)
Charnwood Borough Council	£2m	12/10/18	Fixed interest rate	1.40%	09/10/20 (2 years)
PWLB	£1m	03/12/18	Fixed interest rate	1.79%	03/12/24 (6 years)
PWLB	£1m	12/12/18	Fixed interest rate	2.47%	12/12/68 (50 years)
PWLB	£1m	17/12/18	Fixed interest rate	2.46%	17/12/66 (48 years)
<b>Total</b>	<b>£25m</b>				

## 8.2 Prospects for Interest Rates: View provided by Link Asset Services

The Council's appointed external treasury advisor are Link Asset Services. Part of the service provided is to assist the Council to formulate a view on interest rates. The following table gives their central view.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

Link has also provided a detailed Economic Background, see Appendix 4.

- 8.3 The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2019-20 treasury operations. The Chief Financial Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the US and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the Treasury Management Panel and Overview and Scrutiny Committee at the next available opportunity.

- 8.4 In view of the above forecast the Council's borrowing strategy will be to consider all suitable options and take advantage of the most attractive rates available, both from the PWLB and from the Market, including other Local Authorities and other bodies as relevant, as and when required.

**8.5 Policy On Borrowing In Advance Of Need**

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will:

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- ensure the ongoing revenue liabilities created, and the implications for the future plans and budgets have been considered
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk and other risks and the level of such risks given the controls in place to minimise them

- ensure there is a clear link to the capital strategy
- be mindful of affordability requirements in latest code guidance.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

#### **8.6 Municipal Bond Agency**

The Municipal Bond Agency has now been established and it is reported that it could be offering loans to local authorities in the near future. It is hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLb). The Chief Financial Officer will consider the use of this new source of borrowing as and when appropriate and will continue to monitor progress of this new potential treasury partner. Any arrangement will be subject to compliance with the approved treasury policy in accordance with standard practice.

#### **8.7 Property Investment Funds**

Property funds are a vehicle for investing funds and diversifying investments. The Council currently has no investments within these types of funds, but is continuing to review the suitability of this option. Property funds should be seen as a medium to long term investment (5 years minimum) to ensure that the full benefit of the return is seen, and to also ensure that any entry fees, annual management fees and exit costs are covered over the life of the investment. Any fund of this nature incurs costs, and these vary depending on the type of fund. Property funds can provide a regular return on the initial investment amount. As a result of the increased durations required to increase yields our treasury strategy, set out in paragraph 10.3 and Appendix 5, provides the Chief Financial Officer with the flexibility to consider the use of this non-specified investment if appropriate. Any arrangement will be subject to compliance with the approved treasury policy in accordance with standard practice.

#### **8.8 Money Market Funds**

There are three structural options for money market funds (MMFs):

- **Public Debt Constant Net Asset Value (CNAV)** MMFs - must invest 99.5% of their assets into government debt instruments, reverse repurchase agreements (repos) collateralised with government debt, cash, and are permitted to maintain a constant dealing net asset value (NAV). This Fund is already in existence and there is no change proposed to the current structure; fund not currently used due to low yields.
- **Low Volatility Net Asset Value (LVNAV)** MMFs - permitted to maintain a constant dealing NAV provided that certain criteria are met, including that the market NAV of the Fund does not deviate from the dealing NAV by more than 20 basis points (bps). This is a more stringent approach, as currently on a CNAV Fund they have a 50bps collar. Funds will have amortised cost accounting for investments out to 75 days. This means that they can value such investments at par, thus these investments should not affect the underlying Fund's NAV; most existing CNAV MMFs

are expected to convert to LVNAV as many providers already follow the guidelines that will be formalised to be consistent with a AAA rating.

- **Variable Net Asset Value (VNAV)** MMFs – Funds which price their assets using market pricing and therefore offer a fluctuating dealing NAV. No change to the current approach for Enhanced Money Market Funds.

*Note: all MMFs carry relatively low risk*

These separate classes are reflected in the authority's investment criteria (see table at paragraph 10.3).

## **9. DEBT RESCHEDULING**

- 9.1 As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).
- 9.2 The reasons for any rescheduling to take place will include:
- the generation of cash savings and / or discounted cash flow savings,
  - helping to fulfil the treasury strategy,
  - enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).
- 9.3 Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.
- 9.4 Any rescheduling will be reported to the Cabinet at the earliest meeting following its action.

## **10. ANNUAL INVESTMENT STRATEGY**

### **10.1 Investment policy – management of risk**

- 10.1.1 The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy, (a separate report).

The Council's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 ("the Code")
- CIPFA Treasury Management Guidance Notes 2018

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return).



10.1.2 The above guidance from the MHCLG and CIPFA place a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
3. Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in appendix 5 under the categories of ‘specified’ and ‘non-specified’ investments.
  - i. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
  - ii. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 10.3.
6. Transaction limits are set for each type of investment in paragraph 10.3.
7. The Council has set a limit for the amount of its investments which are invested for longer than 365 days, (see Appendix 3, paragraph 1.9).
8. Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see Appendix 6).
9. This Council has engaged external consultants, (see paragraph 11), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
10. All investments will be denominated in sterling.

11. As a result of the change in accounting standards for 2018-19 under **IFRS 9**, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018 the MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1<sup>st</sup> April 2018.)

## **10.2 Management Practices for Non-Treasury Investments**

10.2.1 The revised CIPFA code introduces a requirement for the Council to adopt the following statements covering non-treasury investments:

- This Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.
- This Council will ensure that all of its investments are covered in the Capital Strategy and the Strategy for the Capital Portfolio Fund and Development Loans fund and will set out the organisation's risk appetite and specific policies and arrangements for non-treasury investments. It will be recognised that the risk appetite for these activities may differ from that for treasury management.
- The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the Council's risk exposure in.

## **10.3 Creditworthiness Policy**

The Council continues to apply the creditworthiness service provided by Link Asset Services.

Link advise that their service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Chief Financial Officer is satisfied that this service will continue to provide a high level of security for

its investments. It is also a service which the Council would not be able to replicate using in house resources.

The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years \* (credit score 1)
- Dark pink 5 years for Enhanced money market funds (EMMFs) (credit score 1.25)
- Light pink 5 years for Enhanced money market funds (EMMFs) (credit score 1.5)
- Purple 2 years (credit score 2)
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks) (credit score 3)
- Orange 1 year (credit score 4)
- Red 6 months (credit score 5)
- Green 100 days (credit score 6)
- No colour not to be used (credit score 7+)

### Local flexibility supplementary to the base Link criteria

This local flexibility will take into account market factors and normal due diligence checks.

- The Council's own bank may be used for investment durations up to 1 year in accordance with the limits as specified in the table below and in Appendix 5, subject to it achieving a minimum colour rating of green.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

The following table shows the standard limits using the Link Creditworthiness Policy. However, details of the limits for Specified and Non-Specified Investments applicable to this Council can be found in Appendix 5.

	Colour (and long term rating where applicable)	% Limit	Time Limit
<b>Banks *</b>	<b>yellow</b>	<b>25%</b>	<b>5yrs</b>
<b>Banks</b>	<b>purple</b>	<b>25 %</b>	<b>2 yrs</b>
<b>Banks</b>	<b>orange</b>	<b>25 %</b>	<b>1 yr</b>
<b>Banks – part nationalised</b>	<b>blue</b>	50% (subject to a maximum value of £5m, whichever is the lower)  Requires Chief Financial Officer approval if greater than 25%	<b>1 yr</b>
<b>The Council's Bank</b>	<b>minimum green</b>	50% (subject to a maximum value of £5m, whichever is the higher)  Requires Chief Financial Officer approval if greater than 25% and	<b>1 yr</b>

		<b>time limit is greater than current colour</b>	
<b>Banks</b>	<b>red</b>	<b>25 %</b>	<b>6 mths</b>
<b>Banks</b>	<b>green</b>	<b>25 %</b>	<b>100 days</b>
<b>Other institutions limit</b>	<b>green</b>	<b>25 %</b>	<b>100 days</b>
<b>DMADF</b>	<b>AA</b>	<b>unlimited</b>	<b>6 months</b>
<b>Local authorities</b>	<b>n/a</b>	<b>25 %</b>	<b>5 yrs</b>
<b>Housing associations</b>	<b>green</b>	<b>25%</b>	<b>100 days</b>
	<b>Fund Rating</b>	<b>% Limit</b>	<b>Time Limit</b>
<b>Money market funds CNAV<sup>1</sup></b>	<b>AAA</b>	<b>25%</b>	<b>Liquid</b>
<b>Money market funds LVNAV<sup>2</sup></b>	<b>AAA</b>	<b>25%</b>	<b>Liquid</b>
<b>Money market funds VNAV<sup>3</sup></b>	<b>AAA</b>	<b>25%</b>	<b>Liquid</b>
<b>Ultra-Short Dated Bond funds with a credit score of 1.25</b>	<b>Dark pink / AAA</b>	<b>25%</b>	<b>Liquid</b>
<b>Ultra-Short Dated Bond funds with a credit score of 1.5</b>	<b>Light pink / AAA</b>	<b>25%</b>	<b>Liquid</b>
<b>Property Funds</b>		<b>25%</b>	<b>Up to 5 years and over</b>

<sup>1</sup>CNAV – Constant Net Asset Value (see paragraph 8.8)

<sup>2</sup>LVNAV – Low Volatility Net Asset Value

<sup>3</sup>VNAV – Variable Net Asset Value

\* The yellow colour category is for UK Government debt or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt.

The Link Asset Services' credit worthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system does not give undue preponderance to just one Agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored on a weekly basis as a minimum requirement. The Council is immediately alerted to changes to ratings of all three agencies through its use of the Link Asset Services' creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap (CDS) against the iTraxx benchmark and

other market data on a daily basis via its Passport website, provided exclusively by Link Asset Services. Extreme market movements may result in downgrade of an institution or removal from the Councils lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to help support the decision making process. Link Asset Services will supply this information to the Treasury team as part of their comprehensive service.

#### **UK banks – ring fencing**

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), are required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler, activities offered from within a ring-fenced bank, (RFB), will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank, (NRFB). This is intended to ensure that an entity’s core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The Council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings, (and any other metrics considered), will be considered for investment purposes.

#### **10.4 Non UK Country Limits**

The Council has determined that it will only use approved counterparties from countries outside the UK with a minimum sovereign credit rating of AA+ from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix 6. This list will be added to or deducted from by officers should ratings change in accordance with this policy.

In addition to the minimum sovereign credit rating, no more than 25% would be placed with any individual non-UK country at any time should they meet the creditworthiness criteria.

#### **10.5 Investment Strategy**

**In-house funds:** Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing

for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is thought that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments as being short term or variable.
- Conversely, if it is thought that Bank Rate is likely to fall within that time period, consideration will be given to locking in higher rates currently obtainable, for longer periods.

**Investment returns expectations:** Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

- 2018/19 0.75%
- 2019/20 1.25%
- 2020/21 1.50%
- 2021/22 2.00%

The overall balance of risks to economic growth in the UK is probably neutral.

The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

## **10.6 End of Year Investment Report**

At the end of each financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

## **10.7 External Fund Managers**

The use of specialist investment managers will be considered by the Chief Financial Officer on an ongoing basis, to manage a proportion of the Council's investments (minimum market requirement is usually £10 million) where market conditions are considered favourable to achieve higher overall investment returns. Specialist investment managers will be appointed by the Chief Financial Officer under delegated powers and subject to the Council's Standing Orders Relating to Contracts, if applicable. It is however highly unlikely the Council will hold sufficient funds for investment to be able to consider the use of External Fund Managers due to diminishing cash reserves and the increasing Capital Financing Requirement.

The Council's external fund manager(s) would comply with the Annual Investment Strategy. Any agreement(s) between the Council and the fund manager(s) would additionally stipulate guidelines and duration and other limits in order to contain and control risk.

**11. POLICY ON THE USE OF EXTERNAL SERVICE PROVIDERS**

- 11.1 The Council uses Link Asset Services, Treasury Solutions (Link) as its external treasury management advisers, with the current contract ending on 31<sup>st</sup> August 2020. A procurement exercise will be undertaken during 2019 in accordance with the Council's Contract Procedure rules to market test these services and ensure we have a new contract in place from September 2020. The Treasury Management Panel will be kept informed of this process.
- 11.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times. The Chief Financial Officer will ensure that statutory Section 151 responsibilities continue to be met, in close liaison with, but without undue reliance, upon our external service providers and having regard to all available information.
- 11.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 11.4 The scope of investments within the Council's operations now includes both conventional treasury investments, (the placing of residual cash from the Council's functions), and also other non-financial assets that councils hold for multiple objectives, including generating a net-yield (for example property investment portfolios). This may therefore include property acquisitions funded from prudential borrowing that are not managed as part of the normal treasury management processes or under treasury management delegations. This Council's Capital Strategy policy requires that properties are not held purely for commercial purposes/financial gain but must be located within the functional geographical economic boundary, and acquisitions so far have all been purchased for multiple objectives including economic regeneration for the district. It is recognised that the management of risk is a key factor in this wider approach to property acquisitions and the due diligence and governance requirements include the use of specialist advisors including KPMG, Bruton Knowles, Lambert Smith Hampton, GVA Grimley, Savilles and Blue Marble. Procurement processes for the appointment of Asset Purchase and Sale Investment advice and Asset portfolio Management and also ongoing Property Management are currently being progressed.

**12. SCHEME OF DELEGATION**

- 12.1 The Council's Treasury Management Scheme of Delegation is detailed in Appendix 7.

**13. ROLE OF THE SECTION 151 OFFICER**

- 13.1 The Treasury Management Role of the Section 151 Officer is detailed in Appendix 8. The revised Treasury Management Code of Practice has significantly extended the specific role of this officer to include a series of new roles in respect of the capital strategy and also a specific role in respect of investment in non-financial assets. These were also reported as part of the Capital Strategy report for transparency and cross reference.

**14. MEMBER AND OFFICER TRAINING**

- 14.1 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. The increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. The Council has addressed this important issue by:

- Annual Portfolio holder training from the Chief Financial Officer and Treasury Consultants;
- Treasury Management Review Panel annual training updates (with additional updates as necessary);
- Daily Officer monitoring of Treasury and Money Market information by Treasury Officers;
- Regular attendance by Officers at professional Seminars provided by Treasury Consultants, CIPFA and MHCLG

The training needs of treasury management officers are periodically reviewed.

In addition to treasury management, Member training is held annually in relation to the Capital Strategy, Capital Portfolio Fund.

**15. LOCAL ISSUES**

- 15.1 The Financial Strategy for 2017-20 approved in February 2017 included significant proposals for two new Council Policies closely allied to the Treasury Management Service Strategy. The first of these new policies was in relation to Loans to Third Parties (now renamed Development Loans Fund) for which an initial allocation of £10m was allocated in the 2017-18 Capital Programme. The second was to create a £25m Capital Portfolio Fund; both policies support our corporate priority of regeneration and economic development. Expenditure is subject to specific approval and due diligence evidenced by each business case. More detail in relation to these non-treasury investments is contained within the Capital Strategy Cabinet report 18<sup>th</sup> December 2018 [http://www.wyreforest.gov.uk/council/docs/doc54089\\_20181218\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc54089_20181218_cabinet_agenda.pdf) (agenda item 7.2) that will be reported for approval to February Council alongside this TMSS as part of the overall Financial Strategy.
- 15.2 During the next year the funds available for investment will continue to reduce as the Council continues to progress its Transformation Agenda. Wyre Forest Forward initiatives are being pursued to ensure that the Council can reduce on-going revenue costs of delivering services. As approved capital projects progress, the borrowing requirement will continue to increase, as detailed in this report.
- 15.3 Historically, the most significant issue to affect the Council was the exposure of investments with links to Icelandic Banks. Repayments in respect of the remaining two investments continue in line with expectations. The Council remains optimistic that overall recovery rates for the two remaining investments will be high. Further details can be found in Section 5.2 of this report.



- 15.4 The Prudential Code suggests including Local Indicators where the information will lead to a better understanding of local circumstances. As Councils are now having to take more commercial approaches to generating income it is increasingly apparent that capital investment schemes that generate rental streams are beginning to emerge within Local Government. The strict definition of the current indicator showing financing costs as a proportion of net revenue stream excludes such rental income, thereby skewing the results. A local indicator is included within Appendix 3, to show the effect of the complete investment return upon the net revenue stream, thus demonstrating that the inclusion of these schemes still provides prudent and affordable results.

**16. KEY ISSUES**

- 16.1 The Council continues to enter into external borrowing in accordance with the current approved TMSS. Loans outstanding as at 18<sup>th</sup> January 2019 total £25million, and this will increase in line with the CFR over the period of the Financial Strategy. As approved capital projects progress, including the two significant policies for Development Loans Fund and Capital Portfolio Fund, the borrowing requirement will continue to increase. Affordability will be one of the key factors in the specific business cases. Subject to timing of proposals, we will continue to take advantage of the historically low borrowing rates, taking into account cost of carry, before they start to rise again. Full details can be found in Section 8.1 of this report.
- 16.2 Last year's revised Treasury Management Code of Practice included several changes to the Treasury Management Practices (TMPs) that are being incorporated into this Council's policies. The Chief Financial Officer and treasury team keep the TMPs under review with the assistance of the Council's Treasury Consultants.
- 16.3 The financial situation facing this Council continues to be extremely challenging. The Provisional Local Government Settlement was announced following the Chancellor's Autumn Budget, on 13<sup>th</sup> December 2018. Funding reductions from Central Government continue to present uncertainty and risk, particularly in light of the Local Government Finance Reforms changing key funding streams and methodologies including the Fair Funding Reform, phasing out of Revenue Support Grant, New Homes Bonus funding reductions and the move towards 75% Business Rates Retention in 2020-21. The Pan- Worcestershire 75% Business Rates Pilot should help inform the new system. This Strategy manages the risks as set out in section 19. All relevant factors will be monitored and if the risks change significantly then further reports will be made to update the Treasury Strategy.
- 16.4 As previously reported, Lloyds Bank became the Council's bank with effect from 1<sup>st</sup> April 2014. The Government sold its remaining stake in Lloyds banking group in May 2017. Lloyds along with all other UK Banks have undergone and passed extensive Stress Tests. Lloyds are currently rated Orange (twelve months) under Links credit worthiness policy.

**17. FINANCIAL IMPLICATIONS**

- 17.1 The Financial Implications of the Treasury Management function are included in the Council's Medium Term Financial Strategy, Capital Strategy and Three Year Budget and Policy Framework.

**18. LEGAL AND POLICY IMPLICATIONS**

- 18.1 The Local Government Act 2003 supplemented by Regulations set out the current framework for a prudential system for local authority capital finance. This Act, together with CIPFA's Prudential Code for Capital Finance in Local Authorities, came into effect on 1<sup>st</sup> April 2004. This code together with recent revised editions, guides decisions on what Local Authorities can afford to borrow and has statutory backing under Regulations issued in accordance with the Local Government Act 2003.
- 18.2 Adoption of the CIPFA Code of Practice on Treasury Management in the Public Services as part of the Authority's Standing Orders and Financial Regulations, gives it the status of a "code of practice made or approved by or under any enactment", and hence proper practice under the provisions of the Local Government and Housing Act 1989.
- 18.3 The publication of the revised CIPFA Prudential Code and Treasury Management Code in December 2017 introduced further layers of control around risk in relation to investments that are not part of treasury management activity particularly relevant to where prudential borrowing is used and a commercial return is sought. Revised Investment and MRP guidance from the MHCLG (which should be read in conjunction with the codes) was issued in February 2018. Whilst there is currently reasonable latitude for local authorities to set the scope and size of their capital plans, there is a risk that further guidance will be issued that will restrict this. Such further restrictions would be of concern and could cause significant problems across the local government sector. Developments will continue to be monitored and updates including associated risks covered in future reports.

**19. RISK MANAGEMENT**

- 19.1 The Council is aware of the risks of passive management of the treasury portfolio. With the support of Link Asset Services, the Council's treasury advisors, the Council has proactively managed the portfolio over the year.
- 19.2 Shorter-term variable rates and likely future movement in these rates predominantly determine the Council's investment return. These returns can therefore be volatile and, whilst the risk of loss of principal is minimised through the lending list, accurately forecasting returns can be difficult.
- 19.3 In the event of a counterparty default, a formal demand for payment, to include principal, contractual interest and default interest, will be made as soon as possible. Such demand will need to meet the criteria as specified in the Insolvency Act Amendments Rules 2010.
- 19.4 One of the risks associated with the Council's Capital Programme, allied to this TMSS, is that given the current economy and the uncertainty around the outcome of Brexit negotiations, planned asset disposals are not fully realised in terms of timing and valuation assumptions. This may increase external borrowing until such sales proceeds are realised and also incur additional costs, of debt repayment to those already included in Finance Strategy. For major projects, reserves are held to mitigate this risk.

- 19.5 There is no significant change proposed to the Council's counterparty criteria. The Council will continue to aim to achieve the optimum return on its investments commensurate with its investment priorities of security and liquidity. The government has begun selling its stake in Royal Bank of Scotland. The investment criteria for this class of investment will be kept under review and investments above 25% will only be placed on an exception basis and only with advance Chief Finance Officer (CFO) approval.
- 19.6 Although the rating for the Council's bank Lloyds is currently orange (12 months) if this should deteriorate the policy allows for discretion to be exercised allowing longer investments up to 12 months to continue to be placed. The resultant risk is recognised and would be mitigated by approval on an exceptional basis only with advance Chief Finance Officer (CFO) approval.
- 19.7 Proposed expenditure in respect of the two Council Policies, detailed in 15.1 above, that are closely allied to the Treasury Management Service Strategy will be subject to specific approval and due diligence evidenced by each business case in order to minimise risk. These risks are explained in the detailed Capital Strategy 2019-22 report presented to Cabinet on 18<sup>th</sup> December 2018 [http://www.wyreforest.gov.uk/council/docs/doc54089\\_20181218\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc54089_20181218_cabinet_agenda.pdf) (agenda item 7.2) that will follow the same approval route as this TMSS and MTFS.
- 19.8 The ongoing requirement to produce a Capital Strategy will ensure that there is greater focus on risk and longer term affordability of capital plans and include emphasis on non treasury investments.

## **20. EQUALITY IMPACT ASSESSMENT**

- 20.1 This is a financial report and there is no requirement to consider an Equality Impact Assessment.

## **21. CONCLUSION**

- 21.1 See Recommendations.

## **22. CONSULTEES**

- 22.1 Link Asset Services (Treasury Advisors)
- 22.2 Cabinet Member for Resources
- 22.3 CLT
- 22.4 Treasury Management Review Panel

## **23. BACKGROUND PAPERS**

- 23.1 Local Government Act 2003.
- 23.2 CIPFA Prudential Code 2017.

- 23.3 CIPFA Revised Code of Practice on Treasury Management 2017.
- 23.4 Local Government and Housing Act 1989.
- 23.5 Council 21-02-18: Treasury Management Strategy 2018-19.  
<http://www.wyreforest.gov.uk/council/meetings/com55.htm#mt7904>
- 23.6 Council 26-09-18: Annual Report on Treasury Management Service and Actual Prudential Indicators 2017-18.  
<http://www.wyreforest.gov.uk/council/meetings/com55.htm#mt7904>
- 23.7 Council 12-12-18: Treasury Management Strategy Statement and Annual Investment Strategy Mid-year Review Report 2018-19.  
<http://www.wyreforest.gov.uk/council/meetings/com55.htm#mt7904>
- 23.8 CIPFA Treasury Management in the Public Services Guidance Notes 2018.
- 23.9 CIPFA statement 17/10/2018 on borrowing in advance of need and investments in commercial property.
- 23.10 CIPFA Bulletin 02 Treasury and Capital Management Update October 2018.
- 23.11 Overview and Scrutiny Committee 01-06-17: Strategies for the Capital Portfolio Fund and Loans to Third Parties (Development Loans Fund).  
[http://www.wyreforest.gov.uk/council/docs/doc51960\\_20170601\\_o\\_and\\_s\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc51960_20170601_o_and_s_agenda.pdf)
- 23.12 Cabinet 18<sup>th</sup> December 2018 - Capital Strategy 2019-22  
[http://www.wyreforest.gov.uk/council/docs/doc54089\\_20181218\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc54089_20181218_cabinet_agenda.pdf) (agenda item 7.2)
- 23.13 Statutory investment guidance where updated in 2018 (*English local authorities*)
- 23.14 Statutory MRP guidance where updated in 2018 (*English local authorities*)

## **APPENDIX 1 MINIMUM REVENUE PROVISION (MRP) POLICY STATEMENT**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required at the discretion of the Chief Financial Officer (voluntary revenue provision - VRP).

MHCLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision.

In 2017-18 the Council's approach to calculating a prudent minimum revenue provision was reviewed to take account of the need to evaluate commercial business cases for investment property acquisitions that generate a revenue income stream. An additional way to calculate MRP under the Asset Life Method option using the Annuity Method was approved and is now included within the policy statement. For capital expenditure financed by borrowing after 1 April 2008 the Chief Finance Officer (Section 151 Officer) should determine whether an annuity or equal instalment method is adopted for certain classes of investment to ensure that the most financially beneficial method is adopted.

During 2018-19 the Council's approach to calculating a prudent minimum revenue provision has been kept under review to further take account of the need to evaluate commercial business cases for investment property acquisitions that generate a revenue income stream. Following the review some minor additional wording has been added to reflect that discretion may be exercised to charge a VRP even where an MRP is not required by statute, for Development Loans Fund expenditure in particular.

The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

### **Regulatory Method**

Under the previous MRP regulations, MRP was set at a uniform rate of 4% of the adjusted CFR (i.e. adjusted for "Adjustment A") on a reducing balance method (which in effect meant that MRP charges would stretch into infinity). This historic approach must continue for all capital expenditure incurred in years before the start of this new approach. It may also be used for new capital expenditure up to the amount which is deemed to be supported through the SCE annual allocation.

This option provides for an approximate 4% reduction in the borrowing need (CFR) each year.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

## Asset Life Method

Under this option, it is intended that MRP should be spread over the estimated useful life of either an asset created, or other purpose of the expenditure. There are two useful advantages of this option: -

- Longer life assets e.g. freehold land can be charged over a longer period.
- No MRP charges need to be made until the financial year after that in which an item of capital expenditure is fully incurred and, in the case of a new asset, comes into service use (this is often referred to as being an 'MRP holiday').

There are two ways of calculating MRP under the Asset Life Method:-

- i. **the equal instalment method** allows the use of a simple formula to generate a series of equal annual amounts over the estimated life of the asset.
- ii. **the annuity method** makes provision for an annual charge to the General Fund which takes account of the time value of money (e.g. whereby paying £100 in 10 years' time is less of a burden than paying £100 now). The schedule of charges produced by the annuity method results in a consistent charge to revenue over an asset's life, taking into account the real value of the annual charges when they fall due. The annuity method also matches the repayment profile to how the benefits of the asset financed by borrowing are consumed over its useful life (i.e. the method reflects the fact that asset deterioration is slower in the early years of an asset's life and accelerate towards the latter years). This is commensurate with a prudent provision matching debt repayment to the period which the capital expenditure provides benefit. This method is most appropriate for use in circumstances where the initial investment is recouped from rental yields that are subject to cyclical, upwards only reviews. It is also appropriate in connection with projects promoting regeneration or administrative efficiencies or other schemes where revenues will increase over time.

The Chief Finance Officer (Section 151 Officer) will determine whether an annuity or equal instalment method is utilised to ensure that a prudent and financially beneficial method is adopted.

Estimated life periods will be determined by the Chief Financial Officer (Section 151 Officer) under powers delegated by Council. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council as determined by the Chief Financial Officer. However, under these powers delegated by Council, the Chief Financial Officer reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.

As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. For example, the Guidance recommends that in the case of loans and grants towards capital expenditure by third parties (under Regulation 25(1)(b), a charge should be made over a period "equal to the estimated life of the assets in relation to which the third party expenditure is incurred" and this is the approach adopted in this MRP Policy. Also, whatever type of expenditure is involved, it will be grouped together in a manner which

reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.

In accordance with the Guidance, MRP will be charged in the financial year following that in which the asset is completed or becomes operational.

With regards to the Council's Policy on Development Loans Fund, where the capital expenditure relates to shorter term loan arrangements, the policy will be to not charge any MRP to the revenue account if full repayment of loans will be anticipated within the shorter term, as per the agreements. A VRP may however be made at the discretion of the Chief Financial Officer. This scheme is included within the Capital Programme and loan applications will be subject to specific approval by the Cabinet and due diligence of the business case for each proposal. The principal element of the receipts will be set aside for this purpose, hence an element of the CFR will be reduced when repayment of loans are made.

The Prudential Indicators included in Appendix 3 assume that MRP/VRP will be payable on Development Loans Fund in order to present the 'worst case' cash flow position for TMSS purposes. This budget modelling will be revised, based on the approval of specific business cases for allocation of the funding. This has been modelled on a straight line basis.

The Council is satisfied that the policy for calculating MRP set out in this Policy Statement will result in the Council continuing to make prudent provision for the repayment of debt, over a period that is on average reasonably commensurate with that over which expenditure provides benefit.

The Chief Financial Officer will, where it is prudent to do so, use discretion to review the overall financing of the Capital Programme and the opportunities afforded by the regulations, to maximise the benefit to the Council whilst ensuring the Council meets its duty to charge a prudent provision.

## APPENDIX 2 INTEREST RATE FORECASTS

The data below shows a variety of forecasts published by Link Asset Services and Capital Economics (an independent forecasting consultancy).

The forecast within this strategy statement has been drawn from these diverse sources and officers' own views.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
<b>Bank Rate</b>													
Link Asset Services	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
Capital Economics	0.75%	1.00%	1.25%	1.50%	1.70%	1.75%	2.00%	2.00%	-	-	-	-	-
<b>5yr PWLB Rate</b>													
Link Asset Services	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
Capital Economics	2.03%	2.15%	2.40%	2.65%	2.70%	2.75%	2.80%	2.85%	-	-	-	-	-
<b>10yr PWLB Rate</b>													
Link Asset Services	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
Capital Economics	2.43%	2.55%	2.80%	3.05%	3.05%	3.05%	3.05%	3.05%	-	-	-	-	-
<b>25yr PWLB Rate</b>													
Link Asset Services	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.96%	3.08%	3.33%	3.58%	3.53%	3.48%	3.43%	3.38%	-	-	-	-	-
<b>50yr PWLB Rate</b>													
Link Asset Services	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.78%	2.90%	3.15%	3.40%	3.40%	3.40%	3.40%	3.40%	-	-	-	-	-

PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1st November 2012.



**APPENDIX 3 PRUDENTIAL AND TREASURY INDICATORS****1 THE CAPITAL PRUDENTIAL INDICATORS 2018-19 TO 2021-22**

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans are reflected in prudential indicators, designed to assist members' overview and confirm capital expenditure plans.

The prudential indicators will be revised in February 2019 if required, as part of the Council's approval of the Financial Strategy 2019 to 2022, as the indicators included within this report are based on current recommendations.

**1.1 Capital expenditure**

This prudential indicator is a summary of the Council's capital expenditure plans.

<b>Capital expenditure £'000</b>	<b>2017-18 Actual</b>	<b>2018-19 Estimate</b>	<b>2019-20 Estimate</b>	<b>2020-21 Estimate</b>	<b>2021-22 Estimate</b>
Chief Executive and Solicitor to the Council	-	424	-	-	-
Community Well-being and Environment	1,061	4,255	35	137	-
Economic Prosperity and Place	1,546	2,410	4,325	1,000	1,000
Resources	257	760	558	113	260
Capital Portfolio Fund and Development Loans Fund	-	26,000*	9,000*	-	-
Vehicle, Equipment and Systems Renewals	588	1,133	1,017	745	676
<b>Total</b>	<b>3,452</b>	<b>34,982</b>	<b>14,935</b>	<b>1,995</b>	<b>1,936</b>

\* Whilst it is highly unlikely that the full allocations will be spent as currently estimated, these are included as maximum sums to enable the Council to take advantage of relevant opportunities to support regeneration in the wider sense as they may arise.

Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments. However, the Council currently has no other long term liabilities.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

<b>Capital expenditure £'000</b>	<b>2017-18 Actual</b>	<b>2018-19 Estimate</b>	<b>2019-20 Estimate</b>	<b>2020-21 Estimate</b>	<b>2021-22 Estimate</b>
Total	<b>3,452</b>	<b>34,982</b>	<b>14,935</b>	<b>1,995</b>	<b>1,936</b>
<b>Financed by:</b>					
Capital receipts	396	1,361	1,705	-	-
Capital grants	1,360	1,471	1,640	1,037	1,000
Revenue	592	734	-	-	-
<b>Total net financing need for the year</b>	<b>1,104</b>	<b>31,416</b>	<b>11,590</b>	<b>958</b>	<b>936</b>
<b>Net financing need split as follows:</b>					
Net financing need for the year: Capital Portfolio Fund and Development Loans Fund	-	25,900	9,000	-	-
Percentage of total net financing need %	0%	82%	78%	0%	0%
Net financing need for the year: Capital Programme	1,104	5,516	2,590	958	936
Percentage of total net financing need %	100%	18%	22%	100%	100%

## **1.2 The Council's borrowing need (the Capital Financing Requirement)**

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council does not currently have such schemes within the CFR.

The current CFR projections are presented below:

£'000	2017-18 Actual	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
<b>Capital Financing Requirement</b>					
CFR: Capital Portfolio Fund and Development Loans Fund	-	25,900	34,347	33,803	33,268
CFR: Capital Programme	18,067	22,975	24,693	24,492	24,214
<b>Total CFR</b>	<b>18,067</b>	<b>48,875</b>	<b>59,040</b>	<b>58,295</b>	<b>57,482</b>
<b>Movement in CFR</b>	<b>522</b>	<b>30,808</b>	<b>10,165</b>	<b>(745)</b>	<b>(813)</b>

<b>Movement in CFR represented by:</b>					
Net financing need for the year (above)	1,104	31,416	11,590	958	936
Less MRP/VRP and other financing movements	(582)	(608)	(1,425)	(1,703)	(1,749)
<b>Movement in CFR</b>	<b>522</b>	<b>30,808</b>	<b>10,165</b>	<b>(745)</b>	<b>(813)</b>

A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any non treasury activity in relation to the Council's overall financial position. The capital expenditure figures shown in 1.1 and the details above demonstrate the scope of this activity and, by approving these figures, consider the scale proportionate to the Council's remaining activity.

### 1.3 Affordability prudential indicators

Within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

### 1.4 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2017-18 Actual	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
<b>Ratio (Prudential Code)*</b>	7.02	11.31	21.48	24.92	25.37
<b>Ratio (Local Indicator)*</b>	N/A	5.92	8.70	10.62	11.30

\* A local indicator has been introduced from 2018-19 onwards to reflect the impact of the estimated rental income stream for the Capital Portfolio Fund scheme (currently excluded from the Prudential Code calculation), demonstrating that the capital investment continues to be prudent and sustainable.

The estimates of financing costs include current commitments.

## 1.5 Incremental impact of capital investment decisions on the Band D Council Tax

This indicator is retained as a local indicator from 2018-19 following the revision to the prudential code in December 2017. The indicator identifies the revenue costs associated with the Cabinet proposals being the proposed changes to the three year capital programme compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

There are currently no Cabinet proposals of a capital nature; this indicator will be revised in February 2019 if required, as part of the Council's approval of the Financial Strategy 2019 to 2022.

£	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
<b>Council tax - band D</b>	-	-	-

## 1.6 Current portfolio position

The Council's treasury portfolio position (investments and borrowing) at 11<sup>th</sup> January 2019 is detailed in sections 5.1 and 8.1 of the main report.

The Council's external debt position at 31<sup>st</sup> March 2018, with forward projections for borrowing are summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

£'000	2017-18 Actual	2018-19 Estimate	2019-20 Estimate	2020-21 Estimate	2021-22 Estimate
<b>External Debt</b>					
<b>Gross debt at 31<sup>st</sup> March</b>	<b>18,001</b>	<b>47,000</b>	<b>59,000</b>	<b>58,000</b>	<b>57,000</b>
<b>The Capital Financing Requirement</b>	18,067	48,875	59,040	58,295	57,482
<b>Under / (over) borrowing *</b>	<b>66</b>	<b>1,875</b>	<b>40</b>	<b>295</b>	<b>482</b>

Within the above figures the level of debt relating to the Development Loans Fund and Capital Portfolio Fund is:

	2017/18 Actual	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
<b>External Debt for Development Loans Fund and Capital Portfolio Fund</b>					
Actual debt at 31 March £'000	-	25,000	34,000	34,000	33,000
Percentage of total external debt %	-	53%	58%	59%	58%

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019-20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Chief Financial Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the short term.

\*However, in the future it may be that the Council will not be able to comply with this indicator introduced in November 2012 since any fixed term maturity loans would not be reduced until they are repaid. The CFR would continue to be reduced by MRP/VRP, hence the gross external debt may eventually exceed the CFR. The debt would attract excessive premiums if it was prematurely repaid. The unexpected change from net to gross debt in 2012 is unachievable for many Councils given past decisions made in full accordance with the Prudential Code. Links' advice is that it is sufficient to disclose this as part of the Strategy review.

## **1.7 Treasury Indicators: limits to borrowing activity**

### **The operational boundary**

This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

<b>Operational boundary £'000</b>	<b>2018-19 Estimate</b>	<b>2019-20 Estimate</b>	<b>2020-21 Estimate</b>	<b>2021-22 Estimate</b>
Debt	55,000	65,000	65,000	65,000
Other long term liabilities	-	-	-	-
Total	55,000	65,000	65,000	65,000

### **The authorised limit for external debt**

A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

<b>Authorised limit £'000</b>	<b>2018-19 Estimate</b>	<b>2019-20 Estimate</b>	<b>2020-21 Estimate</b>	<b>2021-22 Estimate</b>
Debt	65,000	75,000	75,000	75,000
Other long term liabilities	0	0	0	0
Total	65,000	75,000	75,000	75,000

## 1.8 Maturity structure of borrowing

These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

<b>Maturity structure of fixed interest rate borrowing 2019-20</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years and above	0%	100%
<b>Maturity structure of variable interest rate borrowing 2019-20</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	100%
10 years and above	0%	100%

These limits give maximum flexibility for borrowing, to ensure financial advantages of each transaction.

## 1.9 Investment treasury indicator and limit

This indicator sets the limits on total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

<b>Maximum principal sums invested &gt; 365 days</b>			
<b>£m</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
Principal sums invested > 365 days	£2m	£2m	£2m

**APPENDIX 4 ECONOMIC BACKGROUND (PROVIDED BY LINK ASSET SERVICES  
(TREASURY ADVISORS))**

**4.1 GLOBAL OUTLOOK**

**World growth** has been doing reasonably well, aided by strong growth in the United States (US). However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the Eurozone (EZ), overall world growth is likely to weaken.

**Inflation** has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and United Kingdom (UK) has led to a marked acceleration of wage inflation. The US Federal Bank (Fed) has therefore increased rates nine times and the Bank of England twice. However, the European Central Bank (ECB) is unlikely to start raising rates until late in 2019 at the earliest.

**4.2 KEY RISKS - central bank monetary policy measures**

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

**The key issue now is** that that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields; this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have indeed, seen a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, nor, conversely, let inflation run away by taking action that was too slow and/or too weak. The potential for central banks to get this timing and strength of action wrong are now key risks. At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and was likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in liquidity creation over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt, (currently about \$50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

#### **4.3 United Kingdom (UK) economy**

The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward turn. Quarter 1 at 0.1% growth in gross domestic product (GDP) was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the Monetary Policy Committee (MPC) repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the financial crash; indeed they gave a figure for this of around 2.5% in ten years time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November 2018 meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the European Union (EU)). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

**Inflation.** The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.3% in November 2018. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate. This inflation forecast is likely to be amended upwards due to the Bank's report being produced prior to the Chancellor's announcement of a significant fiscal stimulus in the Budget; this is likely to add 0.3% to GDP growth at a time when there is little spare capacity left in the economy, particularly of labour.

As for the **labour market** figures in October 2018, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now



having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.0%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August 2018 as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, Link's central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit in March 2019. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

#### **4.4 Economy outside UK**

**EZ.** Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. The ECB is forecasting inflation to be a little below its 2% top limit through the next three years so it may find it difficult to warrant a start on raising rates by the end of 2019 if the growth rate of the EU economy is on a weakening trend.

**USA.** President Trump's massive easing of fiscal policy is fuelling a, (temporary), boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and the reduction in the unemployment rate to 3.9%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2 % in November. However, CPI inflation overall fell to 2.2% in November 2018 and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the rate and level of increases in rates and that it is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles, of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world plunging under the weight of fears around the Fed's actions, the trade war between the US and China, an expectation that world growth will slow, Brexit etc.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation if an agreement is not reached soon between the US and China.

**CHINA.** Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

**JAPAN.** Japan has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

**EMERGING COUNTRIES.** Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

## **4.5 Brexit**

### **Brexit timetable and process**

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- 25.11.18: EU27 leaders endorsed the withdrawal agreement
- Dec 2018: vote in the UK Parliament on the agreement was postponed
- 21.12.18 – 8.1.19: UK parliamentary recess
- 14.1.19: vote in Parliament on a 'no deal' scenario
- By 29.3.19: second vote (?) in UK parliament if first vote rejects the deal
- By 29.3.19: if the UK Parliament approves a deal, then ratification by the EU Parliament requires a simple majority
- By 29.3.19: if the UK and EU parliaments agree the deal, the EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
- 29.3.19: UK leaves the EU, (or asks the EU for agreement to an extension of the Article 50 period if the UK Parliament rejects the deal and no deal departure?)
- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed **transitional period ending around December 2020.**

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- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

**APPENDIX 5 SPECIFIED AND NON-SPECIFIED INVESTMENTS****SPECIFIED INVESTMENTS:**

**The Council has determined to authorise Specified Investments as follows:**

(All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum ‘high’ rating criteria where applicable).

	<b>Minimum ‘High’ Credit Criteria</b>	<b>Use</b>
Debt Management Agency Deposit Facility (DMADF) – UK Government	-	In-house
The Council's Own Bank – for transactional purposes	End of day balance £1m (at the discretion of the Chief Financial Officer)	In-house
The Council's Own Bank – for investment purposes	Green	In-house
Deposits – local authorities	-	In-house
Deposits – housing associations	Green	In-house
Term deposits – banks and building societies *	Green	In-house
Other Financial Instruments	Green	In-house

Term deposits with nationalised banks, banks and building societies

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
UK part nationalised banks* – currently RBS Group.	Blue	In-house	<b>50%</b> (subject to a maximum value of £5m, whichever is the lower). <b>Requires Chief Financial Officer approval if greater than 25%</b>	<b>As per colour</b>
The Council's Own Bank – for investment purposes	Green	In-house	<b>50%</b> (subject to a maximum value of £5m, whichever is the higher). <b>Requires Chief Financial Officer approval if greater than 25% and time limit is greater than current colour</b>	<b>1 year</b>
Banks nationalised by high credit rated (AA+ sovereign rating) countries – non UK**. For UK revert to Link Creditworthiness Methodology	Green	In-house and Fund Managers	<b>25%</b>	<b>As per colour</b>

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs): -		
1a. Money Market Funds (CNAV)	AAA	In-house
1b. Money Market Funds (LVNAV)	AAA	In-house
1c. Money Market Funds (VNAV)	AAA	In-house
2a. Ultra-Short Dated Bond Funds with a credit score of 1.25	AAA	In-house
2b. Ultra-Short Dated Bond Funds with a credit score of 1.5	AAA	In-house
3. Bond Funds	AAA	In-house
4. Gilt Funds	UK sovereign rating	In-house

- \* Where a bank is part of a group then the total exposure to the group will be the same as the individual exposure assigned to the parent organisation
- \*\* e.g. USA (AA+); specified list of countries approved for investing with their banks detailed in Appendix 6 (correct as at date of report)

### Additional Information on Specified Investments as Detailed Above

**Nationalised/part-nationalised banks.** The current Link Creditworthiness Methodology assigns a 12 month (blue) duration to nationalised/part-nationalised banks to recognise the perceived higher credit quality. The Council's Treasury Strategy gives sufficient flexibility to enable a maximum investment level of 50% with such institutions (subject to a maximum value of £5m, whichever is the lower) that would require Chief Financial Officer approval if greater than 25%. The Government currently has a major stake in the Royal Bank of Scotland Group.

**Other countries.** The Council will only consider investments with non UK countries that are a minimum of AA+ rated (for UK revert to Link Creditworthiness Methodology).

**Council's Own Bank – For transactional purposes.** Where the Council's own bankers fail to meet the basic credit criteria, balances will be minimised as far as possible with an upper limit of £1m. This allows for reasonable flexibility needed for day to day cash flow management.

**Council's Own Bank – For investment purposes.** The Council's own bank may be used for investment durations up to 1 year in accordance with the limits as specified in the TMSS and in the table above, subject to it achieving a minimum colour rating of green with the CFO's approval. However, where the Council's own bankers fail to meet the basic credit criteria, it shall not be used for investment purposes.

**NON-SPECIFIED INVESTMENTS:**

The Council has determined to authorise Non-Specified Investments as follows:

**1. Maturities of ANY period**

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
<b>Fixed term deposits with variable rate and variable maturities: -</b> Structured deposits	Green	In-house	25%	As per colour
Certificates of deposit issued by banks and building societies	Green	In-house	25%	As per colour
Treasury Bills	UK sovereign rating	In-house and Fund Managers	25%	6 months
Bonds issued by multi-lateral development banks	AAA	In-house and Fund Managers	25%	As per colour
Corporate Bonds	Green	In-house and Fund Managers	25%	As per colour
Floating Rate Notes and Covered Bonds	Green	In-house and Fund Managers	25%	As per colour
UK Government Gilts	UK sovereign rating	In-house and Fund Managers	25%	6 months
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government e.g. National Rail	UK sovereign rating	In-house and Fund Managers	25%	6 months
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>				
Corporate Bond Fund	-	Externally Managed	25%	Up to 5 years and over
Property Funds	-	Externally Managed	25%	Up to 5 years and over

**2. Maturities in excess of 1 year**

	<b>Minimum Credit Criteria/Colour Band</b>	<b>Use</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
Term deposits – local authorities	-	In-house	25%	As per colour
Term deposits – housing associations	-	In-house	25%	As per colour

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Term deposits – banks and building societies	Green	In-house	25%	As per colour
Certificates of deposit issued by banks and building societies	Green	In-house	25%	As per colour
Collateralised deposit	Green	In-house	25%	As per colour
UK Government Gilts	UK sovereign rating	In-house and Fund Managers	25%	As per colour
Bonds issued by multilateral development banks	AAA	In-house and Fund Managers	25%	As per colour
Corporate Bonds	AAA	In-house and Fund Managers	25%	As per colour
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>				
Bond Funds	AAA	Externally Managed	25%	Up to 5 years and over
Gilt Funds	AAA	Externally Managed	25%	Up to 5 years and over

For both Specified and Non Specified Investments, due to the continued uncertainty in the financial markets, it is recommended that the Investment Strategy is approved on a similar approach to previous years which will provide officers with the flexibility to deal with any unexpected occurrences. Officers will restrict the pool of available counterparties from this criteria to ensure that security of capital remains the paramount consideration. This may involve the use of the Debt Management Account Deposit Facility (DMADF), AAA rated Money Market Funds and institutions (as deemed appropriate) with higher credit ratings than those outlined in the investment strategy or which are provided support from the Government. Investments are currently being maintained up to 12 months, although this will be kept under review and longer term investments may be considered within the approved policy in the future. This is also applicable to the approved countries detailed in Appendix 6.

**APPENDIX 6 APPROVED NON UK COUNTRIES FOR INVESTMENTS (correct as at date of report)**

AAA

- Australia
- Canada
- Denmark
- Germany
- Luxembourg
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Finland
- USA

The Council has determined that it will only use approved counterparties from non UK countries with a minimum sovereign credit rating of AA+ from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). This list will be added to or deducted from by officers should ratings change in accordance with this policy. For the UK revert to Link Methodology (currently AA). Limits in place will apply to a group of companies

In addition to the minimum sovereign credit rating, no more than 25% would be placed with any individual non-UK country at any time, should they meet the credit worthiness criteria.

This page is correct as at 22<sup>nd</sup> January 2019



**APPENDIX 7 TREASURY MANAGEMENT SCHEME OF DELEGATION**

**(i) Full Council**

- receiving and reviewing reports on treasury management policies, practices and activities
- approval of annual strategy.

**(ii) Committees/Council/responsible body –Overview and Scrutiny Committee with recommendations from the Treasury Management Review Panel as appropriate**

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- budget consideration and approval
- approval of the division of responsibilities
- receiving and reviewing regular monitoring reports and acting on recommendations
- approving the selection of external service providers and agreeing terms of appointment.

**(iii) Body/person(s) with responsibility for scrutiny – Overview and Scrutiny Committee with recommendations from the Treasury Management Review Panel as appropriate**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

**APPENDIX 8 THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER**

**The S151 (responsible) officer**

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term (20 year) timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following (*TM Code p54*): -
  - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
  - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*

## **Agenda Item No. 6**

- *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*
- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Jonathan Elmer  
Economic Development and Regeneration Manager

Date: Thursday 7<sup>th</sup> February 2019

### Lion Fields Parcel 4: Bromsgrove Street Car Park

#### 1. Summary

- 1.1 The purpose of this report is to invite the Committee to consider the next steps for the Council in bringing forward re-development proposals for 'Parcel 4' of Lion Fields, which covers the redevelopment of the Bromsgrove Street Car Park and to consider options to enhance the link between this site and Worcester Street based on the feasibility and masterplanning report attached at Appendix 1.

#### 2. Background

- 2.1 Members will be aware that in July 2016, the Council approved a new vision and preferred development option for the Kidderminster Eastern Gateway area (now known as Lion Fields) as part of an overall Development Framework.
- 2.2 The Development Framework splits the site up into six development parcels which could come forward to the market in phases and independently of each other, yet complementing each other to achieve the comprehensive redevelopment of the Lion Fields area as a whole. The preferred development option for Lion Fields was identified as a mixed use scheme, anchored by a multi-screen cinema complex, with restaurant/café units and car parking with the remainder of the area providing residential accommodation, retail units and commercial space.
- 2.3 A report was presented to this committee on 22<sup>nd</sup> June 2018, which recommended that further work should be undertaken in relation to understanding the opportunity for developing Parcel 4 at Lion Fields, which comprises the Bromsgrove Street Car Park. This report, therefore, introduces the work that has been undertaken since June in relation to feasibility and masterplanning of the site.

**3 Key Issues**

**Progress on Lion Fields – Parcel 1 and Parcel 2**

- 3.1 Before introducing the work undertaken on Parcel 4, a brief update in relation to the other parcels is provided below.

**Parcel 1**

- 3.2 As was reported at the meeting on 22<sup>nd</sup> June 2018, Cordwell Property Group Ltd (CPG) and Peveril Securities were appointed by the Council as its preferred developer to re-develop Parcel One. The proposal from the developers is to deliver a cinema led mixed-use leisure scheme, in line with the Development Framework.
- 3.3 As previously reported, the developers have undertaken Ground Investigations across the entire site and this has helped to firm up the construction design. In addition to this, the land that is owned by Worcestershire County Council and previously leased to the NHS has been vacated so that it is available for redevelopment and will not impact on the delivery of the scheme.
- 3.4 In terms of the scheme itself, the developers are currently concluding negotiations with a number of occupiers that have shown an interest in the development, and terms are due to be discussed by the respective Boards of each of the companies in early 2019. Once these discussions have concluded then a final design will be produced and this will form the basis of a planning application. It is currently anticipated that a planning application will be submitted in Spring 2019.

**Parcel 2**

- 3.5 Members will be aware that the Council agreed in March 2018 to find a development partner to help deliver Parcel 2 of Lion Fields, the former Magistrates Court, the former covered market to the rear and the area of land in front of the building, which is currently laid out (temporarily) as an 'Urban Park'. This process is underway and as part of the initial site due diligence the Council have worked with Historic England to ascertain the importance of the buildings on site. The result of this work was that the former Magistrates Court building was identified as being worthy of statutorily listing and has received a Grade II listing.
- 3.6 Given the position in relation to the historic significance of the building has now been crystallised, the Council is currently in the process of working with Homes England to utilise their Delivery Partner Panel 3 (DPP3) to ascertain the appetite from developers to deliver a scheme at this site in conjunction with the District Council.

**Worcester Street – Public Realm Scheme**

- 3.7 The proposals will see the opening up of Worcester Street to traffic one-way in a north bound direction. A public engagement exercise was held in October 2018 and work commenced on the scheme in November. The scheme is being led by Worcestershire County Council and their retained contractors and it is being funded in partnership between the County and District Councils with a contribution also expected from the Greater Birmingham & Solihull Local Enterprise Partnership. Work has started on site and a project board comprising officers from the District and County has been established to oversee the delivery of the scheme. It is anticipated that the scheme will be completed in Autumn 2019.

**Parcel 4: Bromsgrove Street**

- 3.8 The focus of the remainder of this report is on the next main development opportunity, which is the area centred on Bromsgrove Street Car Park. Following the meeting of this committee on 22<sup>nd</sup> June and the subsequent Cabinet meeting on 17<sup>th</sup> July 2018, the Council commissioned a procurement exercise to select a consultant to undertake design and feasibility work in relation to the proposed development. The successful consultancy was One Creative Environment (Ltd) who are a multi-disciplinary architectural and engineering practice based in Worcester.
- 3.9 The final report produced by One Creative is attached at Appendix 1; however, the key issues and themes arising from the document form the basis for the remainder of this report.

**Parcel 4, Masterplanning and Feasibility Study**

**Site Analysis**

- 3.10 The first stage for the consultants was to provide a site analysis, which was informed by a desk-top review and supplemented by an on-site survey that provided a further understanding of the issues, constraints and opportunities associated with the site. Some of the key issues identified were:
- Extensive surface level car parking
  - Significant level changes from the Site down to Worcester Street of between 11-13m.
  - All buildings on Worcester Street back onto the Site with unsightly mix of security fencing/concrete walls defining the western boundary
  - Lack of site presence from the Ringway - its interface is very poor - screened by dense tree cover to the southern section and rear of Youth House and Health Centre buildings, secure fencing and associated car parking to the northern section
  - No public green space
  - Lack of high quality public realm connecting through from the Site to the Town Centre

- Step Entry is narrow, hidden, has no natural surveillance, precludes access by wheelchair/ pushchair infirm and is an unsuitable gateway to the Town Centre
- Fast traffic on Bromsgrove Street - the main access road into and through the Site - this needs slowing down to make pedestrian friendly at the entrance (off Coventry Street) to change drivers perception as soon as they enter the Lion Fields site

3.11 With the above issues in mind, the critical success factors for redeveloping Parcel 4, as identified by One, are considered to be as follows:

- To be a destination and a place to congregate and bring life, play, living and activity back into the Town Centre
- To provide excellent way-finding and good connections from the new leisure-led development through the Site and into Kidderminster Town Centre
- To provide new, high density housing provision
- To provide high quality public realm and 'greening' of the site
- To open up views of key Town Centre buildings and heritage landmarks of Kidderminster
- To create a high quality gateway along Bromsgrove Street underpinned by place-making principles to prioritise pedestrians
- To provide more efficient car parking provision for 170 spaces
- To act as a catalyst for further regeneration in Kidderminster

### **Market Assessment**

3.12 As part of the commission, One Creative employed Thomas Lister Ltd to prepare a market assessment to inform potential development options for the site. This incorporated a review of demand and supply across a broad range of sectors, with the main conclusions as follows:

- **Residential Market:** The subject site ought to provide opportunity to deliver a different high quality offer to the Kidderminster Town Centre market, however achievable sales values are likely to be impacted by public perception and the sites proximity to lower value parts of the town;
- **Residential Care:** The site would be considered ideal for Care Home residential use, being in close proximity to the town centre, health centre and other facilities, however the feedback received from the larger national providers is that achievable values would unlikely facilitate delivery;
- **Private Rented Sector:** There is currently a lack of quality Private Rented Sector (PRS) representation within the town. As achievable PRS values tend to relate to discounted market values then it is considered unlikely that the private sector would be in a progress a scheme without some form of public sector intervention;
- **Retail and Leisure:** The level of demand for retail space within Kidderminster is limited. The proposed scheme at Parcel 1 is considered likely to take up any identified leisure and retail demand

with little opportunity to extend the retail offer into the subject site. It is understood that Lidl have previously expressed interest in the Lion Fields location and that the company retains an active interest in procuring a site in Kidderminster

- **Commercial / Offices:** Kidderminster currently has a lack of Grade A office stock. In the event that new stock were to be delivered, then it is considered that a rental rate in the order of £16.00per sq.ft. might be achievable, however this would be insufficient to render a new build scheme viable. It is considered that there would most likely be some level of pent-up demand for new office space, including for small suites within a serviced/managed workspace environment

- 3.13 Given the above narrative, the consultants focus for the potential development of this parcel has been on residential, as this has been considered to be the most appropriate, and most viable, option available in the current market.

### **Design Proposals**

- 3.14 With an understanding of what the site needed and could potentially deliver in the current market, a set of key Design Principles were established to enable two main design options to be developed. A series of 3D computer generated visualisations for each helped to clearly convey the ideas and aspirations and convey 'the art of the possible'. The designs included transformational and visionary proposals for new public realm connections from Lion Fields into Kidderminster Town Centre and Weavers Wharf.
- 3.15 There were two key issues for considering the design of development of this site, firstly was the amount of land available for development at Bromsgrove Street, taking in to account the necessity to retain a suitable number of parking spaces and the second major consideration was options for improve connectivity between Worcester Street and Bromsgrove Street.
- 3.16 The design proposals are included within the main body of the report at Appendix 1. However, it is worth noting at the outset that the development of Parcel 4 would not generate sufficient return to deliver the proposals, as currently conceived. Therefore, the Council will need to attract private investment or public sector funding support to deliver the transformational change envisaged in Appendix 1.
- 3.17 Notwithstanding the issues about financial viability, what the document does provide is a vision to transform this part of Kidderminster town centre and provide a new identity to a part of the town that has suffered in recent past. Key to this vision is providing the opportunity to re-connect the town and link the two 'book-ends' of Bromsgrove Street and Weavers Wharf. Providing better connectivity and accessibility throughout the town will help to drive footfall and investment in the Bromsgrove Street area helping to 're-balance' the town. In addition, the proposals also identify the opportunity to establish a new park/place as a destination in its own right.
- 3.18 The two main options that were taken forward as the preferred options for consideration were as follows.



**Design Option A**

- Is based on the delivery of circa 70 residential units (flats) and some, albeit limited, designated car parking;
- A public car park of circa 170 spaces would be retained;
- In this option, the improved connectivity would be through the existing unit currently in operation as 'Mega Value';

**Design Option B**

- Is premised on the delivery of circa 69 units (flats) albeit limited, designated car parking;
- A public car park of circa 161 spaces would be retained;
- Creation of a high quality public realm space;
- Creation of a direct link to Worcester Street through the demolition of existing vacant units and the development of a terrace, offering stepped and ramped access between the two areas;
- This option also suggests considering further enhancements in terms of links between Worcester Street and Exchange Square, which would open up accessibility in the town even further

- 3.19 Both of these options are presented in further detail within the report, and have accompanying plans and visuals identifying how a scheme could look.

**Viability Appraisals**

- 3.20 Following the above work, high level development appraisals of the preferred options were produced and the key summary of these are as follows:
- 3.21 For Design Option A, the proposed development scheme is currently showing an overall negative residual land value, demonstrating that the scheme would be undeliverable based upon the standard assumptions made and delivery on a planning policy compliant basis. An alternative appraisal has been prepared assuming all the same costs and values but which demonstrates that with a nil affordable housing content, then the scheme provides a marginally viable total overall residual land value. However the level of return would not be attractive to commercial developers.
- 3.22 Option B also highlights that the proposed development is currently showing a negative residual land value, demonstrating that the scheme would be undeliverable based upon the standard assumptions made and delivery on a planning policy compliant basis. An alternative appraisal has been prepared which adopts the same costs and values but with nil affordable housing content. The scheme appraisal then provides a marginally negative total residual land value, also not attractive commercially.
- 3.23 Crucially, the figures included within the appraisals and referenced above do not take account of the associated costs that would be required to deliver the improved access arrangements between Worcester Street and Bromsgrove Street which includes any potential third party land acquisition costs; the public realm improvements or to cover the cost of the revised car parking

arrangement. Clearly, these additional costs would make the development even more unviable. Notwithstanding this position, what the document does provide is a clear vision for the site in terms of how to create a step-change in the function and operation of Kidderminster Town Centre and how the town could be better connected in the future.

### **Next Steps**

- 3.24 Whilst the work undertaken by One Creative provides a new vision for the delivery of Parcel 4, it is clear to see from the technical analysis and initial costings that the redevelopment of the site is, at best, marginally viable, this is without the significant additional financial burden that creating the improved link between Worcester Street and this site would bring.
- 3.25 Given the financial constraints associated with the delivery of the enhanced pedestrian linkages, the Council will need to consider how best to deliver against the vision outlined within the document and to work with public sector partners and agencies to explore appropriate funding routes. One of the possible funding sources is considered to be the Future High Streets Fund, which was announced by the Government in the Autumn Budget as a £675m fund to help high streets adapt and meet changing expectations of the role of town centres to ensure they thrive rather than just survive. The prospectus for the fund was published in December 2018 and identifies the importance of high streets and the structural impacts that have occurred over recent past.
- 3.26 It is anticipated that the fund will contribute up to a maximum of £25 million to each successful place, although the expectation is that a range of project sizes will be considered in the region of £5 to £10 million.
- 3.27 It is recommended that the development at Lion Fields will form the basis of an expression of interest to the Government under the Future High Streets Fund. The Expression of Interest needs to be submitted by 22<sup>nd</sup> March 2019 and, if successful, the scheme would move towards a second stage later in 2019 where detailed proposals would be required. In addition to expressing interest in potential funding sources, the Council will also need to more formally test the market appetite for delivering a redevelopment of this site, and this will be undertaken through soft market testing.
- 3.29 Subject to Cabinet approval, officers will undertake soft market testing of the site and will complete an application form for the Future High Streets Fund in order to try and attract additional Public Sector support to meet the ambition highlighted in the report at Appendix 1.

## **4 Options**

4.1 The Overview and Scrutiny Committee is invited to consider this report and:

- 1. Recommend to Cabinet that the Masterplan and feasibility report attached at Appendix 1 is endorsed as a suitable future vision for this site; and/or

2. Recommend to Cabinet that soft market testing of the site is carried out and that a bid is made to the Future High Streets Fund to support the plans outlined in Appendix 1; and/or
3. To recommend to Cabinet alternative or additional options for the delivery of Parcel 4.

## **5 Consultation**

- 5.1 Corporate Leadership Team / Cabinet.
- 5.2 Cabinet Member for Planning & Economic Regeneration.

## **6 Related Decisions**

- Cabinet Report 17/07/2018: Agenda Item 10.1: Lion Fields Future Phases  
[http://www.wyreforest.gov.uk/council/docs/doc53369\\_20180717\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc53369_20180717_cabinet_agenda.pdf)
- Cabinet Report 07/02/2017: Agenda Item 8: Lion Fields, Kidderminster – Development Proposals  
[http://www.wyreforest.gov.uk/council/docs/doc51613\\_20170207\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc51613_20170207_cabinet_agenda.pdf)
- Cabinet Report 27<sup>th</sup> March 2018 – Lion Fields Parcel Two – Former Magistrates Court – Development Proposals (EXEMPT)

## **7 Relevant Council Policies / Strategies**

- Strategic Asset Management Plan  
<http://www.wyreforestdc.gov.uk/media/1830552/Asset-management-plan-2016-2021-Final-Draft.pdf>
- Kidderminster Eastern Gateway – Development Framework  
<http://www.nwedr.org.uk/media/2115284/KEG-Development-Framework-Report.pdf>
- Kidderminster Central Area Action Plan (adopted July 2013)  
<http://www.wyreforestdc.gov.uk/media/106017/Kidderminster-Central-Area-Action-Plan-Adopted.pdf>

## **8 Implications**

- 8.1 Resources: The Council has allocated revenue funding in its Financial Strategy 2015-18 to support initial costs associated with bringing forward site parcels within the Kidderminster Eastern Gateway (Lion Fields) Development Framework. The initial scheme designs are being shown to be unviable and therefore further public funding streams will need to be considered in order to deliver the development
- 8.2 Equalities: No direct implications from this report

- 8.3 Partnership Working: The land in question is predominantly owned and controlled by Wyre Forest District Council, however there may be a requirement for partnership working with Worcestershire County Council due to the presence of Highway Land and discussions are also proposed with third party land interests.
- 8.4 Human Rights: No direct implications from this report
- 8.5 E-Government: No direct implications from this report

**9 Equality Impact Needs Assessment**

There are no issues to be addressed.

**10 Wards affected**

Blakebrook & Habberley South

**11 Appendices**

- Appendix 1. Parcel Four, Lion Fields, Kidderminster: Feasibility and Masterplanning study

**12 Background Papers**

- Overview and Scrutiny Committee Report: 02/02/2017. Agenda Item 8: Lion Fields, Kidderminster – Development Proposals  
[http://www.wyreforest.gov.uk/council/docs/doc51585\\_20170202\\_o\\_and\\_s\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc51585_20170202_o_and_s_agenda.pdf)
- Cabinet Report 07/02/2017: Agenda Item 8: Lion Fields, Kidderminster – Development Proposals  
[http://www.wyreforest.gov.uk/council/docs/doc51613\\_20170207\\_cabinet\\_agenda.pdf](http://www.wyreforest.gov.uk/council/docs/doc51613_20170207_cabinet_agenda.pdf)

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**Contact Number:** 01562 732552



## Overview & Scrutiny Committee

### Briefing Paper

Report of: Kate Bailey  
Date: 7<sup>th</sup> February 2019  
Open

### Allocations Policy Review

#### 1. Summary

- 1.1 The purpose of this report is to outline the proposed changes to the Allocations Policy following amendments made to the legislation around Homelessness (the Homelessness Reduction Act 2017) and other statutory instruments / guidance around allocations.

#### 2. Background

- 2.1 Local Housing Authorities (LHA) are required by s.166A of the Housing Act 1996 to have an allocation scheme for determining priorities and for defining the procedures to be followed in allocating social housing accommodation and they must allocate in accordance with that scheme.
- 2.2 The allocations law provisions of the Localism Act 2011 came into force in England on 18th June 2012 amending Part 6 s169 of the Housing Act 1996. The Council amended its policy in accordance with these changes in 2014. The Council shares an Allocations Policy and housing register system with Bromsgrove, Malvern, Stratford, Worcester and Wychavon councils.
- 2.3. The Homelessness Reduction Act 2017 (HRA 2017) increased the Council's duties for applicants who were facing homelessness through preventing or relieving homelessness at an earlier stage. At the time the legislation came into force the officers were unsure of the likely impact on the Allocations Policy and how access to social housing would be affected. The Allocations Policy already allowed for applicants to be assisted from becoming homeless through the use of the Gold Plus band and so an immediate change was not required but officers committed to reviewing the policy after the first six months of operations.
- 2.4 In October 2018 the Government wrote to Local Housing Authorities (LHA) to advise them it was making changes to the Homelessness Code of Guidance around people with terminal illness. This came into effect on 1 November, making it clear that applicants with a terminal illness should be treated as having a priority need, that accommodation should be suitable and that terminally ill intentionally homeless applicants should be given consideration around the length of time they were accommodated for whilst they try to secure their own accommodation. Whilst these changes relate to the

Homelessness guidance officers believe it would be appropriate to make the treatment of terminally ill homeless applicants explicit in the allocations policy.

- 2.5 In November 2018 the Government wrote to LHAs outlining new statutory guidance around improving access to social housing for victims of domestic abuse in refuges and other forms of temporary accommodation. Whilst the current Allocations Policy is already compliant with the statutory guidance, it would be appropriate to make the statutory guidance more explicit in the policy, particularly around the award of medical banding for victims who are suffering from physical and mental health issues as a result of the domestic abuse (either directly or indirectly).
- 2.6 In January 2019 the Government published a consultation paper on improving access to social housing for members of the Armed Forces, veterans and their families. Officers believe a very small number of households would be affected by these changes as we don't have many armed forces personnel currently registered. As a broad indicator in Wyre Forest there are only 11 households on the Housing Register who are serving or have previously served / their bereaved spouses that meet the additional waiting time criteria. However the suggested changes go beyond what our current Allocations Policy does so would be appropriate to give this consideration and to consult regarding this matter. The consultation runs until 8 March 2019.

### **3. Key Issues**

- 3.1 The HRA 2017 has increased the number of cases that the Housing Advice Team are working with under the prevention duties. In addition it has introduced a new relief duty. Between April and the beginning of December 2018 518 households were seen under the new legislation and between quarter one and two there was a 60% increase in approaches. Applicants are now supported through their housing options for a far longer period of time and so are remaining in temporary accommodation for longer periods than previously whilst officers attempt to resolve their homelessness.
- 3.2 Under the previous legislation applicants could have a statutory decision accepting a duty to rehouse issued relatively quickly from when they approached as homeless. They would then go on the waiting list on priority band and were usually housed within 4 – 6 weeks unless they had very specific housing needs. Under the new legislation the Council has to accommodate those who it believes are eligible, homeless and in priority need in emergency accommodation for 56 days unless the duty is brought to end, for instance by rehousing. Only after the 56 days has expired (where the duty to assist has not ended for any other reason) can a Local Authorities make a statutory (section 184) decision accepting the permanent duty to rehouse. Under the current Allocations Policy, during the relief stage, applicants are placed in the Gold Plus band as the Priority band is only applicable for those applicants who the Council owes the statutory duty to permanently rehouse (section 184).

- 3.3 The delay in being able to rehouse applicants in the relief stage (because of the banding) has created a bottleneck in the emergency accommodation and has contributed to the need to increase the budget for temporary accommodation. In addition the overall increase in homeless approaches had meant a corresponding increase in applicants being placed. In April – December 2017 we placed 107 households and over the same timescale in 2018 there was a 70% increase (182 households).
- 3.4 To resolve this through the new proposals the Council would seek to put those applicants it believes it would owe the full rehousing duty to into Priority Band as soon as the relief duty is owed thereby moving them up the banding structure at an earlier stage. There are currently only 4 households in Priority band but over 600 in Gold Plus band. Prior to the HRA 2017 there were usually around 400 households in the Gold Plus band.
- 3.5 In addition, those applicants in the prevention stage are in Gold Plus band along with all the other reasonable preference categories in this banding including those who the Council are preventing from becoming homeless outside of the 56 days, those with a medical or welfare need, those in a social housing who are underoccupying or who have an adaptation they no longer require and those who have two or more reasonable preference categories contained within the Gold banding. This is inhibiting the officers' ability to offer social housing to prevent someone's homelessness in a timely fashion due to the competition for properties from within this band. If they can't be helped within the 56 days or at the point of homelessness the relief duty arises and the Council may then owe them an emergency accommodation duty.
- 3.6 The proposed Allocations Policy will seek to give prevention cases (who are likely to be homeless within 56 days) an additional six months waiting time so they are prioritised within the band. This recognises the requirement to continue to assist other groups in housing need whilst also giving some priority to those that the Council owe the prevention duty to.
- 3.7 **Local Connection Qualifying Criteria:** Applicants must have a 2 year local connection to the Home Choice Plus Partnership area or have been in permanent paid employment in the Partnership area for six months or have a close family member who has lived in the area for a minimum of the last five years. There are some exceptions to the local connection qualification criteria, for example ex service personnel. In the proposed Allocations Policy, where there are specific residency criteria included in section 106 sites, which differ from the qualifying criteria of the Allocations Policy, it will now be included as an exception but only in relation to an allocation to an identified section 106 property. In Wyre Forest s106 sites have the same residency criteria as the allocation policy so this exception isn't relevant.
- 3.8 **Reduced Banding:** Currently households with an income of more than £35k or equity / savings / capital of more than £50k will be placed into the reduced banding unless they are in receipt of means tested benefits. This ensured those applicants who do not have the means to access housing in the private sector will have preference. However income levels have risen slightly so

officers will now consult on changing the income level to £38k for household income. In addition house prices have continued to rise across the Home Choice Plus partnership area and the entry price for a one bedroom flat has increased so for those applicants unable to get a mortgage and on a fixed income (e.g. pensioners) officers believe a maximum of £95k for equity / savings / capital will give a more realistic price for someone needing to purchase a property. For other applicants it will remain at £50k. Currently on the Housing Register there are just over 3400 households, of these only 52 have a household income above £35k and only one in the reduced band for having equity/savings or capital over £50k.

- 3.9 **Children in flats:** The current policy allows families in flats above ground floor, where they have a child under 10, to be awarded Gold Band. This was to recognise that flats aren't ideal for children as they have more limited safe outdoor space to play in. However the policy is seen as unfair to those families occupying flats on the ground floor without gardens and the proposed change would treat all families, with children under 10, without a garden in the same way.
- 3.10 The consultation proposes clarifying the treatment of homeless households with a terminal illness or victims of domestic abuse in relation to banding definitions as outlined in 3.4 and 3.5 above.
- 3.11 The consultation proposes amending the Allocations Policy in line with the Governments consultation paper regarding armed forces so that the Council exempts divorced and separated spouses or civil partners of Services personnel who are required to leave Ministry of Defence accommodation, from the Local Connection criteria.

#### **4. Options**

- 4.1 To recommend to Cabinet that:
  - 4.1.1 The Council undertakes consultation on the Allocation Policy changes outlined in Appendix One with Members, Stakeholders including Registered Partners and Households on the Housing Register for a period of six weeks.
  - 4.1.2 Delegated authority be given to Corporate Director: Economic Prosperity and Place, in consultation with the Cabinet Member for Housing, Health and Wellbeing to amend the allocation policy in line with the proposed changes, following the consultation process.

#### **5. Consultation**

- 5.1 CLT
- 5.2 Registered Providers
- 5.3 Households registered on Home Choice Plus.



**6. Related Decisions**

6.1 Not applicable

**7. Relevant Council Policies/Strategies**

7.1 Not applicable

**8. Implications**

8.1 Resources: All spending proposals are within the existing budget / funding.

8.2 Equalities: Not applicable

8.3 Partnership working: The Allocations Policy and Home Choice Plus system is owned by six Local Housing Authorities.

8.4 Human Rights: Not applicable

8.5 E-Government: Not applicable

8.6 Transformation: Not applicable

**9. Equality Needs Impact Assessment**

9.1 An Equalities Impact Screening Assessment has been undertaken. The policy gives consideration to and has a positive impact for some young people and those with a disability. There are no other implications identified for other groups with a protected characteristic.

**10. Wards affected**

10.1 All wards within the district are affected.

**11. Appendices**

11.1 Appendix One: Allocation Policy

11.2 Appendix Two: Letter regarding Terminal Illness Homeless Applicants

11.3 Appendix Three: Domestic Abuse Statutory Guidance

11.4 Appendix Four Improving access to social housing for Armed Forces consultation

**12. Background papers**

12.1 Not applicable

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# Allocation Scheme



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## HOME CHOICE PLUS PARTNERSHIP

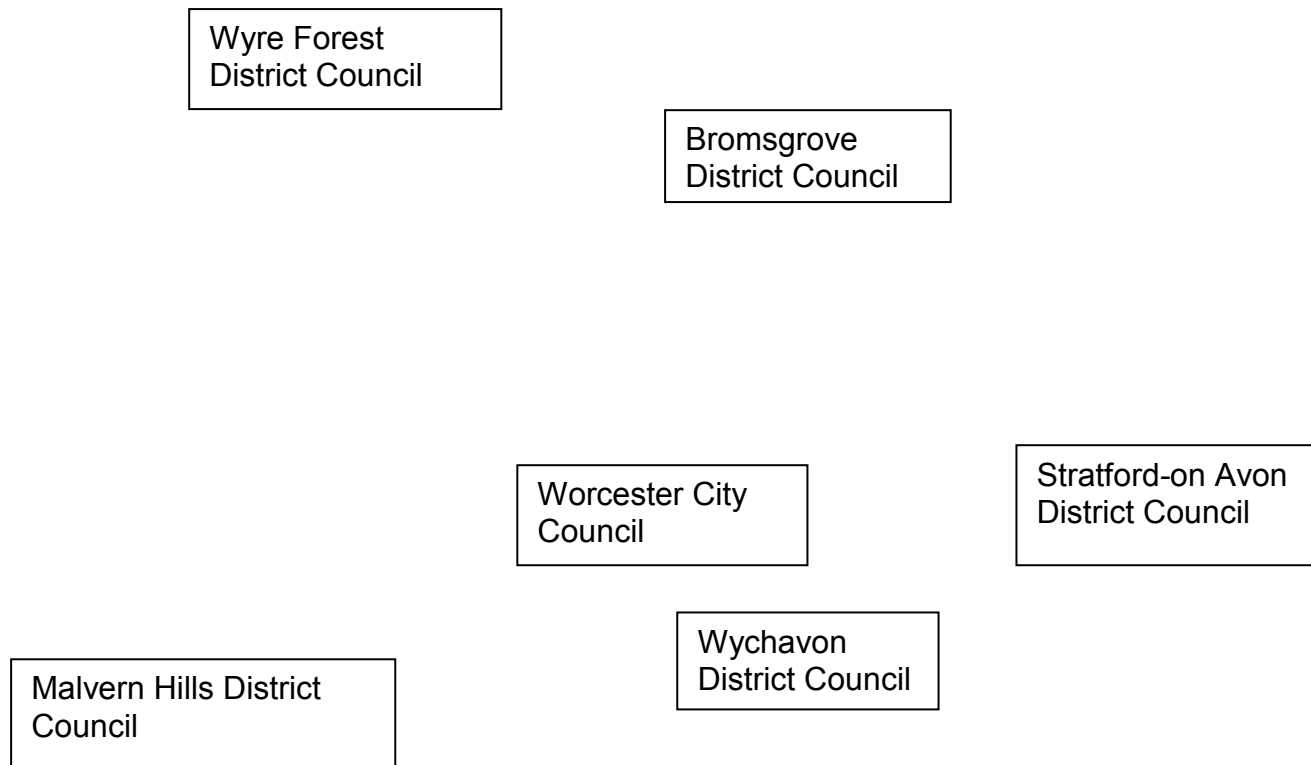
### List of partners

#### Local Authorities

Bromsgrove District Council, Malvern Hills District Council, Stratford-on-Avon District Council, Worcester City Council, Wychavon District Council, Wyre Forest District Council

#### Housing Associations

Advance Housing Association, Anchor Trust, Beth Johnson Housing Group, Bournville Village Trust, Bromford Group, Bromsgrove District Housing Trust, , Fortis Living, Fosseyway Housing, Fry Housing Trust, Greensquare Housing Group, Gloucestershire Housing Association, Hanover Housing Group, Housing 21, , Mercian Housing, Midland Heart Ltd, Nexus Housing (West Midlands), Orbit Heart of England, Pershore Alms Houses, Rooftop Housing Group, Sanctuary Housing Association, Servite Housing Association, South Shropshire Housing Association, Stonham Housing Association, Stonewater Housing Association, Warwickshire Rural Housing Association, Waterloo Housing Association, Community Housing Group



## Glossary of terms

Term	Definition
<b>Affordable housing</b>	housing let at a social or affordable rent or a low cost home ownership property let to a specified eligible household whose needs are not met in the market. Also known as social housing
<b>Allocation</b>	an offer of housing from a Housing Association or Local Authority either directly or via a nomination from a Local Authority
<b>Band start date</b>	the date the household is awarded the banding applicable to their housing need
<b>Banding/bands</b>	the prioritisation of households on the housing register based on their housing need
<b>Bid</b>	Households' expression of interest in an available / vacant property
<b>Direct matching</b>	an allocation outside of the Home Choice Policy/Scheme. Please see the policy for more details.
<b>Home Choice Plus Allocations Policy / Allocations policy</b>	the policy document that determines how housing is allocated to households
<b>Home Choice Plus Partnership</b>	A group of local authorities operating the same Allocation Scheme (known as "the partnership")
<b>Home Choice Plus Scheme / Allocations Scheme</b>	the scheme including the software, the policy and the processes involved for allocating housing to households
<b>Homelessness</b>	The legal definition of homelessness in the Housing Act 1996 Part VII / Homelessness Reduction Act 2017 is that a person is homeless if they have no accommodation available to them in the UK or anywhere which would be reasonable for them to continue to occupy. They would also be homeless if they have accommodation but are not able to gain access to it, or if it is a moveable structure but they have nowhere to place it. A person is threatened with homelessness if they are likely to become homeless within the next 56 days from 3 April 2018.
<b>Housing Association</b>	for the purposes of this Scheme also includes Registered Providers and refers to social housing providers regulated by the Homes and Communities Agency
<b>Housing Register</b>	a database/list of households who have applied for affordable housing
<b>Local Authority Agents</b>	organisations that act on behalf of the Local Authority in relation to the Housing Register and Homelessness, under a contractual arrangement usually Housing Associations
<b>Local connection</b>	a household's connection to a local area or authority including residency, family connections and employment
<b>Persons from</b>	people subject to immigration control and any other persons from

<b>abroad</b>	abroad where the secretary of state makes regulations
<b>Qualification Criteria</b>	To join the Housing Register the applicant must meet the eligible qualification criteria including connection to the Partnership, Housing Need and Unacceptable Behaviour
<b>Reasonable preference</b>	categories of housing need which are defined by the Housing Act 1996, Part Six that are required to be included in an allocations policy
<b>Registration / Effective date</b>	the date of registration of the Housing Application
<b>Shared Ownership</b>	Affordable housing option where the applicant parts buys and part rents a property. The Registered Provider owns the remaining share of the property.
<b>Statutorily homeless</b>	This term describes those households who have made a homeless application to a Home Choice Plus local authority or its agent and where the full homeless duty has been accepted. This means the household has been determined to be eligible, homeless, in priority need, unintentionally homeless and having a local connection and has been issued with a written decision which confirms this.
<b>Weekly bidding cycle</b>	the period of time available for households to place bids on properties they are interested in



## 1. Introduction

Home Choice Plus is a scheme used to advertise and/or allocate social rented, low cost home ownership and privately rented properties which has been agreed by the Home Choice Plus Partnership (the Partnership) and operates in the same way across a number of Local Authority areas including;

- **Bromsgrove District Council**
- **Malvern Hills District Council**
- **Stratford-on-Avon District Council**
- **Worcester City Council**
- **Wychavon District Council**
- **Wyre Forest District Council**

Within the Home Choice Plus Scheme is an **allocation policy** which outlines how the Partnership will prioritise households on the Housing Register.

The Districts mentioned above work in partnership with a number of Housing Associations to allocate social housing in a fair and transparent way. **Housing Associations and Registered Providers will have their own Allocations Policies which they will apply when allocating to their properties. This means applicants at the top of the Housing Register on banding and date time may not be rehoused by the Housing Association / Registered Provider if they don't meet the requirements of their allocations policy.**

Collectively the partnership has the following aims;;

### **Aims of the partnership**

- We are committed to working in partnership to offer a choice from a range of housing options for people in housing need.
- We aim to challenge the perception that the way social housing is allocated is unfair by ensuring that Home Choice Plus is easy to understand, transparent and fair.
- We will work to ensure that households are able to access the service we provide.
- We will develop sustainable communities by enabling people to make realistic and informed choices about where they wish to live.
- We will make effective use of all affordable housing stock.
- We will ensure that local people will have an enhanced priority within the banding structure.

- We want to encourage and recognise households who make a positive contribution to their community
- We will assist in achieving mobility across the participating Local Authority areas.
- We will enable a better understanding of the housing demand.
- We will ensure the scheme meets our equalities duties.
- We will publish information that enables households to understand how we assist them through the allocations scheme

Access to Home Choice Plus is via a single register for housing; households only have to register for the scheme once and are then able to bid for vacancies advertised in any of the participating Local Authority areas.

Home Choice Plus enables people with a housing need to look for a home in an area of their choice. Households registered with Home Choice Plus will be banded according to the suitability of their current accommodation to meet their needs and their local connection.

### **What are Allocations under this Scheme?**

The following are allocations of accommodation under this Scheme:

1. The nomination of an applicant or existing tenant to be an Assured or an Assured Shorthold tenant of housing accommodation held by a Housing Association (via a Council's Nomination Rights Agreement with the Housing Association). Often the nomination will be that of a 'Starter Tenant' of a Housing Association whereby the Housing Association will grant an Assured Shorthold Tenancy for a set probationary period (usually 12 months) and provided the tenant successfully completes the probationary period the Housing Association will grant an Assured Tenancy or a fixed term tenancy (please see individual Housing Association / Registered Provider's tenancy policies).

By 'affordable housing' we mean social rent and affordable rent, allocated to specified eligible households whose needs are not met in the market. It should meet the needs of eligible households, including availability at a cost low enough for them to afford, determined with regard to local incomes and local house prices.

The ways in which we advise and assist applicants on a whole range of housing options, including access to the private rented sector and low cost home-ownership opportunities, can be found on the Home Choice Plus website [www.homechoiceplus.org.uk](http://www.homechoiceplus.org.uk) and the partner Local Authorities' websites.

A list of Local Authorities' contact points can be found at Appendix 1

The scheme may also be used to advertise intermediate market rent, shared ownership and private rented properties. Please see the eligibility criteria of the relevant landlord for more details regarding allocation of these types of properties.

## **Allocations Policy**

This Allocations Policy describes how you can qualify for the Home Choice Plus scheme and how it prioritises housing applicants to identify their housing need with regard to the legal definition of Reasonable Preference and other categories of housing need that the Steering Group have recognised.

Whilst all applicants are assessed in accordance with the scheme, the allocation of properties will be subject to the allocation policies of individual Housing Associations where they have one who will assess applicants on the Housing Register according to their stated priorities. They may have different rules about the number of people who can live in a home of a particular size. This will be made clear when a property is advertised. For more information regarding the letting of properties please see the Home Choice Plus Partnership website.

This policy sets out in detail who can or cannot be accepted under the policy and how this assessment is made. It also sets out how applicants can apply for and access housing.

We have designed the Allocations Policy to meet current legal requirements and to promote sustainable communities and balance housing markets.

## **The Legal Framework**

This Allocations Scheme complies with the requirements of the Housing Act 1996 (as amended) and takes into account the relevant code of guidance Allocation of Accommodation Code of Guidance 2012 which replaced the previous codes of guidance. All of these documents can be obtained through the DCLG website. The Scheme also complies with the Localism Act 2011, Welfare Reform legislation and Equalities Act 2010 where applicable.

This section describes this legal framework.

The 1996 Housing Act (as amended by the 2002 Homelessness Act and Homelessness Reduction Act 2017) requires local authorities to make all allocations and nominations in accordance with an Allocations Scheme. A summary of the Allocations Scheme must be published and made available free of charge to any person who asks for a copy. A summary of the Allocations Scheme and general principles is available through the Home Choice Plus website [www.homechoiceplus.org.uk](http://www.homechoiceplus.org.uk) and at partner Local Authority and Housing Associations offices.

The Housing Act 1996, (as amended) requires local authorities to give Reasonable Preference in their allocations policies to people with high levels of assessed housing need. This includes homeless people, those who need to move on welfare or medical grounds, people living in unsatisfactory housing and those who would face hardship unless they moved to a particular locality within the local authority's area.

The Act also requires local authorities to state within the policy its position on offering applicants a choice of housing accommodation, or offering them the opportunity to express preference about the housing accommodation to be allocated to them.

The policy is also drafted and framed to ensure that it is compatible with the Partnership's equality duties including the duty to eliminate unlawful discrimination and to promote good relations between different racial groups, as well the duty to promote equality between disabled persons and other persons and between men and women. The Partnership has carried out an Equality Impact Assessment in relation to the policy.

This Policy has considered:

- The partner Local Authorities' statutory obligations and discretion as to who is eligible for housing allocation
- The partner Local Authorities' statutory obligation to provide Reasonable Preference to certain categories of applicants set down by law i.e. those who must be given a greater priority under the Allocations Policy.
- The partner Local Authorities' statutory discretion to grant "additional preference" and/or to determine priority between applicants with Reasonable Preference.
- The general and specific statutory discretions the partners can exercise when allocating housing.

## **Service Standards**

### **We will aim to;**

- Register all eligible applications within 10 working days (where full information is available) Please note some applications can take up to four weeks to assess
- Process all supporting information within 10 working days
- Complete shortlists (match suggested) for properties within 5 working days of advertising cycle ending
- Advise all applicants excluded from the housing register within 5 working days with the reason for the exclusion
- Assist applicants to bid for properties where required
- Respond to applicants letters, client messages and emails within 10 working days
- Respond to telephone calls within 1 working day

### **What we ask of you...**

- Speak to us in a polite and courteous manner
- Provide us with the information we need, so we can help you
- Contact us if you are unable to keep appointments
- Inform us with any changes in your circumstances which may affect the service we provide to you
- If you are unhappy with the service you have received, please contact us
- If you are happy with the service let us know

## 2. Statement on Choice

### Choice and Constraints

We are committed to offering the greatest choice possible in the allocation of housing through the Home Choice Plus scheme. However this is in the context of considerable pressure on allocations within our affordable housing stock and which means we will therefore have qualification criteria covering who is and isn't eligible to join the waiting list.

Whilst keen to encourage and facilitate mobility within housing, the Home Choice Plus Partnership recognises that provision of choice has to be balanced along with local needs. Those without a connection to any Local Authority within the partnership, will not be eligible to go on the housing register unless they meet one of the exceptions criteria.

In determining priority for housing within the banding structure, a higher degree of preference will be awarded to applicants who have the greatest need and have a local connection within a Local Authority area.

Applicants have the opportunity to view details of all properties that are available and to choose to 'bid' for properties for which they are eligible.

Whilst a key objective of the Home Choice Plus scheme is to offer applicants more choice, there will be a number of exceptional situations where this may not be possible, for instance;

- Where the applicant does not meet the eligibility criteria for the scheme or the vacant property.
- Where a Local Lettings Plan has been agreed and the applicant does not qualify.
- Where there is a legal agreement restricting who can be offered the property.
- Where the applicant is statutory homeless, or is a prevention or relief case under the Homelessness Reduction Act 2017

These exceptional circumstances will be made clear when the property is advertised, unless the exceptional circumstance concerns the individual specifically (who has bid for the property) in which case it will be discussed with the applicant at the point of allocation.

Applicants who bid on and subsequently refuse properties for no reason will be moved into the Reduced Priority Band – for further details please see the relevant section in the Allocations Policy.

The Home Choice Plus Partnership will collect information from applicants about their particular preferences regarding where they want to live. This is to support our work in identifying housing needs and demands within specific parts of districts.

### 3. Eligibility and Reasonable Preference

#### Who is and who is not eligible under this Scheme.

#### Who can apply to register on the Home Choice Plus scheme?

Any United Kingdom resident aged 16 years or over can apply to join the scheme by completing an application form. The Home Choice Plus policy does exercise an eligibility criteria and so not all applications will be accepted where there is no close association to the area and/or where there is no housing need (please see information on Bronze Plus and Bronze Banding) . Please see the following sections regarding the eligibility criteria.

Anybody can make joint applications including married couples, civil partners, cohabiting couples, same sex couples, and brothers and sisters. In such cases, it is usual for a joint tenancy to be granted in the event of an offer of accommodation being made. The eligibility of applicants to be on the Housing Register will also be checked at the point of allocation.

#### Qualification Eligibility Criteria

Applicants are not eligible to join the Home Choice Plus housing register unless they met the qualifying criteria of a close association outlined below;

In determining whether the household has a close association we will agree a connection exists in the following circumstances;

- Where the local connection arises due to residency the applicant(s) must have lived in the partnership area (by choice) for a minimum period of two years.
- Where the applicant(s) meets any of the statutory homelessness definitions included in the allocations policy.
- Where the local connection arises due to employment and the applicant(s) have been in permanent, paid employment for a minimum period of six months, within one of the Local Authority areas included in the Partnership, immediately prior to the application (please see further information below).
- Where the applicant(s) has a close (immediate) family member living in the HC+ partnership area and has done so for a minimum period of five years, immediately prior to the application (please see further information below).
- Where the applicant has resided in the Partnership area for three out of the last five years at the point of application
- Has a local connection as a result of special circumstances (this would include people with a reasonable preference without a local connection identified above)

Local connection for homeless purposes will be assessed having regard to the definition of local connection contained in Section 199 Housing Act 1996 (in the case of homeless applicants) and the various codes of guidance.

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In determining permanent employment we will give consideration to the Local Government Association guidelines which state that this is employment other than that of a casual nature.

In determining close family member we mean mother, father, sister, brother or adult child (aged 18 and over).

If an applicant(s) hasn't got a connection that meets the qualification criteria and claims a connection on the basis of special circumstances e.g. a care leaver from the partnership area accommodated elsewhere, then the decision about allowing them on the list must be made by a senior officer or manager.

Where the applicant is a member of the armed forces there are special arrangements – please see further details within this policy.

Applicants with a local connection to the Partnership area will be awarded Gold Plus, Gold or Bronze Plus band depending on their housing need for Districts where they have a connection. For Districts where they do not have a connection, they will be awarded Silver Plus, Silver or Bronze in accordance with their housing need.

**Residency of Choice**

For the purposes of determining eligibility on residency grounds, living in the Local Authority area will not include the following:

- Occupation of a mobile home, caravan or motor caravan where it is not their only or principal home
- Occupation of a holiday letting (which includes a permanent building, hotel or bed and breakfast accommodation) for the purposes of a holiday.
- Resident of a prison, Bail Hostel or other such accommodation.
- In-Patient of Hospitals/specialist centres where they have a connection elsewhere

Under the Homeless Reduction Act, Care Leavers will have a local connection with the area of the local authority that owes them leaving care duties – therefore if someone is placed in care by Worcestershire County Council they will have a local connection with all six Local Housing Authorities in Worcestershire.

A care leaver aged under 21 who normally lives in a different area to that of the local authority that owes them leaving care duties, and has done for at least 2 years including some time before they turned 16; will also have a local connection in that area. For example if Worcestershire County Council places a young person in Stratford District Council before they turn 16 and they are in care in Stratford District Council for two year period the young person will have a local connection with Stratford and all of Worcestershire.



**Housing Need**

Applicant(s) wishing to join the Home Choice Plus Housing Register must have a housing need recognised by the Allocations Scheme. This will include those applicant(s) with reasonable preference, those who are underoccupying social housing stock and those covered by the categories outlined on page 37 under the Bronze Plus / Bronze sections. Applicant(s) not satisfying at least one of these criteria will not be registered and will be offered alternative housing options. Applicant(s) will also be offered the right to request a review of this decision.

**Age Eligibility Criteria****Young people aged between 16 – 18**

Young people aged between 16 and 18 can apply to Home Choice Plus and will be registered. For young people under the age of 18 years the Housing Association may grant permission to allow the occupation of a property by way of an “Equitable Tenancy” however a Housing Association / Registered Providers will not normally grant a tenancy to anyone under the age of 18 years unless they are also able to provide a guarantor to cover rent. Please refer to individual Housing Association and Registered Providers policies for more details.

**Persons from abroad**

Applicants must have a right to live in the UK and be entitled to claim public funds. Examples of people who are eligible are British Citizens, EEA nationals (generally those who are working), and those with leave to remain. People applying to join the Housing Register have to provide documents to confirm their identity and their immigration status.

A person from abroad (or two or more persons jointly if any of them is an ineligible person) is ineligible for an allocation of housing accommodation if they are subject to immigration control within the meaning of the Asylum and Immigration Act 1996, or are excluded from entitlement to housing benefit by s.115 of the Immigration and Asylum Act 1999 (c 33) (exclusion from benefits) unless they are of a class prescribed by regulations made by the Secretary of State. Persons who are subject to immigration control and eligible for housing assistance are;

- Refugee status
- Exceptional leave to remain
- Indefinite leave to remain

This does not apply to a person who is already a secure or introductory tenant of the Council or housing association.

If an applicant has any further questions regarding their status they should contact the Council or seek independent legal advice.

Households who are living abroad and therefore not habitually resident will not be eligible to register.

Applicants who have been considered as ineligible due to immigration status can re-apply at any time.

**Persons with no local connection to the Partnership**

Applicants who have no local connection to the partnership area will not be eligible to join Home Choice Plus.

However the following categories will be exempt and will be eligible to register;

- Households accepted as statutory homeless under the Housing Act 1996 (as amended by Homelessness Act 2002 and Homelessness Reduction Act 2017) by a Local Authority (or its agent) in the Home Choice Plus Partnership which has not yet been discharged
- Households with a reasonable preference under the 1985 Housing Act
- Households where one of the Local Authorities are satisfied that the applicant(s) needs to live in the area to provide ongoing, regular and significant care and support to a relative who lives in the area and their application is supported by the local Adult or Childrens Services team.
- Households where one of the Local Authorities (or its agent) has agreed to rehouse the applicant under a reciprocal agreement with their current landlord or local authority
- Households where rehousing or relocation into the Local Authority area is accepted by the Local Authority (or its agent) as being essential due to public protection issues or for other exceptional reasons.
- Members of the armed forces as outlined in the Allocations Scheme
- Social housing tenants who need to move because they work or have been offered work in the Partnership Area and they have a genuine intention to take up the offer and will suffer hardship otherwise
- Where a Local Letting Plan or s106 restriction applies on a specific site

**Section 106 sites**

Where an applicant meets the eligibility criteria established in the s106 agreement, but not the Qualifying Criteria in the Allocations Policy, they will be permitted to join the housing register but will only be considered for the relevant s106 property/site.

**Unacceptable behaviour**

Where the applicant, or a member of their household, has been guilty of unacceptable behaviour serious enough to make him unsuitable to be a tenant of the relevant authority, they will be ineligible for registration.

Unacceptable behaviour is defined as behaviour which would, if an applicant or member of their household was a secure tenant, entitle a landlord to outright possession under any of the Grounds 1 to 7, Schedule 2 of the Housing Act 1985.

Unacceptable behaviour can include:

- Owing significant rent arrears and/or failing to comply with a current tenancy condition with a Council, Housing Association or private landlord to such an extent that a Court would grant a possession order.
- Conviction for using the property for an illegal or immoral purpose.
- Causing nuisance and annoyance to neighbours or visitors for example anti-social behaviour.
- Being convicted for committing certain indictable offences in or near the home and still posing a threat to neighbours or the community.
- Being violent towards a partner or members of the family.
- Allowing the condition of the property to deteriorate.
- Allowing any furniture or fixtures provided by the landlord to deteriorate due to ill treatment.
- Obtaining a tenancy by deception, for example by giving untrue information.
- Paying money to illegally obtain a tenancy.
- Having lost tied accommodation provided in connection with employment due to conduct making it inappropriate for the person to reside there.

In determining whether an applicant is ineligible due to unacceptable behaviour, the Council, or its agent, will consider:

- Has the applicant or a member of the applicant's household been guilty of unacceptable behaviour?
- Was the unacceptable behaviour serious enough to have entitled the Landlord to obtain an order for possession?
- At the time of the application, is the applicant still unsuitable to be a tenant by reason of that behaviour, or the behaviour of a member of their household who wishes to reside with them?

The applicant will be excluded from the housing register and the applicant does have a right to review against this decision. This decision will be taken by the District Council, or its agent. An applicant may be rendered ineligible at anytime during the process should Home Choice Plus become satisfied that they are ineligible.

Applicants classified as being ineligible for any reason can make an application for accommodation in the future if their circumstances have changed for any reason. It is for the Local Authority (or it's agent) to consider behaviour, at the point of application to the housing register, and whether they are now eligible under the Policy.

Each application will be assessed on its merits and a decision regarding eligibility will be made accordingly. Anyone deemed ineligible for the Scheme will be provided with

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a full written explanation for the decision and will have a right of review of the decision.

Please see the section on Reviews below.

### **Applicants who are not eligible to join the housing register**

At the point of registration all applicants are asked for information about their housing history and legal status to establish eligibility to join the housing register under the relevant legislation and this allocations policy.

Applicants are not assessed for the Scheme or placed into a Band until a decision has been made regarding their eligibility.

### **Armed Forces**

Members of the UK armed forces stationed abroad will be considered as living in the United Kingdom for the purposes of applying for social housing.

The Localism Act 2011 amends the Housing Act 1996 to give local housing authorities in England the power to decide what classes of persons are or are not qualifying persons under section 160ZA(7) of the Housing Act 1996, for an allocation of housing accommodation.

The Secretary of State has the power to prescribe in Regulations criteria that may not be used by local housing authorities in deciding what classes of persons are not qualifying persons (section 160ZA(8)(b)). These Regulations require that local housing authorities do not use local connection (within the meaning of section 199 of the Housing Act 1996) as a criterion in deciding whether the following are not qualifying persons:

- (a) persons who are serving in the regular forces or have done so in the five years preceding their application for an allocation of housing accommodation;
- (b) bereaved spouses or civil partners of those serving in the regular forces where their spouse or partner's death is attributable (wholly or partly) to their service and the bereaved spouse or civil partner's entitlement to reside in Ministry of Defence accommodation then ceases;
- (c) seriously injured, ill or disabled reservists (or former reservists) whose injury, illness or disability is attributable wholly or partly to their service.

The allocations policy will also extend the provision above, to include divorced or separated spouses or civil partners of Service personnel who are required to move out of accommodation provided by the Ministry of Defence.

### **Social housing tenants**

The Secretary of State has the power to prescribe in Regulations criteria that may not be used by local housing authorities in deciding what classes of persons are not qualifying persons (section 160ZA(8)(b)). These Regulations require that local housing authorities do not use local connection (within the meaning of section 199 of

the Housing Act 1996) as a criterion in deciding whether social housing tenants are a “relevant person”

A relevant person has a need to move because the relevant person—

- (a) works in the district of the local housing authority, or
- (b)(i) has been offered work in the district of the local housing authority, and
- (ii) the authority is satisfied that the relevant person has a genuine intention of taking up the offer of work.

This regulation does not apply if the need to move is associated with work or the offer of work which is—

- (a) short-term or marginal in nature,
- (b) ancillary to work in another district, or
- (c) voluntary work.

In this regulation “voluntary work” means work where no payment is received by the relevant person or the only payment due to be made to the relevant person by virtue of being so engaged is a payment in respect of any expenses reasonably incurred by the relevant person in the course of being so engaged.

Specifically a qualification criteria may not be applied to existing social housing tenants seeking to transfer from another local authority district in England who have a reasonable preference under s166(3)(e) because of a need to move to the local authority’s district to avoid hardship where they need to move because the tenant works in the district, or need to move to take up an offer of work.

In considering registering applications the Council’s (or their agent) will take into account the Right to Move Statutory Guidance March 2015 (or any relevant successor document).

Any other social housing tenant, who satisfies the eligibility criteria will be eligible to join the Housing Register, even if they have no housing need and don’t currently live in the Partnership area.

### **The Application of Reasonable Preference**

Home Choice Plus is required by law to assess the relative priority that housing applicants are awarded. This is particularly important when, as is the case with the Home Choice Plus partnership area, the demand for social housing is greater than the availability of homes.

The law, as it applies to local housing authorities, requires that Reasonable Preference for housing must be given to those in the categories set out in the Housing Act 1996 (as amended). The statutory Reasonable Preference categories cover:

- All homeless people as defined in Part VII of the Housing Act 1996 and Homelessness Reduction Act 2017

- People who are owed an accommodation duty because they have a priority need but are intentionally homeless (under s190 (2)), because they are not in priority need and not homeless intentionally 193 (2) or because they are threatened with homelessness, in priority need and not intentionally homeless (195 (2) of the 1996 Act (or under section 65 (2) or 68(2) of the Housing Act 1985) or who are occupying accommodation secured by any housing authority under section (192 (3).
- People occupying unsanitary, overcrowded or otherwise unsatisfactory housing;
- People who need to move on medical or welfare grounds (including grounds relating to a disability);
- People who need to move to a particular locality within the district to avoid hardship to themselves or others.

Specific details and examples of how Reasonable Preference and priorities are determined and applied are detailed in section 5: The Banding Structure.

### **Determining priority between applicants with Reasonable Preference**

Home Choice Plus determines priority between applicants with Reasonable Preference by taking into account various factors including:

- The financial resources available to a person to meet their housing costs.
- Any local connection – as defined in s199 Housing Act 1996 (as amended) – that an applicant has with the Home Choice Plus area.
- The length of time the applicant has been waiting within their current band
- Any community contribution made by the household

Households with a reasonable preference can have their banding reduced because of their behaviour or circumstances

## 4. Registration and Assessment Process

### How to Apply

Before anyone can apply for vacancies advertised through the Home Choice Plus scheme they must first register.

Initial registration can be completed;

- online [www.homechoiceplus.org.uk](http://www.homechoiceplus.org.uk)
- by requesting and completing a registration form
- at Home Choice Plus partner offices

An advocate (for example, a family member, friend or support agency) can complete the registration form on behalf of an applicant who is requesting assistance.

If the applicant is not eligible to register they will be notified in writing giving the reason for the decision and informing them of their right to request a review.

All applications once received will be assessed and placed in the appropriate band. Assessment may involve a home visit or interview to discuss housing options.

Where additional information is required to confirm that a higher band is appropriate, the application may be placed in a lower band until the circumstances of the applicant have been confirmed.

Once registered with the Home Choice Plus scheme the applicant will be given a membership number.

Applicants to the scheme are entitled to request details from any of the partners about information that has been used to make a decision on their registration. Partners' contact details can be found at Appendix 2.

### Help with registration

Help with registration can be given to applicants by any member of the Home Choice Plus Partnership as well as other organisations such as County Council social care services, health workers, support workers and voluntary bodies.

In particular, help will be provided to applicants who find it hard to fully participate in the scheme.

Support can be offered to assist an applicant to use the system where they are interested and ready to move. Access to the system can be provided through the Worcestershire Hubs, Housing Associations' offices and Local Authorities' offices.

Training can also be offered to a range of local organisations and support workers on a regular basis to enable them to be able to help applicants with accessing the scheme. Staff from the partner Local Authority and Housing Associations will be able to work with anyone that the applicant has requested to act on their behalf, subject to the applicant's written consent.

### Definition of Household Types

An Applicant(s) type determines the size and type of housing they may be eligible for.

Single person (under 60)	One person household and with no resident children  A woman who is less than 25 weeks pregnant
Couple	Married, cohabiting, civil partnership and same sex couples without resident children or with a woman who is less than 25 weeks pregnant
Family	Single parent or couple (as defined above) with minimum of one dependant child, who lives with parent (s) as the main or principal home  A woman who is 25 weeks pregnant or more
Pensioner / Disability Living Allowance (DLA)	One person household and couples over 60 or person in receipt of DLA / Personal Independence Payment (PIP)
Other	Any other household group including friends, brother and sister and families with non dependent children

In order to reflect your housing requirement for a particular property type or size the Local Authorities, or their agents, may need to put the applicant into a different category in order to achieve a correct allocation

Example – if the applicant is a single person with a medical need that means they require a larger property for a resident carer, their household type will be amended to “family” or “other” to enable them to bid.



## The Home Choice Plus process

- 1 You can register for Home Choice Plus by filling in a housing application either online at [www.homechoiceplus.org.uk](http://www.homechoiceplus.org.uk) or requesting a paper application form from any of the contact points.
- 2 Once we have registered you, we will send you confirmation of the registration number and the band you have been placed in.
- 3 Vacant properties will be advertised each week and applicants are advised to look for suitable vacancies regularly.
- 4 You can make up to 3 bids per week, as long as you match what the advert asks for.
- 5 The applicant with the highest priority and who has been in the relevant band the longest will be considered for the property.
- 6 The successful applicant will be contacted by the Landlord and asked for information such as proof of identity. A viewing will be arranged and if you are accepted an offer will be made.

## 5. The Banding Structure

Home Choice Plus operates a needs-based banding system as described below. Bands are arranged to reflect housing need, with the highest band indicating the greatest need for housing. The scheme consists of eight bands, as summarised below. A more detailed description of the bands and of Reasonable Preference can be found under each band section.

The bands within the policy are based on the reasonable preference criteria set out within the 1996 Housing Act.

Once registered the applicant can only be in one band per Local Authority and the highest banding possible will always be applied according to the policy.

The table below describes the bands into which households will be placed according to their housing circumstances.

### **Priority (3 month time limit)**

Applicants who are statutorily homeless with a duty to re-house under s193 of Housing Act 1996 (eligible, homeless, priority need, not intentional and with a local connection).

Applicants owed the relief duty who are likely to be accepted as statutorily homeless with a duty to rehouse under the above Act

### **Gold Plus (6 months time limit) (Local Connection)**

- Homeless cases where no statutory duty to re-house (excludes intentional homeless)
- Homeless cases accepted for a full rehousing duty by a Local Authority within the partnership (but not the LA that accepted the duty)
- Occupying property in a serious state of disrepair; factors taken into consideration by the Local Authority or its agent include where the Local Authority could have served an improvement notice for a Category 1 hazard or equivalent (not for overcrowding and space hazards)
- Verified high medical need / disability that is directly affected by the current housing situation and would be immediately improved by moving
- Applicant is homeless or threatened with homelessness, through no fault of their own (excludes those in priority band)
- Applicant is homeless or threatened with homelessness under the HRA 2017 (Prevention and Relief )
- Requiring move-on from supported accommodation
- Tenants who are under-occupying social rent or affordable rent housing in the Home Choice Plus partnership area
- Tenants who are occupying a social housing property in the Home Choice Plus partnership area with major adaptations that they do not need
- Households suffering with serious overcrowding (3 or more bedrooms lacking)
- Two or more criteria in Gold

### **Gold (12 months time limit) (Local Connection)**

<ul style="list-style-type: none"> <li>▪ Households who have been determined to have become homeless intentionally</li> <li>▪ Households suffering from harassment (excludes priority band cases)</li> <li>▪ Overcrowding or lacking up to and including 2 bedrooms</li> <li>▪ Living in exceptional circumstances</li> <li>▪ Households with children under 10 years old and living in upstairs flat</li> <li>▪ Households suffering with some disrepair in their property</li> </ul>
<p><b>Silver Plus (6 months time limit) (No Local Connection)</b></p> <ul style="list-style-type: none"> <li>▪ Homeless cases where there is no statutory duty to re-house (excludes intentional homeless and those in a priority band)</li> <li>▪ Homeless cases accepted for a full rehousing duty by a Local Authority within the partnership (but not the LA that accepted the duty)</li> <li>▪ Properties in a serious state of disrepair; factors taken into consideration by the Local Authority or its agent include where the Local Authority could have served an improvement notice for a Category 1 hazard or equivalent (not for overcrowding and space hazards)</li> <li>▪ Verified high medical need / disability that is directly affected by the current housing situation and would be immediately improved by moving</li> <li>▪ Applicant is homeless or threatened with homelessness, through no fault of their own</li> <li>▪ Applicant is homeless or threatened with homelessness under the HRA 2017 (Prevention and Relief )</li> <li>▪ Applicant requires move-on from supported accommodation</li> <li>▪ Tenants who are under-occupying social rent or affordable rent housing in the Home Choice Plus partnership area</li> <li>▪ Tenants who are occupying a social housing property in the Home Choice plus partnership area with major adaptations that they do not need</li> <li>▪ Households suffering with serious overcrowding (3 or more bedrooms lacking)</li> <li>▪ Two or more criteria in silver</li> </ul>
<p><b>Silver (12 months time limit) (No Local Connection)</b></p> <ul style="list-style-type: none"> <li>▪ Households who have been determined to have become homeless Intentionally</li> <li>▪ Households suffering from harassment (excludes priority band cases)</li> <li>▪ Overcrowding or lacking up to and including 2 bedrooms</li> <li>▪ Living in exceptional circumstances</li> <li>▪ Households with children under 10 years old and living in upstairs flat</li> </ul> <p>Households suffering with some disrepair in their property</p>
<p><b>Reduced Banding (with reasonable preference)</b></p> <ul style="list-style-type: none"> <li>▪ Households with financial resources above defined limits</li> <li>▪ Households who have deliberately worsened their circumstances to qualify for a higher banding</li> <li>▪ Households with housing-related debts</li> <li>▪ Households who have committed acts of anti-social behaviour and other tenancy breaches but not severe enough to have obtained outright possession</li> <li>▪ Households who aren't bidding for properties that are available and suitable</li> </ul>

for their needs or successfully bid but then refuse properties that are suitable for their needs
<p><b>Bronze Plus (12 month time limit) (Local Connection)</b></p> <ul style="list-style-type: none"> <li>▪ Households who do not meet any of the above reasonable preference criteria and with a local connection, and who may have a low housing need including; <ul style="list-style-type: none"> <li>• Eligible and interested in shared ownership</li> <li>• Eligible and interested in older peoples accommodation</li> <li>• Households with low level medical or welfare issues</li> <li>• Households that are newly forming</li> <li>• Households who are suffering financial hardship</li> <li>• Households who are sharing facilities with other non-related households</li> <li>• Households residing in an institution or supported housing scheme e.g. hospital with no access to settled accommodation</li> <li>• Households who have insecurity of tenure (those in tied accommodation or lodging with family members)</li> <li>• In social housing and seeking a transfer</li> </ul> </li> </ul>
<p><b>Bronze (12 month time limit) (No Local Connection)</b></p> <ul style="list-style-type: none"> <li>▪ Households who do not meet any of the above reasonable preference criteria and without a local connection, and who may have low housing need (please see Bronze Plus above)</li> </ul>

### Cumulative Preference in Gold and Silver Bands

Applicants whose circumstances match more than one criterion in the Gold or Silver bands will be awarded 'cumulative preference', which means that they will move up a band. For example, an applicant who met two or more criteria in Gold band would be awarded Gold Plus banding. An applicant who met two or more criteria in Silver band would be awarded Silver Plus banding. If you fit the criteria for two or more reasonable preference categories in Gold you will move into Gold Plus but can't then move to the higher (priority) band unless you are accepted for the rehousing duty under s193 Housing Act 1996. This also applies to applicants with two or more reasonable preference categories in silver band. If they move into Silver Plus and have further reasonable preference categories they can't move up into Gold or Gold Plus unless they have a local connection.

Applicants who have been found to be intentionally homeless, within the Gold and Silver Band, will not qualify for a cumulative preference award.

## The Bandings Explained

### Priority Band

(Awarded for 3 months)

The following criteria will lead to Priority band being awarded:

#### Statutory Homeless with a duty to re-house

Priority band is awarded by the Local Authority or their agent where the local authority or its agent has accepted a full duty under Part VII of the Housing Act 1996 (as amended by the Homelessness Act 2002) to provide accommodation for an applicant.

The priority band can only be used in the Local Authority area where the homeless duty exists or in another Local Authority area within the scheme if a referral has been agreed. Within the other Partnership areas the applicant will be in a reasonable preference band, usually Gold Plus where there is a local connection to the District, or Silver Plus where there is no local connection.

This may include victims of domestic abuse who are accommodated in refuge or other temporary accommodation, who the authority owe a rehousing duty to.

#### Homeless cases owed the relief duty under HRA 2017

Where households are owed the relief duty under the HRA 2017 and it is likely that they would be owed the full statutory rehousing duty (if their homelessness doesn't come to an end through one of the potential discharge routes during the relief period) they will be placed in this band at the point the determination is made.

### Gold Plus

(Local Connection and High housing need – awarded for 6 months)

The following criteria will lead to Gold Plus band being awarded:

#### Homeless cases where no statutory duty to re-house (excludes intentional homeless)

Gold Plus band is awarded by the local authority or its agent where an applicant is determined under the homelessness legislation to be eligible for assistance, homeless, not in priority need, not homeless intentionally and has a local connection to that Local Authority.

#### Homeless cases covered by the prevention (HRA 2017)

Gold Plus band is awarded by the local authority or its agent where the applicant will become homeless within 56 days (the prevention duty) The Gold Plus banding award will last for for 56 days and then the banding will be reassessed and a band based on housing need / duties owed at the time will be awarded..

#### Properties subject to serious disrepair

Gold Plus band is awarded where an applicant is living in sub-standard accommodation (regardless of the tenure) and (following confirmation or notification by the relevant Officer) it is determined that action is required under the Housing Act

2004. This would be for a Category 1 hazard that is very severe and may have lead to the service of the following notices (only);

- Emergency Remedial Action
- Demolition or Clearance Orders
- Improvement Notices for Category 1 hazard (other than for overcrowding and space)

NB In circumstances where the applicant is in a Local Authority tenancy and the LA can't serve notice upon itself then this category would still be awarded where a notice would be served if the tenure was different.

Where applicants report poor housing conditions, the relevant Officers may inspect the property to consider using their powers to remedy hazards.

Home Choice Plus will need to liaise with the relevant Officer on a regular basis to check that the property circumstances are still in disrepair prior to an offer of accommodation being made.

Where the property disrepair has been remedied the applicant's banding will need to be reassessed.

Where a notice has been served that prohibits occupation or the disrepair is so serious that the relevant Officer advises occupation of the property is not appropriate on health and safety grounds, applicants will be dealt with under the Homelessness legislation.

### **High Medical Need or Disability**

This band is awarded following an assessment by Home Choice Plus, of the evidence provided by the applicant and/or by the preferred medical advisor in relation to their health and/or disability.

An applicant will normally be expected to complete a medical assessment if they have indicated that there is a medical or disability problem that is made substantially worse by their current housing. Their circumstances will be assessed by a Home Choice Plus officer based on evidence provided by the applicant, and we will consider evidence from all appropriate medical professionals.

This banding will only be awarded if the current accommodation is so unsuitable in relation to their medical, welfare or disability needs that an move is essential.. The assessment is not of the applicant's health, but how their health or welfare is affected by their accommodation.

The following are examples of cases that would qualify for this band:

- The applicant's accommodation is directly contributing to the deterioration of the applicant's health; e.g. severe chest condition requiring intermittent hospitalisation as a result of prolonged periods of exposure to damp (i.e. mould spore allergens). The most vulnerable group is that of persons aged 14 and under. The effects of damp must be recognised as severe under the Housing, Health and Safety Rating System as assessed by a the relevant Officer.
- A person with a severe disability requiring substantial adaptations to a property which are not provided in their current accommodation and where the property cannot be adapted.



- A person suffering with a severe and enduring mental illness or disorder where the medical condition would be significantly improved by a move to alternative accommodation, including members and former members of the armed forces
- A victim, and their family, of domestic abuse being accommodated in a refuge or other temporary accommodation
- An applicant suffering from terminal illness where they have not already been accepted for a duty under the Homelessness Reduction Act 2017.

**Households who are homeless or threatened with homelessness through no fault of their own (who have not made a homeless application)**

This status is awarded to all households who are homeless as defined by the Homelessness legislation but have not made a homeless application or don't wish to be considered under the homelessness legislation. and where, following investigation, it is proven that the applicant is threatened with homelessness through no fault of their own.

This banding also applies to households who have made a homeless application and been accepted for rehousing within another area of the Home Choice Plus partnership.

**Tenants who are under – occupying affordable social housing or living in an adapted property where they do not require the adaptations**

It is important that the best possible use is made of existing housing stock and priority will be given where a Local Authority or Housing Association tenant, in the Home Choice Plus area, applies to move to a smaller, or more appropriate type of property.

Some examples would be;

- a) Applicant's currently living in family sized accommodation, either social or affordable rent, who wish to 'downsize' and free up at least one bedroom.
- b) applicants currently living in family sized accommodation, either social or affordable rent, wishing to move to a one bed property or a two bed property designated for older people e.g. Retirement housing, Extra Care or a bungalow
- c) an applicant occupying an adapted property where they do not require the adaptations.

Please note this only applies where a family sized property or a property with substantial adaptations will become available for reletting following the move

**Move on from Supported Accommodation.**

This status is awarded where an agreement between the Local Authority or its agent and the Supported Housing provider, is in place for applicants to move on from supported accommodation in the Home Choice Plus area.

This status will only be awarded to applicants in supported accommodation or care-leavers where the following criteria have been met:

- The applicant is ready to move to independent settled social housing on the recommendation of the support provider
- An ongoing support package has been assessed and where required, is in place.

In the case of young people moving on from care, applicants are awarded this category in accordance with the 16- and 17-year old Joint Protocol between the Local Authority and the County Council's Children's Services Department (for the five districts within Worcestershire) and the agreement with Warwickshire County Council (in Stratford-on-Avon). Applicants must be a former "Relevant Child" as defined by the Children Act 1989.

The evidence to support this will be provided by the County Council's leaving care service and will consist of confirmation that:

- The care-leaver is ready to move to independent settled housing and is genuinely prepared for a move to independent living.
- The care-leaver possesses the life skills to manage a tenancy including managing a rent account.
- An ongoing support package has been assessed and where required, is in place.

Applicants are expected to make full use of their priority by placing bids on all suitable properties to enable them to move on to independent accommodation. Home Choice Plus officers may use their discretion to place bids on behalf of the applicant where bids are not being placed or are being inappropriately placed to facilitate move-on through supported accommodation. This will be done in consultation with the applicant and (if relevant) their support worker.

For applicants meeting this criteria the band start date will be the date the applicant moved into the supported accommodation

Children accommodated out of area by Children's Services or Unaccompanied Asylum Seeking Children under the responsibility of Worcestershire County Council will be awarded a Gold Plus band under move on from supported accommodation and will be granted a local connection with the five District Councils within Worcestershire where they don't have a specific connection to one Local Authority.

### **Serious Overcrowding**

Applicants lacking three or more bedrooms will be awarded Gold Plus band e.g. where the applicant has a four bedroom need and is living in a one bedroom property. Overcrowding assessments will include all household occupants and the overall size of the property in determining the band, regardless of whether the whole household wish to be rehoused together or not. In cases where there is a pregnancy (including multiple births, officers will need to consider whether the current property would be overcrowded when the baby (babies) arrive at the 25 week stage and beyond.



Version 1 post HRA

Applicants who claim they are overcrowded will have their circumstances assessed against the Home Choice Plus Bedroom Standard. The table below shows the bedroom entitlement for adults and children:

Home Choice Plus Bedroom Standard			
Household Make-up	Suitable Property Size :		
	1 Bed	2 Bed	3 Bed
Single Person	✓		
Childless Couple	✓		
Parent(s) & 1 child		✓	
25+ weeks pregnant woman with or without partner and no other children		✓	
Parent(s) and 2 children of same sex aged between 0 and 16		✓	
Parent(s) and 2 children of same sex over 16			✓
Parent(s) and 2 children of different sex under the age of 10		✓	
Parent(s) and 2 children of different sex when the oldest reaches 10			✓
Parent(s) and 3 children – 2 of same sex aged between 0 and 16. Plus 1 other child			✓
Parent(s) and 3 children - 2 of different sex under the age of 10. Plus 1 other child			✓

To calculate the property size eligibility for larger households, please use the following guidance:

- 2 children of the same sex are able to share a room until the oldest reaches the age of 16, at which point an additional bedroom will be required.
- 2 children of different sex are able to share a room until the oldest reaches the age of 10, at which point an additional bedroom will be required.

For example:

A family with 2 parents and 3 children of the following age and sex:

- one girl aged 4

Version 1 post HRA

- one girl aged 6
- one boy aged 10

are eligible for a 3 bedroom property (one bedroom for the parents, one for the two girls and one for the boy).

A family with 2 parents and 3 children of the following age and sex:

- one girl aged 4
- one girl aged 16
- one boy aged 10

are eligible for a 4 bedroom property (one bedroom for the parents, one for the boy, one for the 4 year old girl and one for the 16 year old girl).

The appropriate Home Choice Plus senior officer within the Local Authority / agent may exercise discretion in deviating from the Bedroom Standard to increase the number of rooms an applicant requires. Examples would include where an extra room is required to accommodate a carer on health grounds, or where the applicant is a registered foster carer. In some circumstances it may be possible to award this banding and direct match a potential foster parent living in social housing to a more appropriately sized property with the agreement of the landlord.

The bedroom standard allows the policy to determine whether there is underoccupation or overcrowding for the purposes of banding. The HA will determine, through their allocation policy the type and size of property an applicant can occupy.

Gold Plus or Gold (please see below) will also apply to applicants needing to be re-housed on the application if they have no bed spaces available to them.

Evidence of overcrowding must be provided at the point of registration and allocation of accommodation and may be verified by a home visit.

There may be some exceptions to the bedroom requirements including the following;

- where there is a carer included in the household who cannot share a bedroom
- where the household contains "a child who cannot share a bedroom". This definition applies to a child who (1) is entitled to the care component of disability living allowance at the highest or middle rate, and (2) by reason of their disability is not reasonably able to share a bedroom with another child.
- where the household has care and supervision responsibilities for other children not normally residing with the household

A carer is someone who, with or without payment, provides help and support to a partner, relative, friend or neighbour, who would not manage without their help. This could be due to age, physical or mental health, addiction, or disability. In all cases the carer must have been identified by the applicant as the person who is primarily responsible for providing them with care and that they need to live with them.

Even if a carer is in receipt of Carer's Allowance this does not necessarily mean that it is necessary for them to reside with the person who is being cared for. An application to include a carer on a housing application will be considered if the need for a carer has been assessed by a relevant specialist organisation e.g. a social care, health professional as needing to provide overnight support by a resident carer. In

these circumstances the applicant must provide supporting evidence from other agencies e.g. Social Care or a Health professional.

In some limited circumstances it may be possible to consider cases where the carer is not in receipt of Carer's Allowance but would be eligible. Under these circumstances it will still be necessary for the applicant to demonstrate that the person looked after is in receipt of a relevant care related benefit.

### Household with a disabled child

Where the household includes a disabled child and the child isn't able to share a room with another child because of it's disability then an additional bedroom requirement can be considered. The disabled child would need to be in receipt of the care component of the disability living allowance at the highest or middle rate.

### Households with access to other children

Anyone with access to children will need to demonstrate their involvement in the care and supervision of the child. A senior officer within the Local Authority or their agent will give consideration to factors including regularity of contact, who claims the relevant benefits for the child and any residency orders as well as legislation, codes of guidance and case law in determining which parent has **primary responsibility** for the children. Therefore unless there is an exceptional circumstance we would be unlikely to provide family accommodation where they are not the primary carer for the child even if they have 50% access rights to their child.

Currently case law around eligibility for benefits and homeless case law has found that separated parents do not have an automatic right to benefits or a bedroom for a child they do not have primary responsibility for.

Please note: the bedroom standard assessment is for determining overcrowding and does not guarantee that an applicant will be offered the exact property size for their household needs. In particular, where their housing need exceeds four bedrooms but there is a limited supply of larger properties within the Home Choice Plus partnership they are unlikely to be offered social housing that exactly meets their needs.

Also households that include other adults rather than children may find it difficult to obtain social housing where they require larger properties normally allocated only to households with children, as priority is usually given for family houses to people with dependant children within the Housing Association / Registered Provider's allocation policies.

There may be other special circumstances subject to emerging case law where the bedroom standard does not apply and this will be determined by a senior officer or manager.

### Silver Plus

(No Local Connection and High Housing Need – awarded for 6 months)

The Silver Plus band is awarded for the above Gold Plus preference categories where the applicant has no local connection to that participating Local Authority.

### Gold

(Local Connection and Housing Need - valid for 12 months)

The following criteria will lead to Gold band being awarded:

**Households who have been determined to have become homeless intentionally.**

Where the local authority or its agent has carried out investigations under Part VII of the Housing Act 1996 (as amended by the Homelessness Act 2002) and found the applicant intentionally homeless. Where the applicant's housing need would normally be Gold Plus such as severe overcrowding or serious medical issues they will be awarded Gold Plus. Where the reason for intentionality is one of the five reasons for awarding a reduced banding, the household will be moved into the Reduced Banding category.

**Households suffering from harassment**

Applicants who cite harassment as the main reason for making the application will be asked to provide information about all the circumstances surrounding the application and each case will be assessed on its merits. Any enquiries will be made in a sensitive manner so as not to prejudice the safety of the applicant. Any claims of harassment should be substantiated by evidence from a third party e.g. Police, Housing Officer etc. If the harassment is deemed so severe that it is not reasonable to continue to occupy the accommodation, this will be investigated under the Homelessness legislation.

If you are suffering from domestic abuse or harassment from outside the home, and unable to remain in your home, it is likely that you will be treated as homeless and therefore awarded the appropriate homelessness-related bands.

**Overcrowding or lacking required bedrooms**

This applies to households who are overcrowded or lacking up to (and including) two bedrooms. Please see section above (under Gold Plus) regarding how overcrowding is determined.

**Living in exceptional circumstances**

This banding on Home Choice Plus should only be awarded in those instances where the applicant's living circumstances are considered to be exceptional given the prevailing housing conditions in the district and where no other banding criteria reflects or addresses the problem(s).

In reaching a decision to award the banding, account must be taken of the suitability of the current accommodation and the location of the accommodation in relation to the applicant's needs.

Examples are given below of potential situations where this banding may be granted – the list is not exhaustive and the decision lies with the Local Authority / agent assessing the application.

- The applicant is adequately housed but needs to give or receive support on the grounds of disability or illness that is substantial and ongoing and it is not possible for the person giving care to use public transport or their own transport to provide assistance.
- The applicant needs to move on welfare grounds e.g. hardship.

- The applicant's household is overcrowded, coupled with medical issues that do not accrue medical priority e.g. ADHD, autism.
- The applicant needs to take up or continue employment, education and/or training that is not available elsewhere and they do not live within reasonable commuting distance

### **Households with Children living in upstairs flats or maisonettes**

This status is awarded to households with children under 10 and living in a flat or maisonette with no access to a garden.. This may be verified by a home visit.

### **Properties suffering from disrepair**

Properties that are suffering from disrepair (regardless of tenure) that is not deemed to be severe or a threat to the health and safety of the occupier will be awarded this band following confirmation or notification from the relevant Officer. Normally disrepair would be assumed to be Category 1 where a hazard awareness notice has been served, and Category 2 where category D (or equivalent) hazards exist (as defined under the Housing Health and Safety Rating System, part 1 of the Housing Act 2004) except for overcrowding and space assessment which is assessed separately under the Home Choice Plus overcrowding policy.

Home Choice Plus will need to liaise with the relevant Officer on a regular basis to check that the property circumstances are still in disrepair prior to an offer of accommodation being made.

### **Silver**

(No Local Connection – valid for 12 months)

The Silver band is awarded for the above Gold preference categories where the applicant has no local connection to that participating Local Authority.

### **Reduced Banding**

(Reasonable preference but reduced priority)

This band will be used for households in reasonable preference categories where their priority is reduced for one of the following reasons;

Applicants will be banded according to their current housing need but demoted to the reduced priority band. This decision will be reassessed by the District Council or their agent after a period of six months, or at the applicant's request at any time.

### **1. Financial Resources**

Owner occupiers and people with sufficient financial resources available to them to meet their housing needs will be placed in reduced band.

Applicants who have a household income (including benefits) of more than **£35,000** per annum and / or savings/capital/assets/equity of up to £95,000 that will enable them to purchase and maintain private accommodation will be encouraged and supported to do so through the housing options service. This will also apply for those able to fund renting accommodation in the private rented sector..

Applicants will be asked to provide income and asset/savings/capital details at the point of application and if, at that stage, they exceed the threshold their banding will be the reduced (where they have a housing need). The income and assets/capital/savings details will also be considered at the point of offer to ensure the applicant is still on the correct banding.

The financial resources of an armed forces applicant will be disregarded where it is a lump sum that was received as compensation for an injury or disability sustained on active service.

Financial thresholds may also be determined by Registered Social Landlords and applicants should contact individual organisations where they believe income or capital may be an issue at the point they are made an offer of accommodation.

Applicants who are registering for shared ownership purposes only, who have an income above 35k but below 60k will not be adversely affected by the reduced banding category as it doesn't apply to shared ownership schemes.

Where applicant(s) have an exceptional need that can only be met through the provision of affordable housing then the reduced banding won't be applied.

## 2. Deliberately worsening housing circumstances

Where there is evidence that an applicant has deliberately worsened their circumstances or deliberately moved into another property that is unsuitable and as a result qualify for higher priority on Home Choice Plus, this priority will be reduced. This would include circumstances where an applicant surrendered their tenancy, where it was reasonable to occupy and / or against the advice of the Housing Advice / Options Officer or where they moved to a property that was smaller than their requirements.

Where there is evidence that an applicant has deliberately worsened their circumstances in order to qualify for higher priority on Home Choice Plus, this priority will be reduced. This may include the following;

- Unsuitable property choice – e.g. with stairs if need ground floor
- Overcrowding – e.g. moved in with others / moved others in by choice
- Causing disrepair – including not allowing access
- Giving up a suitable tenancy
- Adaptations – apply to move within 5 years and still meets need
- Refused support which could have maintained tenancy

Officer must consider the particular applicants circumstances and particularly issues of vulnerability or where poor advice has been given before reducing the persons banding.

## 3. Housing related debts

Where households have housing related debts these will be assessed by the District Council, or their agent. The officer must establish the debts have arisen from a deliberate act or omission that leads to non-payment.

The applicants will be encouraged to make affordable arrangements to pay and they will be placed within the reduced priority band until an affordable arrangement has been reached with who they owe the money and the applicant is maintaining regular payments. The Local Authority will expect the debtor to demonstrate they have taken reasonable steps to resolve the issue prior to reducing the banding given. For this circumstance to apply the debt must not be more than six years old (as after this the debt cannot be recovered unless it has been secured through a court order / money judgement order in which case the six year timescale does not apply).

The reduced priority band will apply to those with rent arrears, recharges, former tenancy arrears, rent deposit debt, mortgage arrears etc where the debt is £500 or they owe the equivalent of 6 or more weeks target rent (whichever amount is the smaller). The RSL will need to notify the Local Authority (or its agent) of the arrears and any arrangements made with the applicant. Where the applicant can demonstrate a regular payment history (complying with the agreement) for three months or more and the debt is less than £500 the Local Authority will move them back to the higher banding. The Local Authority will exercise its discretion, depending on individual circumstances where there are mitigating factors or an urgent need to move.

#### 4. Anti – social behaviour and other tenancy breaches

Where there has been a breach of tenancy such as anti-social behaviour, or due to the property condition, the applicant will be placed within the reduced priority band. The Local Authority will expect the landlord where the problems occurred, to demonstrate they have taken reasonable steps to resolve the issue prior to reducing the banding given.

The reduced priority band will apply to applicants who are guilty of anti-social behaviour or tenancy breaches where formal legal action has been commenced e.g. injunction, ASBO, CRIMBO or Notice etc. This would include anyone found guilty of sub-letting a social housing tenancy and waste /neglect of the property. The officer must consider any particular support needs the applicant might have and whether this is having an impact on their behaviour before we reduce the applicants banding. The officer should only consider recent tenancy breaches / anti social behaviour.

The officer can reinstate the higher banding where the tenancy breach is resolved or the applicant can demonstrate changed behaviour over a reasonable timescale.

#### 5. No bidding or refuses offers of accommodation

Where applicants in the Gold Plus, Silver Plus, Gold and Silver bands have failed to place bids, or have placed successful bids but refused properties, and there is evidence that properties that would meet their needs have been advertised on Home Choice Plus, their banding will be reviewed within the set time period above and they will be placed in the Reduced Banding category.

By successful bids we mean where the applicant(s) have been offered the property and invited to view it (where applicable).



The officer must consider the households' vulnerability and any issues that may have affected their behaviour at the time e.g. domestic abuse, mental health problems.

### **How will the reduced banding be applied**

Applicants will be banded according to their current housing need but demoted to the reduced priority band. This decision will be reassessed by the District Council or their agent after a period of six months, or at the applicant's request at any time (please note review requests where there has not been any change of circumstances will not be considered) but is unlikely to be removed if their circumstances remain the same.

## Bronze Plus

(Local Connection)

(Please note this banding will be closed after one year where no bids have been placed)

This applies to all applicants who live, work or have a local connection as defined by s199 Housing Act 1996, to a particular district in the Home Choice Plus partnership and do not meet any of the reasonable preference criteria, as set out above, and have low housing need.

Where the household has a low level housing need due to medical, disability or welfare conditions / issues, the banding will only be awarded where the condition / issue will be improved by a move to alternative accommodation.

Examples of applicant(s) accepted onto the waiting list and awarded Bronze Plus include the following;

- Eligible and interested in shared ownership
- Eligible and interested in older peoples accommodation
- Households with low level medical or welfare issues
- Households that are newly forming
- Households who are suffering financial hardship
- Households who are sharing facilities with other non-related households
- Households residing in an institution or supported housing scheme e.g. hospital with no access to settled accommodation
- Households who have insecurity of tenure (those in tied accommodation or lodging with family members)
- In social housing and seeking a transfer

The Home Choice Plus Allocation Scheme does not recognise insecurity of tenure where the applicant is in an assured shorthold tenancy in the private rented sector unless there is another issue arising such as threat of homelessness or disrepair.

## Bronze

(Limited Local Connection - closed after one year where no bids have been placed)

This applies to applicants who meet the eligibility criteria on connection grounds with one of the districts in the Home Choice Plus partnership but no connection to the other partners and do not meet any of the reasonable preference criteria, as set out above, but have a low housing need (please see list in Bronze Plus section above).

## Time Limited Bands

All bands are awarded on a time limited basis, i.e. for 3, 6 and 12. At the end of the time limit, if an applicant has not been successfully housed, the Local Authority or its agent will reassess the application and contact the applicant to confirm their circumstances and/or bidding pattern. For applicant(s) in Bronze Plus and Bronze applications will be closed after 12 months if there are no bids. Please see the Reviews / Complaints Section for more information.

## Local Connection for Banding Purposes

In order to ensure that Home Choice Plus meets the housing needs of local communities, we will award a higher band to those applicants with a Local Connection to each relevant Local Authority.

Example - Applicant with medical need with local connection to Bromsgrove but no other Local Authority area will be placed in Gold Plus when bidding within Bromsgrove and Silver Plus for all of the other Local Authorities.

To determine the relevant local connection banding of a household, who meet the eligibility criteria for registering on the waiting list, we would use the following;

- has lived in the relevant Local Authority area by choice for a certain time (for six months out of the last 12 months or for three years out of the last five years);
- has close family living in the relevant Local Authority area, who have been permanently resident for at least the previous five years;
- has permanent paid employment in the relevant Local Authority area
- has a local connection as a result of special circumstances

### **Waiting Time**

New applicants are placed into a bronze or bronze plus band, while we assess their housing need and their waiting time will be from the date of registration (the effective date); this will be the date the form is received and date stamped at the office of the Local Authority (or its agent), or on the date the form is received online.

If an applicant is moved up into a higher band (following assessment) then the date they moved into that band will override the registration date (effective date). Please note it can take up to four weeks to assess a banding.

If the applicant remains in or moves down to a Bronze or Bronze plus band then the registration date (effective date) will apply.

### **Removing Applicant from Reduced Band**

Where an applicant is promoted from the Reduced Priority band to a reasonable preference band, the band start date should be back-dated to the date they were originally placed in the Reduced Priority band.

Please note that even once an applicant has been promoted from the Reduced Priority band to a reasonable preference band, housing associations may still refuse to accommodate them due to their own allocations policies and they may therefore continue to be skipped. Applicants demoted to the Reduced Priority band should be encouraged to pursue private rented housing wherever possible and appropriate advice given to assist them to do so.

The decision to promote an applicant from the Reduced Priority band should be undertaken as part of a full review of the applicant's circumstances to ensure that the applicant is awarded the correct banding.

**Change of Circumstances**

All applicants are required to notify the relevant Home Choice Plus partner, with whom they are registered, immediately of any change to their circumstances which may affect their priority for housing. Applicants will need to provide proof of their change before it is assessed.

Applicants who have had a change of circumstances and have not informed Home Choice Plus may have their application status changed to 'application pending' whilst an investigation takes place in order to determine eligibility. The applicants' banding will be reassessed at the point that they submit the change of circumstances (not at the point when the circumstances change) and this will then determine their band start date. If an applicant does not respond to contact from Home Choice Plus within one month, their application will be closed.

Applicants should notify the Home Choice Plus Partner of any change in their circumstances. For example:

- A change of address, for themselves or any other person on their application
- Any additions to the family or any other person they would wish to join the application
- Any member of the family or any other person on the application who has left the accommodation
- Any confirmed pregnancy
- Changes of name
- Changes in financial circumstances, including change of employment
- Accommodation issues
- Medical or other housing needs

Most changes of circumstances can be completed online but evidence will still be required.

**Additional Preference – Community Contribution**

We want to encourage applicants who can, to work and/ or volunteer so we can raise levels of aspiration and ambition to promote sustainable communities. The following criterion applies to either the applicant or joint applicant. The responsibility will be on the applicant or joint applicant to provide the evidence to be awarded this banding.

We will award an additional waiting time of six months if any of the following circumstances apply (please note households only qualify for one six months waiting time period regardless of how many of the below are relevant).

We will verify all claims of community contribution at the point of registration, at review and at the offer stage.

**Applicants in Employment**

This applies where applicants work for a minimum of 16 hours per week (permanent and not of a casual nature) and have been in employment for six out of the last nine months.

**Applicants Volunteering**

This applies to applicants volunteering for a minimum of 20 hours per month and for a continuous period of at least six months, at the point of application, at review and the same at the point of offer.

Volunteering must be for a not for profit organisation registered with the charity commission or otherwise recognised by the Local Authority (or their agent).

**Applicants in Education and Training**

This applies to applicants, who have been studying or training, which includes attending higher and further education or who are accessing a vocational course of study or engaging in a programme of work related courses. This must be for a continuous period of at least six months, up to the point of application and the same at point of offer.

Training which is compulsory in order to qualify for out of work benefits will not be taken into account in awarding this additional preference.

**Applicants who are full time carers**

This applies to applicants who are unable to satisfy the criteria outlined above, but who care for someone on a full time basis and have done so for a minimum period of six months (before applying) and are in receipt of carers allowance (due to disability or frailty).

**Applicants with a disability**

We recognise that it may not be possible for some applicants to achieve any of the community contribution due to severe disability (e.g. where you are awarded the support element of Employment Support Allowance or higher rate Disability Living Allowance / Personal Independence Payment) and in these circumstances additional waiting time will be awarded.

**Applicants owed the prevention or relief duties in Gold Plus**

We recognise that a housing solution for potentially homeless applicants and those under the relief category to both reduce homelessness and time spent in temporary accommodation is beneficial. We will therefore award an additional six months waiting time for an applicant under the prevention and relief duties, in Gold Plus only. If the applicant already qualifies for one or more other community contributions the waiting time will be in addition, up to a maximum of 12 months.

**Members of the Armed Forces**

By Armed Forces, we mean the “regular forces” and the “reserved forces” as defined by section 374 of the Armed Forces Act 2006(a). The “regular forces” means the Royal Navy, the Royal Marines, the regular army or the Royal Air Force. The “reserve forces” means the Royal Fleet Reserve, the Royal Navy Reserve, the Marine Reserve, the Army Reserve, the Territorial Army, the Royal Air Force Reserve or the Royal Auxiliary Air Force.

Members of the Armed Forces who have been served with a cessation to occupy accommodation will be given housing advice and the appropriate banding and, if

required, considered under the Homeless legislation (Housing Act 1996, Part VII and other relevant legislation).

The Home Choice Plus partnership recognise the contribution made by members of the armed forces and we support the principles of the Worcestershire Community Covenant and the Warwickshire Community Covenant.

The Housing Act 1996 (Additional Preferences for Armed Forces) (England) Regulations 2012 require Local Authorities to give additional preference to a person with an urgent housing need and are in one of the reasonable preference categories.

**The regulations are;**

that local housing authorities must frame their allocation scheme to give additional preference to the following persons if they fall within one or more of the statutory reasonable preference categories and are in urgent housing need:

- a) serving members of the regular forces who are suffering from a serious injury, illness or disability which is wholly or partly attributable to their service
- b) former members of the regular forces
- c) bereaved spouses or civil partners of those serving in the regular forces where (i) the bereaved spouse or civil partner has recently ceased, or will cease to be entitled, to reside in Ministry of Defence accommodation following the death of their service spouse or civil partner, and (ii) the death was wholly or partly attributable to their service
- d) existing or former members of the reserve forces who are suffering from a serious injury, illness, or disability which is wholly or partly attributable to their service

If an “Armed Forces” applicant is able to meet the local connection criteria (or is exempt from this) and does not have sufficient resource to meet their own housing need, the Home Choice Plus Allocations Policy will award the applicant an additional six months in waiting time at the point that need has been assessed or date of registration (if need hasn’t changed over time).

If the applicant meets the criteria outlined above, also meets the community contribution criteria for one or more of the reasons then they will be awarded an additional six months e.g. a total of 12 months.

## 6. Applying for a Property and Lettings

### Looking for available Properties

Once applicants have been registered with Home Choice Plus and been notified of their registration number, they can start to look for a property of their choice.

### Advertising

All Housing Association landlords are committed to advertising their available properties as widely as possible. Properties will be advertised on a weekly basis in the following ways.

- Website – available to anyone with access to the internet. The website enables applicants to view all available properties on line at [www.homechoiceplus.org.uk](http://www.homechoiceplus.org.uk)
- Property Line - A local number for each area will be available for applicants to call to hear what properties are available. This service is particularly beneficial to disabled applicants, those who are blind or partially sighted, and for those who are unable to read
- Hub, Landlord and Local Authority Offices – computers will be available to view and bid for available properties. Staff will be on hand to assist where needed
- Community Outlet – newsletters will be displayed in many community outlets for example libraries, parish councils, supermarkets etc.

Adverts will provide information about the location, property type and size, rent level, and eligibility criteria.

### How to Bid

Applicants can bid for properties in a number of ways. They will need to have ready their membership number, memorable date and the property reference number they wish to place a bid on.

- **On the Internet**  
[www.homechoiceplus.org.uk](http://www.homechoiceplus.org.uk)
- **On the Telephone**  
Automated Bidding Line Number 0845 270 0557 a 24-hour automated service.
- **By Mobile Phone**  
You can text your Bid from your Mobile Phone to 07784 486 644
- **In Person**  
At any of the Contact Points as listed in Appendix 1

**When to bid for a Property**

Vacant properties will be advertised from each Tuesday morning. Applicants can bid any time during that week until 12 midnight on the following Monday. This is called the weekly bidding cycle. The time that a bid is placed during the week does not make a difference to the shortlist position – it is not a ‘first come first served’ system.

**Number of Properties an applicant can bid for**

Applicants can make 3 bids each week as long as they match what the advert criteria asks for. Bids must be on separate properties that they are eligible for. Applicants can withdraw their bid if they change their mind and re-bid on a different property at any time throughout the bidding cycle.

**Multiple Bidding**

Applicants will be able to bid for a maximum of three vacancies during any given advertising period. If an applicant appears at the top of more than one shortlist in a bidding cycle, they will be contacted to discuss which property they wish to consider. The selected Housing Association will then ‘Match Suggest’ the applicant and further Housing Associations will then skip this applicant if they are at the top of their shortlist(s). If the Housing Association who has Match Suggested the applicant subsequently decides not to offer them the property, the Provider will inform the applicant of the reasons for this directly, but the applicant will retain their banding and be able to continue bidding. Please see the section on “Reasons why an applicant may not be offered a property”.

**Applications from employees, Board Members and Co-optees**

Staff, Board Members and Co-optees will be treated and assessed as any other applicant to the Housing Register.

**Statutory Homeless Households**

Applicants placed into the Priority Band on Home Choice Plus will have been accepted as statutorily homeless (where the full rehousing duty is owed) by a Local Authority in the Partnership area under s193 in Housing Act 1996 (eligible, homeless, priority need and not intentionally homeless, with a local connection).

The allocation of this banding comes with certain requirements under the Home Choice Plus scheme. We require applicants to try to secure suitable accommodation as soon as possible once they have received their rehousing (s.184, Housing Act Part VII) acceptance letter and therefore would expect them to be bidding for as many suitable properties as available (up to three bids per week)

Failure to bid each and every week on all suitable properties (up to a maximum of 3) may result in the Local Authority or its agent, placing bids on an applicant's behalf to make sure its duty to the applicant as a homeless household is fulfilled. We will notify you where we have placed a bid. The Local Authority or its agent may also



remove bids that an applicant has placed if they are not suitable e.g. where a victim of domestic abuse selects a property near to the perpetrator.

Please note that if applicants choose to only bid on one property when there are three suitable properties advertised, the local authority or its agent may bid on the two remaining properties to ensure that the applicant is re-housed as soon as possible.

All bids in this banding must be on suitable properties (e.g. suitable size, location and type) and must be within the local authority area where the homeless duty applies to meet the requirements of the policy.

This will also apply to those households accepted under the prevention or relief duties within the HRA 2017.

When a successful bid is made for a property the applicant will be notified of this and, subject to rights of review under Part VII of the Housing Act 1996, this will constitute an offer of housing under Part VI as a discharge of the Council's homelessness duty. If this offer is subsequently refused and the applicant requests a review of the suitability of accommodation, then the application will be suspended and no further bids made until the outcome of the review has been determined.

Should the applicant be rejected by the Housing Association under its own allocations criteria, the homelessness duty will not be discharged and they will remain eligible for a further offer.

### **Eligibility for types of dwelling**

Housing Association / Registered Provider partners will use their individual policies to determine an applicant's eligibility for a size and type of dwelling. Broadly the Housing Association will use the overcrowding standard to determine the appropriate size of property. However, in exceptional circumstances they may deviate from the overcrowding definition to advertise and allocate their housing stock.

Examples are:

- Where applicants require larger accommodation on health grounds. This will be considered on a case by case basis, taking into account the advice of a qualified medical advisor – this will be determined at the point of registration (please see section on overcrowding within the banding).
- Pregnant households (with no other children) will be recognised as a family by Home Choice Plus at 25 weeks, this will allow the applicants to apply for family sized accommodation.
- Where the applicant has been approved (or is going through the approval process) as a foster carer / to adopt by Children's Services, and so will need a larger property than normally required by the household (please see section on overcrowding within the banding).
- Where the applicant or a member of the household needs the support of a carer who will need to sleep in the home and cannot reasonably be expected to share a bedroom with another member of the household. See paragraph below for more information about including a carer in a housing application (please see section on overcrowding within the banding).

- Where the landlord or Local Authority wants to deliberately under-occupy a property and a Local Letting Plan is in place
- Where there is little or no demand for a particular vacancy and it is therefore difficult to let (at the point of advertising the property)
- Where no suitable applicants can be identified to make the best use of larger accommodation.

### Selection process

Applicants must note that individual Housing Associations will apply their own allocation policies and the suitability of the property will be considered by the Housing Association, in accordance with its allocation policy, at the point of allocation.

All eligible bids for each property are placed in order of housing need. Priority is decided first by band and then by date within the band and then by effective date.

A bid for a property will not be considered if the applicant's household does not meet the size, age or disability requirements for that property unless there are exceptional circumstances which need to be taken into account.

Partner landlords advertising properties will select and may interview the top applicant/s before an offer is made.

A property will not always be offered to the applicant at the top of the shortlist if there are reasons why this applicant is not eligible or would not be suitable. Please see the 'Reasons why you may not be offered a property' section below for more details.

Successful applicants may be given the opportunity to view the property prior to tenancy sign-up.

If the applicant chooses to refuse the property, the reasons for the refusal will be recorded by the partner landlord advertising the property and their banding may be reassessed.

**If an applicant is matched to a property they will not be able to bid for other properties until they have decided to either accept or refuse the offer.**

If the applicant is at the top of the shortlist the local authority or landlord will check the application to ensure the banding is correct and there aren't any other factors that would limit offers of accommodation e.g. change of circumstances.

### Reasons why you may not be offered a property

**Housing Associations may choose not to allocate you a property due to their own allocations policy, please see the Home Choice Plus website or contact individual Housing Associations for more information.**

### Restrictions on offers through the advert

Landlords may apply restrictions in order to identify suitable applicants in particular circumstances and these will always be specified in the advert. Where a property is advertised with certain restrictions, the letting will be made to the bidder who meets the criteria with the earliest band start date in the highest band as with usual lettings.

Some properties may be restricted for bidding as follows;

- Under agreements pursuant to Section 106 of the Town and Country Planning Act 1990 (as amended) imposing conditions on who is able to bid – normally a restriction to households with a local connection
- Housing Associations may adopt specific lettings criteria in relation to particular developments or areas in order to address identified problems and to create sustainable and balanced communities. In these circumstances a local lettings policy would apply.
- Partner Housing Associations will also be entitled to advertise properties with preference given to their existing tenants in order to facilitate transfers.

### **Refusing Offers of Accommodation**

Households are expected to take reasonable care when bidding for a property to ensure it meets their needs. If, however, an applicant decides to refuse an offer of accommodation, the property will be offered to the next suitable applicant. An application may be reassessed if an offer of a property is refused. The Local Authority or its agent will take into consideration suitability of the property and reasonableness of the offer in any reassessment undertaken.

If an applicant in a time limited band refuses an offer of accommodation the application including the banding will be reassessed and may be placed in the reduced priority band.

### **Refusals by Households to whom the full homeless duty is owed**

If a homeless applicant refuses an offer of suitable accommodation, the local authority or its agent may decide that its duty under the Homeless Legislation is discharged, subject to the statutory review process and their banding will be reassessed.

Homeless applicants have the right to request a review of certain decisions made by the local authority or its agent in respect of their homeless application. This includes the decision to bring to an end the full homeless duty by making a suitable offer of settled accommodation. The applicant has this right whether they refuse or accept the offer of accommodation. If the review finds in favour of the homeless applicant, the applicant will retain their Priority band (provided they are still homeless) and will be able to place bids on alternative properties. However, if the reasonableness and suitability of the offer is upheld, the homeless duty will be ended and the applicant's banding will be reassessed. Homeless applicants are therefore advised to accept an offer and then request a review if they believe it to be unsuitable..

### **Exempt Allocations – Accommodation provided for lettings that are not covered by this Scheme.**

The following exempt allocations are covered by s160, Housing Act 1996;

The following are not allocations under this Policy:

- Succession to a tenancy on a tenant's death pursuant to s89 Housing Act 1985 and s17 Housing Act 1988 (this will be dealt with by the landlord under the relevant legislation and policies)
- Assignment of a tenancy by way of mutual exchange

- Transfer of the tenancy by a court order under family law provisions or under the Civil Partnership Act 2004
- An introductory tenancy (including assured shorthold) becoming an assured / secure tenancy
- Transfers initiated by Council / Housing Associations (e.g. decant to alternative accommodation to allow for major works)
- Rehousing due to being displaced from previous accommodation by a Council or being rehoused by a Council pursuant to the Land Compensation Act 1973

The following allocations are deemed to be exempt as, although they may consider this allocation policy to some extent, they also require different decision making processes and criteria in making assessments and rehousing the applicant:

- A person being granted a family intervention tenancy
- Provision of non-secure temporary accommodation in discharge of any homelessness duty or power
- Supported accommodation
- Where a Housing Association needs to directly match a property (more details regarding this are included later in this policy)
- Some Extra Care and Very Sheltered accommodation
- Changes to joint tenancies which will include the granting of a new tenancy through changes from a sole to a joint tenancy and from a joint to a sole tenancy. The individual Housing Association will decide whether to allow a Joint Tenancy depending on the circumstances of the case.
- Households requiring a move through the Witness Protection Scheme or similar, at the formal request of the appropriate authority
- Some adapted properties may be held on a separate register specifically for people with disabilities

## **Local Lettings Plans**

Home Choice Plus reserves the right to apply additional criteria for example specific local connection criteria, offers of family sized accommodation to smaller households or employment- while still meeting the statutory obligations for Reasonable Preference when using Local Letting Plans. The Local Authority partners may, in the interests of promoting balanced and sustainable communities, agree with participating Housing Associations local lettings plans for specific areas, estates, or blocks. This is to ensure that lettings plans are tailored to the needs of an area, and protect the interests of existing residents and the wider community.

All local lettings plans will be published on the Home Choice Plus website.

### [The principles in applying Local Lettings Plans \(LLPs\)](#)

- Local Lettings Plans may be developed to meet the particular needs of a local area.
- There must be a clear reason for having LLPs (this may take the form of recurring antisocial behaviour issues, high child densities or a concentration of older residents) and will be subject to reconsideration.
- LLPs must be developed and approved in accordance with an agreed procedure that must have specific aims and will be reconsidered on an annual basis.

The decision to implement a local lettings plan will be developed and approved by the Local Authority Senior Officer responsible for the relevant Home Choice Plus area and a Senior Manager of the relevant Housing Providers. Any decision to implement a local lettings policy will always take into account the implications for equal opportunities and the need to ensure that the Council is able to meet the allocation needs of those owed a reasonable preference.

Where a property is advertised in accordance with a Local Lettings Plan (LLP), the letting will be made to the highest bidder who meets the eligibility criteria of the LLP

#### Examples of possible Local Lettings Plans:

The following are examples of local letting policies that could be employed in Home Choice Plus covering an area, estate, or block:

- Age restrictions.
- Where the property forms part of a rural housing scheme on an exception site
- Restrictions on lettings to vulnerable households where there are already a concentration of supported tenants/residents
- Lettings to childless households where there are high concentrations of children and young people living on a specific estate or scheme

#### **Direct Matching for urgent cases with reasonable preference**

Where possible all lettings should be made through Home Choice Plus to ensure fairness and transparency in the system and to give our customers confidence. Where applicants have got reasonable preference but their circumstances mean they have urgent housing need they may require a direct match. An example of this would be those with critical health or social needs where an immediate move is necessary for their health and wellbeing and this can only be achieved through direct matching.

The direct matching might also occur because of the type of accommodation e.g. because it has adaptations and requires a specific applicant.

Direct matching may also occur for those in fear of extreme incidences of domestic violence, harassment, hate crime or extreme neighbour nuisance / anti-social behaviour where there is a genuine risk to their health and well-being or to support a move through witness mobility schemes (or similar).

There may be direct matching that takes place for tenants within the Housing Associations which are outside of the allocations scheme, where applicants are registered on Home Choice Plus (these are often known as management moves).

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This would apply in circumstances such as Tenants who are required to decant from their premises due to re-designation, demolition or refurbishment or where Successors left in a property too large for their needs or where a non-successor has exceptional needs / would be deemed to be owed a duty under Part 7 Housing Act 1996 for example.

There may also be a requirement to direct match an existing social housing tenant to a larger property to facilitate their approval as a registered foster parent.

## **7. Administration of the Scheme**

### **Delegation of Authority**

The Home Choice Plus Scheme operates alongside the separate allocation policies and activities of partner Housing Associations (please see Home Choice Plus website for further information).

The Council may delegate or contract out functions to Housing Association partner organisations and will not abrogate any of its legal duties and powers to any Housing Association partner.

The administration of the scheme is undertaken by the Local Authorities or their agents and they are also responsible for updating and improving the scheme in line with good practice and legislation, consulting with partners and customers and ensuring the scheme is followed.

Certain functions within the scheme can only be undertaken by a senior officer or manager and, where this is the case, this has been highlighted throughout the allocations policy.

### **Reassessment of Bandings**

Applications to the Home Choice Plus Scheme will be reassessed on a regular basis. The timescale for this is determined by their banding and is conducted by their owning Local Authority or its agent.

Bandings will be reassessed when it is apparent there has been a change of circumstances.

An applicant will be notified of the reassessment. Failure to respond to appropriate correspondence in relation to the reassessment within one month will result in the application being closed. If good reason can be shown why there was a failure to respond to the reassessment then the application may be reinstated with the original band start date.

When the date is reached for reassessing the banding, the Local Authority or its agent will contact the applicant for confirmation of their circumstances. This contact may take the form of a letter, telephone call or email. If the applicant's circumstances have changed, they will be assessed and banded accordingly.

If the Local Authority, or its agent, considers that an applicant has not been using their priority and bids appropriately, a senior officer will review the application and banding may be altered to the reduced priority band unless good reason can be shown as to why bids have not been placed.

### **Reduced Priorities**

#### The process for reducing priority

Any applicant whose priority is reduced will be provided with written notification of the decision that will contain the following information:

- The reasons for the decision to reduce priority
- The Band that their housing circumstances would have warranted and the Band that they have been placed in as a result of the decision (the reduced priority band).
- What they have to do before they can be considered again for any higher Band warranted by their housing needs.
- That the applicant has a right to request a review

### **Closing of Applications**

Applications will be closed if applicants:

- Request their application to be closed
- Do not respond to a request to provide updated information about their registration, or
- Do not make a bid within 1 year of applying to join the Scheme
- Circumstances have changed and they are no longer eligible under this allocations policy.
- Have not informed Home Choice Plus they have moved and given a forwarding address.

When an applicant is re-housed through Home Choice Plus, their application will be automatically closed and they will need to complete a new registration form if they want to remain on the Housing Register.

In all other circumstances where they have moved they will need to complete a change of circumstances and be reassessed.

### **Re-joining the Housing Register**

Where a household wishes to re-join the Home Choice Plus housing register at a later date, their new date of application will be the date they re-register.

### **Equality and Diversity**

Our aim is to implement and maintain services which ensure that no potential or current applicant is treated less favourably on the grounds of gender, marital status, race, nationality, ethnic or national origin, disability, age or sexual orientation, nor is disadvantaged by the application of a rule, condition, or requirement, which has a discriminatory effect which cannot be justified by law. Allocations will only be made to those persons who are eligible.

This policy will be subject to periodic equality impact assessments.

### **Confidentiality**

The fact that a person is an applicant on the Allocation Scheme will not be disclosed (without their consent) to any other member of the public.



**Data protection and information sharing**

All information held is subject to the Data Protection Act 1998 and any subsequent relevant legislation. Home Choice Plus will seek the express consent of applicants joining the Allocation Scheme to share personal information about the applicant, and any member of their household. Please be aware that the application and any information relating to it can be viewed by all key partners through the Home Choice Plus partnership.

**Information sharing without consent**

Information may be shared about the individual and their history irrespective of whether their consent has been obtained in exceptional circumstances which will include:

- In accordance with the provisions of the Crime and Disorder Act 1998 (Section 115).
- Where there is a serious threat to the other party's staff or contractors.
- Where information is relevant to the management or support duties of the proposed landlord or support organisation to ensure the health and safety of the applicant, a member of his or her household, or a member of staff.

**False statements or withheld information**

It is a criminal offence for applicants and/or anyone providing information to this Scheme to knowingly or recklessly make false statements or knowingly withhold reasonably requested information relevant to their application (s171 Housing Act 1996). This includes but is not limited to information requested on the housing registration form, in response to correspondence at the renewal of the application, or relating to any other reassessment of the application. An offence is also committed if a third party provides false information whether or not at the instigation of the applicant. This would apply at any stage of the application process.

Where there is suspicion or an allegation that a person has either provided false information or has withheld information, the application will be placed under pending status during the investigation and will be excluded from this Allocation Scheme until an outcome is reached.

If the outcome of any investigation is that they did not provide false information or there was no withholding of information or such was not found to be withheld knowingly, then the application will be reinstated from the date of registration meaning the relevant applicant should not suffer prejudice.

However, where the investigation shows that false information was provided on the application form the application will be re-assessed. The applicant may also be liable to prosecution.

Ground 5 in Schedule 2 to the Housing Act 1985 (as amended by the 1996 Act, s.146) enables the landlord to seek possession of a property where it has been granted as a result of a false statement by either the tenant or a person acting at the tenant's instigation.

If it is determined that an applicant directly, or through a person acting on his or her behalf, has given false information or withheld required information it will result in an applicant being removed from the Scheme and deemed Ineligible.

### **Monitoring Home Choice Plus**

The full Home Choice Plus Partnership will meet regularly to monitor the outcomes being achieved (please see the Terms of Reference for the Home Choice Plus Steering Group and associated groups).

The Home Choice Plus Steering Group will complete an annual report to Registered Social Landlords as part of regular monitoring

## 8. Reviews of decisions

### Information about decisions and reviews

The Local Authority, or its agent, makes the decision regarding the start dates and banding of every applicant.

An applicant to the Home Choice Plus scheme has a right to request a review from the owning Local Authority, or its agent, if unhappy with any decision (finding of fact) including decisions to exclude from registration, the level of priority awarded or the way in which the application has been dealt with. Applicants will be able to appoint an advocate, and once appointed, the Home Choice Plus partner will deal directly with the advocate. The applicant should request an internal review within 21 days of the date of the decision letter.

Applicants have the following further and specific rights to information about decisions and rights of review of decisions:

- the right, on request, to be informed of any decision about the facts of their case which has been, or is likely to be, taken into account in considering whether to make an allocation to them
- the right, on request, to review a decision mentioned above, or a decision to treat them as ineligible due to immigration controls or unacceptable behaviour serious enough to make them unsuitable to be a tenant
- the right to be informed of the decision on the review and grounds for it.

The applicant will be notified of the outcome of the review including the reasons if the original decision is confirmed. We will aim to determine the review within 56 days of the request or such longer period as may be agreed with the applicant. Once the review has been decided upon there is no further right of review on the same matter unless there is a material change of circumstance.

The applicant will also have the right to seek judicial review, make a formal complaint through the Local Authorities complaints procedure (please see below) or to the Local Government Ombudsman.

Reviews will be carried out by a senior member of staff within the Home Choice Plus partnership or delegated to an appropriate organisation and an officer who was not involved in the original decision.

Where the complaint concerns an issue with the letting of a property, the applicant should address their complaint directly to the relevant Housing Association and follow that organisation's complaint procedure.

### Complaints

An applicant who is not satisfied with the service that they receive may register a complaint with the appropriate Home Choice Plus Partner by telephone, e-mail or in person. All complaints will be acknowledged and investigated. Please see the organisation's individual complaints procedure for details on how to complain and the

length of time to consider your complaint. You can ask someone else or an organisation such as Citizen's Advice Bureau to make a complaint on your behalf.

For those whose first language is not English, assistance can be made available.

## **9. Feedback on let properties**

Home Choice Plus will publish details of the number of bids for each property on the website giving details of the successful applicant's band and their band start date.

This feedback will help applicants determine their prospects of success in obtaining housing.

Lettings are monitored by property type and household to demonstrate how the Home Choice Plus partnership meet their various aims and objectives. The Home Choice Partnership will share this information with the Full Partnership on an annual basis and will ensure it is published on the Home Choice Plus website.

We will also monitor the number of lettings to Black and Minority Ethnic (BME) groups to ensure that we are reflecting the overall population and that all households are fairly accessing the system.

## Appendix 1 Home Choice Plus Advice and Contact Points

### Bromsgrove District

#### Bromsgrove District Housing Trust

Bromsgrove District Housing Trust, Buntsford Court, Buntsford Gate,  
Bromsgrove, Worcs B60 3DJ  
0800 0850 160 [customer\\_services@bdht.co.uk](mailto:customer_services@bdht.co.uk)  
[www.bdht.co.uk](http://www.bdht.co.uk)

#### Bromsgrove District Council

Customer Service Centre, School Drive, Bromsgrove, Worcs, B60 1AY  
01527 881288  
[worcestershirehub@bromsgrove.gov.uk](mailto:worcestershirehub@bromsgrove.gov.uk)  
[www.bromsgrove.gov.uk](http://www.bromsgrove.gov.uk)

### Malvern Hills District

#### Malvern Library

Graham Road, Malvern, Worcs, WR14 2HU  
01684 862151

#### Tenbury Wells Library

24 Teme Street, Tenbury Wells, Worcs, WR15 8AA  
01684 862151

#### Upton upon Severn Library

School Lane, Upton upon Severn, Worcs, WR8 0LE  
01684 862151

### Stratford-on-Avon District

#### Stratford-on-Avon District Council

Elizabeth House, Church Street, Stratford-upon-Avon,  
Warks, CV37 6HX  
01789 260861/2  
[housingadviceteam@stratford-dc.gov.uk](mailto:housingadviceteam@stratford-dc.gov.uk)  
[www.stratford.gov.uk](http://www.stratford.gov.uk)

#### Stratford-on-Avon District Council

Globe House, Priory Road, Alcester, Warks, B49 5DZ  
01789 762216

#### Southam Library

High Street, Southam, Warks, CV47 0HB  
01926 817560

### Worcester City

#### Worcester City Council

The Guildhall, High Street, Worcester  
01905 722233 [housing@worcester.gov.uk](mailto:housing@worcester.gov.uk)  
[www.worcester.gov.uk](http://www.worcester.gov.uk)

### Wychavon District

#### Wychavon District Council

Civic Centre, Queen Elizabeth Drive, Pershore, Worcs, WR10 1PT  
01386 565020 [housingneeds@wychavon.gov.uk](mailto:housingneeds@wychavon.gov.uk)  
[www.wychavon.gov.uk](http://www.wychavon.gov.uk)

#### Droitwich Community Contact Centre

44 High Street, Droitwich Spa, Worcs, WR9 8ES  
[www.wychavon.gov.uk](http://www.wychavon.gov.uk)

#### Evesham Community Contact Centre

Abbey Road, Evesham, Worcs, WR11 4SB  
[www.wychavon.gov.uk](http://www.wychavon.gov.uk)

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**Rooftop Housing Group**

70 High Street, Evesham, Worcs WR11 4YD  
01386 420800 [www.rooftopgroup.org](http://www.rooftopgroup.org)

**Wyre Forest District**

**Community Housing Group**

Community House, Stourport Road, Kidderminster, Worcs, DY11 7QE  
T: 0800 169 5454  
E: [allocations@communityhg.com](mailto:allocations@communityhg.com)  
[www.communityhg.com](http://www.communityhg.com)

**Wyre Forest District Council  
Worcestershire Hub**

Vicar Street, Kidderminster, Worcs, DY10 1DB  
01562 732928  
[www.wyreforestdc.gov.uk](http://www.wyreforestdc.gov.uk)  
T: 01562 732787  
E: [HousingAdviceTeam@wyreforestdc.gov.uk](mailto:HousingAdviceTeam@wyreforestdc.gov.uk)

## Appendix 2 Home Choice Plus Partners' Contact Details

Name	Address	Phone Number	Email	Website
Advance Housing Trust	2 Witan Way Witney Oxon OX28 6FH	01993 772885	<a href="mailto:info@advanceuk.org">info@advanceuk.org</a>	<a href="http://www.advanceuk.org">www.advanceuk.org</a>
Anchor Trust	Milestone Place, 100 Bolton Rd, Bradford, BD1 4DH.	0845 140 2020		<a href="http://www.anchor.org.uk">www.anchor.org.uk</a>
Beth Johnson Housing Association	Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ.	01905 338600		<a href="http://www.sanctuary-group.co.uk">www.sanctuary-group.co.uk</a>
Bourneville Housing Trust	Estate Office, Oak Tree Lane, Bourneville, Birmingham, B30 1UB.	0121 472 3831	<a href="mailto:info@bvt.org.uk">info@bvt.org.uk</a>	<a href="http://www.bvt.org.uk">www.bvt.org.uk</a>
Bromford Housing Group	1 Venture Court, Broadlands, Wolverhampton, WV10 6TB.	0330 1234 031	<a href="mailto:customerservices@bromford.co.uk">customerservices@bromford.co. uk</a>	<a href="http://www.bromfordgroup.co.uk">www.bromfordgroup.co.uk</a>
Bromsgrove District Housing Trust	Buntsford Court, Buntsford Gate, Bromsgrove, Worcestershire, B60 3DJ	0800 0850 160	<a href="mailto:info@bdht.co.uk">info@bdht.co.uk</a>	<a href="http://www.bdht.co.uk">www.bdht.co.uk</a>
Wyre Forest	Community House,	0800 169 54	<a href="mailto:information@communityhg.com">information@communityhg.com</a>	<a href="http://www.communityhg.com">www.communityhg.com</a>

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Community Housing	Stourport Road, Kidderminster DY11 7QE	54		
Cottsway Housing Association	Cottsway House Avenue Two Witney OX28 4XG	01993 890000	<a href="mailto:contact@cottsway.co.uk">contact@cottsway.co.uk</a>	<a href="http://www.cottsway.co.uk">www.cottsway.co.uk</a>
Fortis Living	Partnership House, Groewood Road, Malvern, Worcestershire, WR14 1GD.	01684 579579	<a href="mailto:housingneeds@festivalhousing.org.uk">housingneeds@festivalhousing.org.uk</a>	<a href="http://www.festivalhousing.org">www.festivalhousing.org</a>
English Churches	2 Estuary Boulevard, Estuary Commerce Park, Liverpool, L24 8RF	0345 155 9029	<a href="mailto:info@riverside.org.uk">info@riverside.org.uk</a>	<a href="http://www.riverside.org.uk">www.riverside.org.uk</a>
Fosseway Housing	1 Venture Court, Broadlands, Wolverhampton, WV10 6TB.	0330 1234 031	<a href="mailto:customerservices@bromford.co.uk">customerservices@bromford.co.uk</a>	<a href="http://www.bromfordgroup.co.uk">www.bromfordgroup.co.uk</a>
Friendship Care & Housing	50 Newhall Hill, Birmingham, B1 3JN	0121 506 2800		<a href="http://www.fch.org.uk">www.fch.org.uk</a>
Fry Housing Trust	43 Rowley Village, Rowley Regis, West Midlands, B65 9AS	0121 559 6406	<a href="mailto:admin@fryha.org.uk">admin@fryha.org.uk</a>	<a href="http://www.fryha.uk">www.fryha.uk</a>
Gloucestershire Housing Association	2 St Michael's Court, Brunswick Road, Gloucester, GL1 1JB	0800 318522	<a href="mailto:info@gloscha.co.uk">info@gloscha.co.uk</a>	<a href="http://www.gloscha.co.uk">www.gloscha.co.uk</a>



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Housing 21	The Triangle, Baring Road, Beaconsfield, HP9 2NA.	0370 192 4000	<a href="mailto:enquiries@housing21.co.uk">enquiries@housing21.co.uk</a>	<a href="http://www.housing21.co.uk">www.housing21.co.uk</a>
Marches Housing Association	Benedict Court, Southern Avenue, Leominster, Herefordshire, HR6 0QF	01568 610100	<a href="mailto:home@marchesha.co.uk">home@marchesha.co.uk</a>	<a href="http://www.marchesha.co.uk">www.marchesha.co.uk</a>
Mercian Housing	Gee Business Centre, Holborn Hill, Aston, Birmingham, B7 5JR	0121 322 7373	<a href="mailto:info@mercian.org.uk">info@mercian.org.uk</a>	<a href="http://www.mercian.org.uk">www.mercian.org.uk</a>
Midland Heart Ltd	20 Bath Row, Birmingham, B15 1LZ	0345 60 20 540	<a href="mailto:customer.servicecentre@midlandheart.org.uk">customer.servicecentre@midlandheart.org.uk</a>	<a href="http://www.midlandheart.org.uk">www.midlandheart.org.uk</a>
Nexus Housing (West Midlands)	Apex 2, Wainwright Road, Worcester, WR4 9FN	0300 7906 555	<a href="mailto:nexus@wmhousing.co.uk">nexus@wmhousing.co.uk</a>	<a href="http://www.nexushousing.co.uk">www.nexushousing.co.uk</a>
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Local Government**

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29 October 2018

*Dear Councillor,*

**Homelessness Code of Guidance for Local Authorities – Terminally Ill Homeless  
People**

I am writing to you to make you aware of changes we have recently made to the Homelessness Code of Guidance in respect of how local housing authorities should work with terminally ill people who are receiving palliative care and find themselves homeless.

It is clearly unacceptable for any homeless person to die on our streets. Everyone should be able to have a roof over their head and receive the support they need to sustain themselves in suitable accommodation. This is why we supported the Homelessness Reduction Act as a central element in our approach to reducing homelessness and rough sleeping. The Act will ensure support for more people, as well as more preventative action to stop people from becoming homeless in the first place.

I recognise the Act introduced significant changes in how your teams support those who are homeless or are threatened with homelessness. I am grateful to all the work your teams have done in preparing for and adopting the Act since April, although I recognise there is more to do. Its successful implementation will be vital to us achieving our shared goal of supporting those in need and ensuring everyone has a roof over their head. My officials have been engaging and supporting your teams and will continue to do so, particularly as we soon move into reviewing the implementation of the Act and the new burdens funding for it.

Those who are homeless or threatened with homelessness have a wide range of needs which require support from a number of different public agencies. This is certainly true of those who unfortunately find themselves coming to the end of their life with a terminal illness and are homeless. I am sure your teams treat such cases with compassion and already ensure effective support for those in this most challenging and difficult position. We have made a couple of changes to the Homelessness Code of Guidance which provide details about how the Act should be applied and interpreted, to reflect the support this particular cohort of people should receive. These changes will come into effect on 1 November:

- Chapter 8 of the Guidance addresses 'Priority Need' – we have added a new paragraph (8.40) which sets out our expectation that a terminally ill person will almost certainly be in priority need and stresses the importance of co-ordinated support with health and social services in providing palliative care;

- Chapter 17 of the Guidance addresses 'Suitability of Accommodation – we have added a new paragraph (17.9) which sets out our expectation that authorities should continue to keep an applicant's case under review where the applicant is receiving end of life care, to ensure the applicant's accommodation remains suitable.

I also want to take this opportunity to set out my expectations in respect of terminally ill homeless people who are found to be intentionally homeless. This cohort should be treated with particular compassion and sensitivity when considering your duties under section 190(2) of the Housing Act 1996. Particular attention should be made to the type and length of accommodation provided to the individual. While the Guidance already sets out that each case must be considered on its merits, I believe a person who is receiving end of life care may well need to be temporarily housed for a longer period of time than a person who is not coming to the end of their life. I would urge your teams to fully consider the impact this will have on the person's health condition when considering the length of time you give them to secure their own accommodation.

The Government is committed to working with local authorities and homelessness organisations to ensure homeless people at the end of their life receive co-ordinated care. I believe the changes we have made to the Guidance will support this.

I would be grateful if you could send this message to your housing teams.

*Yours sincerely,*

**RT HON JAMES BROKENSHERE MP**



Ministry of Housing,  
Communities &  
Local Government

## Improving Access to Social Housing for Victims of Domestic Abuse in Refuges or Other Types of Temporary Accommodation

Statutory guidance on social housing allocations for local  
authorities in England



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November 2018

ISBN: 978-1-4098-5355-8

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# Introduction

1. This is guidance by the Secretary of State for Housing, Communities and Local Government under [section 169 of the Housing Act 1996](#) ('the 1996 Act'). Local housing authorities ('local authorities') are required to have regard to it in exercising their functions under Part 6 of the 1996 Act.
2. References to sections in this guidance are references to sections in the 1996 Act.
3. It is in addition to the statutory guidance on social housing allocations issued in 2012 ('the 2012 guidance')<sup>1</sup>, 2013 ('the 2013 guidance')<sup>2</sup> and 2015 ('the 2015 guidance')<sup>3</sup>.
4. Local authorities are encouraged to review their existing allocation policies and revise them, where appropriate, in the light of this guidance as soon as possible.

# Background and purpose

5. The Government is committed to ensuring that those who need to escape from domestic abuse are given as much support and assistance as possible so that they are able to re-build their lives away from abuse and harm.
6. We recognise that housing provision is a key element of this support. Many victims of domestic abuse are forced to flee their homes to seek safety and support in a refuge or other form of temporary accommodation. This is often in another local authority area in order to put a safe distance between themselves and their abusers.
7. We have already put in place a number of measures to assist victims of domestic abuse. Since 2014 we have invested £33.5 million in services that support victims of domestic abuse and in July we invited local authorities across England to bid for a share of an additional £18.8 million in funding. Alongside this, we have refreshed our Priorities for Domestic Abuse Services<sup>4</sup>, outlining our expectations of local authorities in commissioning these services.
8. This funding supports safe accommodation and domestic abuse support services and projects which should meet the needs of diverse groups of victims; supports local areas to develop strong partnerships and strategies; as well as better commissioning and local accountability. This will help local areas ensure that no victim fleeing abuse is turned away from the support they need.
9. We are also carrying out a comprehensive review of how domestic abuse services are locally commissioned and funded across England. To inform our review, we commissioned Ipsos MORI to conduct an independent audit, enabling us to assess what impact services are having and to identify any gaps in provision. We are

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<sup>1</sup> [Allocation of accommodation: guidance for local housing authorities in England](#)

<sup>2</sup> [Providing social housing for local people](#)

<sup>3</sup> [Right to Move](#)

<sup>4</sup> [Domestic Abuse Fund, 2018 to 2020: prospectus](#)



engaging with domestic abuse key partners, including working across-government with the domestic abuse sector and local authorities to develop future, sustainable delivery options for domestic abuse services.

10. The purpose of this guidance is to assist local authorities to apply the allocation legislation to ensure that victims of domestic abuse are able to move into social housing from a refuge or other form of temporary accommodation by ensuring that:
  - they have appropriate priority under the local authority's allocation scheme, and
  - those who have fled to a refuge in another local authority area are not disadvantaged by any residency or local connection requirements.
11. In this context other forms of temporary accommodation might encompass a hostel, or short term supported housing, as well as temporary accommodation provided under the homelessness legislation.
12. Ensuring that victims of abuse can more easily access settled accommodation when they are ready to do so will also free up valuable refuge spaces for others who need their services.
13. Victims of domestic abuse may be provided with move-on accommodation (sometimes known as 'step-down' accommodation) from a refuge before being offered a settled home. Move-on accommodation gives those who no longer require the intensity of support that is provided by a refuge an opportunity to leave whilst still having access to support, depending on their needs. Local authorities should consider whether it would be appropriate to take account of this guidance in relation to move-on accommodation as well, to ensure that survivors are able to access settled social housing when they are ready to do so.
14. Another aim of this guidance is to promote a consistent approach across local authorities to the way they consider applications from victims of domestic abuse in refuges. This will help victims to have the confidence they need to leave an abusive situation, and reduce the potential for anxiety and distress.

## Qualification for social housing

15. [Section 160ZA\(7\)](#) gives local authorities the power to determine who qualifies, or does not qualify, to be allocated social housing, subject to any regulations made by the Secretary of State under s.160ZA(8).
16. In 2013, the Secretary of State issued statutory guidance (the 2013 guidance) encouraging local authorities to include a residency requirement of at least two years as part of their qualification criteria. The 2013 guidance is aimed at ensuring that only people in need who have invested in, and demonstrated a commitment to, their local community may be considered for an allocation of social housing.
17. Members of the Armed Forces and transferring tenants who need to move for work-related reasons are exempt from any residency requirements, by virtue of regulations

made under s.160ZA(8) which prevent local authorities from applying a local connection test to disqualify such applicants<sup>5</sup>.

18. The 2013 guidance advises local authorities to consider the need to provide for other appropriate exceptions from their residency requirements, in order to take account of special circumstances, including providing protection to people who need to move away from another area to escape violence or harm. We are aware that many local authorities take account of this advice and exempt from their residency requirements those who need to move from another local authority area to escape domestic abuse. The Secretary of State believes this is entirely appropriate and encourages all local authorities to follow suit.
19. This guidance goes further than the 2013 guidance. Many people escaping domestic abuse may seek a place of safety in a refuge or other form of temporary accommodation before they apply for social housing, which may be in a different part of the country to their original home. This may be for a number of reasons: victims may need to put a safe distance between themselves and their abuser; they may want to be closer to their family and support network; and in some cases the choice of where they live may be constrained by the refuge spaces that are available. The Secretary of State therefore strongly encourages all local authorities to exempt from their residency requirements those who are living in a refuge or other form of safe temporary accommodation in their district having escaped domestic abuse in another local authority area.
20. This would be in line with the advice in the updated statutory Homelessness Code of Guidance<sup>6</sup> which recognises that victims of abuse and their children may need to travel to different areas in order for them to be safe from the perpetrator, and advises local authorities to extend the same level of support to those from other areas as they do to their own residents.

## Joint working

21. We are aware that not all local authorities have a refuge in their district. We would encourage local authorities, therefore, to consider the scope for working together with neighbouring authorities, taking into account the needs and preferences of victims and their families, to ensure that any increased pressure on social housing does not fall disproportionately on those authorities with refuge provision. Local authorities that participate in area-based choice based lettings schemes may be particularly well placed to work together to meet the needs of those who are moving on from refuges or other forms of temporary accommodation, for example, by each providing for a quota of lettings to be made available for this group.

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<sup>5</sup> [The Allocation of Housing \(Qualification Criteria for Armed Forces\) \(England\) Regulations 2012 \(SI 2012/1869\)](#) and [The Allocation of Housing \(Qualification Criteria for Right to Move\) \(England\) Regulations 2015 \(SI 2015/967\)](#)

<sup>6</sup> [Homelessness code of guidance for local authorities](#) paragraph 21.15

## Priority for social housing

22. The Government is clear that we expect social homes to go to people who genuinely need and deserve them. That is why provisions in the Localism Act 2011 have maintained the protection provided by the statutory reasonable preference criteria which ensure that overall priority for social housing is given to those in housing need.
23. The 2012 guidance goes further and makes it clear that authorities should consider giving additional preference within their allocation scheme to people who are homeless and require urgent rehousing as a result of domestic abuse.
24. Paragraphs 19 and 20 above should ensure that those who need to move between local authority districts in order to escape domestic abuse are not disadvantaged by a residency or local connection test. It is also important that victims of domestic abuse who are provided with temporary protection in a refuge, or other form of temporary accommodation, are given appropriate priority under a local authority's allocation scheme, to enable them to move into more suitable settled accommodation, releasing valuable refuge spaces for others.

## Medical and welfare

25. [Section 166A\(3\)\(d\)](#) provides that local authorities must frame their allocation scheme to ensure that reasonable preference is given to people who need to move on medical and welfare grounds, including grounds relating to a disability.
26. Those who are recovering from the impact of domestic violence and abuse are likely to have medical and welfare needs, including physical and mental health issues, which may be complex and long-lasting. This is the case not only for those who have suffered abuse directly, but other household members indirectly affected, and in particular children. Authorities are also reminded that a serious and long lasting mental health condition is likely to come within the definition of a disability under the Equality Act 2010.
27. Annex 1 to the 2012 guidance which sets out possible indicators of the medical and welfare reasonable preference category already recognises that this could include those who need to recover from the effects of violence or threats of violence, or physical, emotional or sexual abuse. This guidance goes further and strongly encourages all local authorities to apply the medical and welfare reasonable preference category to victims and their families who have escaped abuse and are being accommodated in a refuge or other temporary accommodation.
28. By applying the medical and welfare reasonable preference category to ensure that those who are provided with shelter in a refuge or other form of temporary accommodation are accorded appropriate priority for social housing, local authorities may also reduce the incentive for victims of abuse to seek homelessness assistance and thereby reduce the pressure on homelessness services.

## Homelessness

29. [Section 166A\(3\) \(a\) and \(b\)](#) respectively provide that local authorities must frame their allocation scheme to ensure that reasonable preference is given to people who are homeless within the meaning of Part 7 of the 1996 Act and people owed certain duties under Part 7.
30. [Section 175 of the 1996 Act](#) provides that a person who has accommodation may still be treated as homeless within the meaning of Part 7 if it would not be reasonable for them to continue to occupy that accommodation.
31. Since refuges are generally intended to provide accommodation for a short to medium period only, those who have fled domestic abuse and are currently living in refuges should usually be considered as homeless, as it would not be reasonable to expect them to continue to occupy that accommodation on a long term basis.

## Supporting victims in their existing homes

32. Tenants who have suffered domestic abuse may wish to remain in, or return to, their own home, where for example the perpetrator has left or can be removed. Local authorities are encouraged to support them to do so where it is safe. It is important that victims are supported to make an informed choice and that an appropriate risk assessment is carried out. They should not be put under pressure to remain in their home in order to reduce pressure on available housing.
33. There are a number of ways in which local authorities may be able to support tenants to remain in their own home:
  - Following an assessment of the property, and the needs and circumstances of the household, a local authority may be able to make it safer for the victim and family to remain in the property through the provision of appropriate security measures. These include: reinforced doors and windows, and extra locks; fire retardant letter boxes, smoke alarms and fire safety equipment; alarms, intercoms, and video entry systems; and the provisions of a sanctuary room from where the victim can call and wait for the arrival of the police.
  - Local authorities may wish to inform tenants of the option of applying to the court for an injunction against the perpetrator such as an order prohibiting the perpetrator from molesting the tenant (non-molestation orders), or an order prohibiting the perpetrator from living in the home or entering the surrounding area (occupation orders). Further advice is provided at [paragraphs 21.27 to 21.30 of the 2018 Homelessness Code of Guidance](#).
  - Local authorities may also wish to consider the scope for evicting the perpetrator and allowing the victim to return to their home with a new tenancy agreement.

## Other considerations

### Suitability of accommodation and provision of support

34. It is important that victims of domestic abuse should be assisted to move on from a refuge, or other form of temporary accommodation, into settled accommodation, when they are ready. However, they should not be put under pressure to accept accommodation which is inappropriate simply in order to increase the throughput for refuges.
35. Authorities will want to ensure that the accommodation that is provided meets the needs and circumstances – and wherever possible the preferences – of the survivor and their household and that appropriate support is put in place following an assessment of the household's particular needs. This would include considering whether it is necessary to provide for the type of security measures referred to in paragraph 35 above.

### Definition of domestic abuse

36. When considering whether a person has experienced domestic abuse, local authorities should take account of the cross-government definition. This defines domestic violence and abuse as: any incident or pattern of incidents of controlling, coercive, threatening behaviour, violence or abuse between those aged 16 or over who are, or have been, intimate partners or family members regardless of gender. The abuse can encompass, but is not limited to, psychological, physical, sexual, financial and emotional abuse. For a more detailed description, local authorities are referred to paragraphs 21.2 to 21.8 of the 2018 Homelessness Code of Guidance annexed to this guidance.

### Further advice

37. Local authorities are encouraged to refer to [chapter 21 of the Homelessness Code of Guidance](#) which contains extensive advice to assist local authorities to handle applications from people who have suffered domestic abuse. Amongst other things, this stresses the importance of ensuring that staff have specialist training to help them provide a sensitive response and to identify, with applicants, housing options which are safe and appropriate to their needs.

### Tenancies

38. We recognise that victims of domestic abuse who have a lifetime social tenancy (whether a local authority secure periodic tenancy or a housing association assured periodic tenancy) may be reluctant to leave an abusive situation if it means losing their security of tenure.

39. In the social housing green paper, 'A new deal for social housing'<sup>7</sup>, published on 14 August 2018, we announced that we have decided not to implement at this time the provisions in the Housing and Planning Act 2016 to require local authorities to generally grant tenancies on a fixed term basis. Since this legislation was introduced there has been a growing public recognition of the importance of housing stability for those who rent, especially for those in vulnerable situations.
40. We have recently taken steps through the [Secure Tenancies \(Victims of Domestic Abuse\) Act 2018](#) to ensure that, when the mandatory fixed term tenancy provisions were implemented, lifetime tenants who suffer domestic abuse would retain lifetime security when granted a new tenancy by a local authority. We want to make sure that similar protections for victims of domestic abuse are in place where local authorities offer fixed term tenancies at their discretion, and will therefore seek to bring forward legislation to achieve this when parliamentary time allows.
41. In the meantime, we strongly encourage local authorities to give careful consideration to the safety and welfare of victims of domestic abuse, by ensuring that where they are offering further tenancies to existing lifetime social tenants as a result of domestic abuse, such tenancies are granted on a lifetime basis.
42. Authorities are also reminded that the Regulator of Social Housing's Tenancy Standard requires them to grant to existing lifetime tenants, whose tenancy was granted before 1 April 2012, a further lifetime tenancy where they choose to move to another social rented home (not an Affordable Rent), whether with the same or another landlord.

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<sup>7</sup> [A new deal for social housing](#)

# Annex: Extract from Homelessness Code of Guidance 2018<sup>8</sup>

**21.2** Domestic violence or abuse is ‘domestic’ in nature if the perpetrator is a person who is associated with the victim. It is not limited to physical violence or confined to instances within the home.

**21.3** Housing authorities must take account of the cross-government definition of domestic violence and abuse when designing and delivering services. This defines domestic violence and abuse as:

**21.4** Any incident or pattern of incidents of controlling, coercive, threatening behaviour, violence or abuse between those aged 16 or over who are, or have been, intimate partners or family members regardless of gender. The abuse can encompass, but is not limited to:

(a) **psychological** – including: intimidation, insults, isolating the person from friends and family, criticising, denying the abuse, treating the person as inferior, threatening to harm children or take them away, forced marriage;

(b) **physical** – this can include: shaking, smacking, punching, kicking, presence of finger or bite marks, bruising, starving, tying up, stabbing, suffocation, throwing things, using objects as weapons, female genital mutilation. Physical effects are often in areas of the body that are covered and hidden (i.e. breasts, legs and stomach);

(c) **sexual** – including rape (including the threat of rape), sexual assault, forced prostitution, ignoring religious prohibitions about sex, refusal to practise safe sex, sexual insults, passing on sexually transmitted diseases, preventing breastfeeding;

(d) **financial** – not letting the person work, undermining efforts to find work or study, refusing to give money, asking for an explanation of how every penny is spent, making the person beg for money, gambling, not paying bills, building up debt in the other person’s name;

(e) **emotional** – including: swearing, undermining confidence, making racist, sexist or other derogatory remarks, making the person feel unattractive, calling the person stupid or useless, eroding the person’s independence, keeping them isolated from family or friends.

**21.5 Controlling behaviour** is a range of acts designed to make a person subordinate and/or dependent by isolating them from sources of support, exploiting their resources and capacities for personal gain, depriving them of the means needed for independence, resistance and escape and regulating their everyday behaviour.

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<sup>8</sup> <https://www.gov.uk/guidance/homelessness-code-of-guidance-for-local-authorities/chapter-21-domestic-abuse>

**21.6 Coercive behaviour** is an act or a pattern of acts of assault, threats, humiliation and intimidation or other abuse that is used to harm, punish, or frighten their victim.

**21.7 So-called honour-based abuse** is also a form of domestic abuse, explained by the perpetrator of the abuse on the grounds that it was committed as a consequence of the need to protect or defend the honour of the family; it can include all the types of abuse listed above and specific crimes such as forced marriage and female genital mutilation.

**21.8** Domestic violence and abuse can affect anyone regardless of their age, gender identity or reassignment, race, religion, class, sexual orientation and marital status. Housing authorities should bear in mind that the provisions of the [Equality Act 2010](#) for public authorities apply to policies, practice and procedures relating to homelessness and domestic violence and abuse.





Ministry of Housing,  
Communities &  
Local Government

# Improving access to social housing for members of the Armed Forces, Veterans, and their families

Consultation



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January 2019

ISBN: 978-1-4098-5401-2

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# Scope of the consultation

Topic of this consultation:	Social housing allocations: Improving access to social housing for members of the Armed Forces, Veterans, and their families.
Scope of this consultation:	This consultation invites comments on proposals for new statutory guidance for local authorities to improve access to social housing for members of the Armed Forces community.
Geographical scope:	These proposals relate to England only.
Impact Assessment:	Not Applicable.

## Basic Information

To:	This consultation is aimed primarily at local authorities, as well as members of the Armed Forces and Veterans, and their respective spouses and partners. Other social housing providers, social housing tenants and waiting list applicants, as well as voluntary and community organisations representing tenants and members of the Armed Forces, are also expected to have an interest.
Body/bodies responsible for the consultation:	This consultation is being run by the Social Housing Division in the Ministry of Housing, Communities and Local Government.
Duration:	This consultation will last for 8 weeks from 9 January 2019 to 8 March 2019.
Enquiries:	For further information about this consultation please e-mail <a href="mailto:AllocationGuidance@communities.gov.uk">AllocationGuidance@communities.gov.uk</a>
How to respond:	<p>This consultation can be responded to using the following survey link:  <a href="https://www.surveymonkey.co.uk/r/Improving_access_to_social_housing_for_members_of_the_Armed_Forces">https://www.surveymonkey.co.uk/r/Improving_access_to_social_housing_for_members_of_the_Armed_Forces</a></p> <p>or, written responses should be submitted by email to:  <a href="mailto:AllocationGuidance@communities.gov.uk">AllocationGuidance@communities.gov.uk</a></p> <p>Written responses should be sent to:            Social Housing Division            Ministry of Housing, Communities and Local Government            Floor 3 NW            Fry Building            2 Marsham Street            London            SW1P 4DF</p>

	<p>When you reply it would be useful if you confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:</p> <ul style="list-style-type: none"><li>- your name</li><li>- your position (if applicable)</li><li>- the name of organisation (if applicable)</li><li>- an address (including post-code)</li><li>- an email address</li><li>- a contact telephone number</li></ul>
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## Introduction

1. The Armed Forces Covenant, created by virtue of the Armed Forces Act 2011, is a promise from the nation to those who serve in the Armed Forces, whether Regular or Reserve, and those who have served in the past, and their families. It commits that they should face no disadvantage compared to other citizens in the provision of public services. It also recognises that special consideration is appropriate in some cases, especially for those who have given the most such as the injured and bereaved.
2. Delivering on the Armed Forces Covenant, in 2012 we introduced protections to ensure that members of the Armed Forces community are not disadvantaged in accessing social housing because of the requirements of military life.
3. We changed the law so that seriously injured, ill or disabled Service personnel, and former members of the Armed Forces, with urgent housing needs are always given high priority for social housing. At the same time we introduced regulations to ensure that serving personnel and those who are recently discharged do not lose their qualification rights because of the necessity to move from base to base. Both these changes apply also to bereaved spouses and civil partners of Service personnel when they leave military accommodation and to members of the Reserve Forces who have been seriously injured or disabled in service.
4. In the Armed Forces Covenant Annual Report 2017 we gave a commitment to consult on new statutory guidance for local authorities to ensure that divorced and separated spouses and civil partners of Service personnel who are required to leave military accommodation are not disadvantaged by local connection requirements when applying for social housing.

### Context of consultation

5. This consultation sets out proposals for guidance to local authorities that would:
  - Bring together, update, and build on the existing statutory allocations guidance in relation to members of the Armed Forces issued in 2012<sup>1</sup> and 2013<sup>2</sup>.
  - Make clear that local authorities are expected to disapply any local connection requirement from divorced or separated spouses or civil partners of Service personnel who are required to move out of accommodation provided by the Ministry of Defence.
  - Set out how local authorities can ensure that members of the Armed Forces and Veterans suffering from mental ill health are given appropriate priority for social housing.

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<sup>1</sup> Allocation of accommodation: guidance for local housing authorities in England  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/5918/2171391.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/5918/2171391.pdf)

<sup>2</sup> Providing social housing for local people: statutory guidance on social housing allocations for local authorities in England  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/269035/131219\\_circular\\_for\\_p\\_df.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/269035/131219_circular_for_p_df.pdf)

- Set out how local authorities can identify applications from members of the Armed Forces and Veterans to ensure that they are considered appropriately.

## Qualification for social housing

6. The Localism Act 2011 made changes to the allocation legislation to give local authorities the power to set their own criteria determining which applicants do or do not qualify for an allocation of social housing.
7. Statutory guidance issued by this Department in 2013 ('the 2013 guidance') encourages local authorities to use the qualification flexibilities provided by the Localism Act 2011 to apply a residency test for social housing of at least two years. The guidance is aimed at ensuring that only people in need who have invested in, and demonstrated a commitment to, their local community can apply to their local authority for social housing.
8. We have already put in place protections through secondary legislation<sup>3</sup>, to ensure that certain members of the Armed Forces community are exempt from a local connection requirement, including a residency test. These include serving members of the Armed Forces and those who have recently been discharged, as well as Reservists who suffer from a serious illness, injury or disability as a result of their service. These provisions recognise the special nature of employment in the Armed Forces and the requirement to be mobile. The provisions also extend to bereaved spouses and civil partners of Service personnel following the death of their spouse or partner, recognising that they are likely to experience similar issues to former Service personnel and their families when leaving military accommodation.
9. We are aware that some local authorities also exempt from their local connection or residency requirements spouses and civil partners who are required to leave accommodation provided by the Ministry of Defence following a breakdown in their relationship with their Service spouse or partner. We support such an approach, recognising that local connection requirements can impact on the transition to civilian life for those who have themselves had to move frequently in support of their former Service spouse or partner. They may not be willing or able to settle in the district where their military spouse or partner is stationed, particularly if the estrangement has involved domestic abuse.
10. **We propose that the guidance should strongly encourage local authorities to exempt from local connection requirements divorced or separated spouses or civil partners of Service personnel who are required to move out of accommodation provided by the Ministry of Defence.**

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<sup>3</sup> The Allocation of Housing (Qualification Criteria for Armed Forces) (England) Regulations 2012 (SI 2012/1869): <http://www.legislation.gov.uk/uksi/2012/1869/contents/made>

**Question 1: Do you agree with the proposal to use statutory guidance to strongly encourage the exemption from local connection requirements of divorced or separated spouses or civil partners of Service personnel who are required to move out of accommodation that has been provided by the Ministry of Defence?**

## Priority for social housing

11. The Government is clear that we expect social homes to go to people who genuinely need them. That is why provisions in the Localism Act 2011 have maintained the protection provided by the statutory reasonable preference criteria which ensure that overall priority for social housing is given to those in housing need. The statutory reasonable preference categories include, amongst others, people who need to move on medical or welfare grounds, including grounds relating to a disability.
12. The mental health and wellbeing of our Armed Forces, whether they are Regulars, Reservists or Veterans, is a priority for this Government. We want to ensure that serving and ex-members of the Armed Forces suffering from mental ill health are given appropriate priority for social housing where they need it.
13. The medical and welfare reasonable preference category includes people who need to move because of their disability or access needs. Statutory guidance issued by this Department in 2012 ('the 2012 guidance') already makes clear that this includes people who have a learning disability as well as those with a physical disability.
14. We believe there is a good case for treating in the same way, anyone who is suffering from mental ill health where this impinges on their housing situation, and indeed the 2012 guidance includes 'a mental illness or disorder' as one of the indicators of the medical and welfare reasonable preference category.
15. Changes were also made to the allocation legislation in 2012<sup>4</sup> to ensure that 'additional preference', that is to say high priority, is given to certain members of the Armed Forces community who come within the reasonable preference categories and have urgent housing needs. This includes those who have formerly served in the Regular Armed Forces, as well as serving members of the Regular and Reserve Armed Forces suffering from a serious injury, illness or disability which is attributable to their service.
16. We consider that an 'illness or disability' in relation to the additional preference requirements mentioned in paragraph 12 would include a relevant mental health condition.
17. **We therefore propose that the guidance makes clear the circumstances in which we would expect local authorities to apply the 'medical and welfare' reasonable preference category and the additional preference requirements**

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<sup>4</sup> The Housing Act 1996 (Additional Preference for Armed Forces) (England) Regulations 2012 (SI 2012/2989): <http://www.legislation.gov.uk/uksi/2012/2989/contents/made>



to members of the Regular and Reserve Armed Forces, and Veterans, to ensure that those who are suffering from mental ill health are given appropriate priority for social housing.

**Question 2: Do you agree with the proposal to use statutory guidance to make clear the circumstances in which we would expect local authorities to apply the 'medical and welfare' reasonable preference category and the additional preference requirements to ensure members of the Armed Forces and Veterans suffering from mental ill health are given appropriate priority for social housing? Views are sought on the advantages and disadvantages of this proposal.**

**Question 3: Local authorities are invited to provide details of how their current allocation policies ensure that members of the Regular and Reserve Armed Forces, and Veterans, who are suffering from mental ill health are given appropriate priority.**

18. Our 2012 statutory allocations guidance strongly encourages local authorities to ensure that the needs of all serving or former Service personnel are taken into account when framing their allocation schemes and to be sympathetic to the needs of their family members. The guidance provides examples of how they can do this by:
- using the flexibility within the allocation legislation to set local priorities alongside the statutory reasonable preference categories
  - using the power to determine priorities between applicants in the reasonable preference categories
  - disregarding any lump sum received by a member of the Armed Forces as compensation for an injury or disability sustained on active service
  - setting aside a proportion of properties for former members of the Armed Forces under a local lettings policy
19. We are interested in finding out how local authorities are currently supporting serving and former members of the Armed Forces and their families; how they are applying the guidance in paragraph 18 above; and whether they have developed their own policies for ensuring that members of the Armed Forces community are given appropriate priority.

**Question 4: Local authorities are invited to provide details of how they are using their existing powers under the allocation legislation to support serving and former members of the Armed Forces and their families.**

## Consolidating guidance on the Armed Forces

20. This consultation provides the opportunity to produce a single standalone piece of guidance on allocating social housing for the Armed Forces community, updating and building on existing advice in the 2012 and 2013 statutory guidance. This would support greater awareness of the particular circumstances of the Armed Forces community amongst housing staff, promote a consistent approach across local authorities to the way they consider applications from members of the Armed Forces community, and ensure their housing needs are considered appropriately.

- 21. We propose that the new guidance brings together all existing guidance on the allocation of social housing to the Armed Forces community.**

**Question 5: Do you agree with the proposal to bring together in one standalone document guidance on the allocation of social housing to the Armed Forces community?**

## Other considerations

- 22. Identifying an applicant as a serving or former member of the Armed Forces or another member of the Armed Forces community at the start of the process is key to dealing with the application effectively. This might mean taking relatively simple measures, such as including an appropriate question in the application form, or as part of any initial interview. Specialist training for staff and managers to help them identify members of the Armed Forces and understand their specific needs and circumstances should also support an improved application process and ensure those who have contributed through their service are treated appropriately and given the priority they deserve.**

- 23. We propose that the guidance encourages local authorities to include a question on their housing application form which asks the applicant if they are a member of the Armed Forces, have ever served in the Armed Forces or are another member of the Armed Forces community; and to ensure that staff and managers are provided with appropriate training.**

**Question 6: Do you currently include a question on your application form that asks whether the applicant is a current member of the Armed Forces, a Veteran or another member of the Armed Forces community?**

**Question 7: Would you support the proposal to use statutory guidance to encourage local authorities to include such a question?**

**Question 8: Local authorities are invited to provide details of how they are training their housing staff to deal with applications from serving or former members of the Armed Forces or other members of the Armed Forces community.**

**Question 9: Would you support the proposal to use statutory guidance to encourage local authorities to provide appropriate training for staff and managers to deal with applications from serving or former members of the Armed Forces or other members of the Armed Forces community?**

## About this consultation

24. This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.
25. Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.
26. Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the EU General Data Protection Regulation, and the Environmental Information Regulations 2004.
27. If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.
28. The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex A.
29. Individual responses will not be acknowledged unless specifically requested.
30. Your opinions are valuable to us. Thank you for taking the time to read this document and respond.
31. Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

# Annex A

## Personal data

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018.

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

### **1. The identity of the data controller and contact details of our Data Protection Officer**

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk)

### **2. Why we are collecting your personal data**

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

### **3. Our legal basis for processing your personal data**

The Data Protection Act 2018 states that, as a government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

### **4. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for two years from the closure of the consultation.

### **5. Your rights, e.g. access, rectification, erasure**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

### **6. Your personal data will not be sent overseas**

The Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in terms of data protection will not be compromised by this.

### **7. Your personal data will not be used for any automated decision making.**

**8. Your personal data will be stored in a secure government IT system. If you submit information to this consultation using Survey Monkey, it will be moved to our internal systems at a date following the consultation publication date.**

**WYRE FOREST DISTRICT COUNCIL**  
**FEEDBACK FROM CABINET MEETING HELD ON**  
**TUESDAY 18<sup>TH</sup> DECEMBER 2018**

**Agenda  
Item No.**

**Decision**

**10.1**

**Investment Proposal**

**In line with the recommendations from the Overview and Scrutiny Sub-Committee from its meeting on 17<sup>th</sup> December 2018:**

- 1.1 The business case for the purchase of the Freehold property known as (“the Property”) subject to the existing leases, be approved.**
- 1.2 Delegated authority be given to the Corporate Director: Economic Prosperity & Place in consultation with the Corporate Director: Resources, the Solicitor to the Council and the Cabinet Member for Resources to conclude the purchase of the Property once the outstanding matters and documentation set out in the confidential report have been received and deemed satisfactory by the Council’s officers.**

**2018-2019 Work Programme**

**June 2018**

“How are we doing?” Q4 update (Housing and Planning)  
Wyre Forest District Local Plan Review: Revised Local Development Scheme (Project Plan 2018-2020)  
Recommendations from the PACT Review Panel  
Tracking Recommendations 2017/2018

**July 2018**

The Environmental Offences (Fixed Penalties) (England) Regulations 2017  
Affordable Housing Review Panel – Conclusions and Recommendations  
Domestic Abuse Pledge “Make a Stand”  
Lion Fields Future Phases Development  
South Kidderminster Enterprise Park: Revised Local Development Order, August 2018  
Council Tax Reduction Scheme Review 2019/20  
Acquisition of Land in Market Street, Kidderminster (Appendix 2 EXEMPT)  
Nominations for the Treasury Management Review Panel  
EXEMPT Industrial Unit Investment Business Case

**September 2018**

“How are we doing?” Performance update  
Homelessness Strategy Refresh  
Annual Report on Treasury Management Service and Actual Prudential Indicators 2017-18  
Cookley and Caunsall Neighbourhood Plan Area Designation  
Asset Transfer of Spennells Changing Rooms and Adjacent Parcel of Public Open Space  
EXEMPT Depot 2020 Masterplan – Improve and Invest

**October 2018**

**4<sup>th</sup>**

Climate Change Action Plan Update  
Health and Wellbeing Action Plan Update

**25<sup>th</sup> (Special Meeting)**

Local Plan Pre Submission Consultation

**November 2018**

“How are we doing?” Performance update  
Treasury Management Mid Year Report  
Council Tax Reduction Scheme Review 2019/20  
Housing Assistance Policy  
PACT Review Panel – Draft Action Plan

**December 2018**

Recommendations from the Highways Maintenance Review Panel  
Recommendations from Affordable Housing Review Panel

**February 2019**

“How are we doing?” Performance update  
Treasury Management Service Strategy 2019-20  
Lion Fields Parcel 4: Bromsgrove Street Car Park  
Allocations Policy Review

**March 2019**

Annual Review of the North Worcestershire Community Safety Partnership 2018/19  
Recommendations from the Civil Enforcement Review Panel  
Re-Commissioning the Home Improvement Agency

**Review Panels**

June – July 2018: Review of service standards for highways maintenance inc grass cutting / weed control

November 2018: Re-convened Affordable Housing Review Panel

December 2018: Review of civil enforcement issues – PSPO and Parking

**Sub-Committee**

5<sup>th</sup> September 2018  
17<sup>th</sup> December 2018