

Summary: Intervention & Options

Department /Agency: Communities & Local Government	Title: Impact Assessment of Local Connection Provisions for Housing & Regeneration Bill 2007	
Stage: Final Proposal	Version: 1	Date: 22 October 2007
Related Publications: Housing and Regeneration Bill, Ministerial Statement to Parliament by Yvette Cooper MP on 21 June 2007		

Available to view or download at:

<http://www.communities.gov.uk>

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What is the problem under consideration? Why is government intervention necessary?

Under the Housing Act 1996, people serving in the armed forces are treated as not establishing a local connection with a district as a result of living or working there. This can put them at a disadvantage if they apply to the local authority in that district for social housing or, after leaving the armed forces, apply for homelessness assistance. People who do not have a local connection with a district may be given lower priority for social housing or, if they have a local connection elsewhere, referred to another local authority for homelessness assistance.

What are the policy objectives and the intended effects?

To ensure that members of the armed forces (and those who have recently left the forces) are treated fairly and put on an equal footing with civilians when they apply to a local authority for social housing or for assistance because they are homeless.

What policy options have been considered? Please justify any preferred option.

(a) Retain the status quo

(b) Amend the Housing Act 1996

Option (b) is the only option that will deliver the policy.

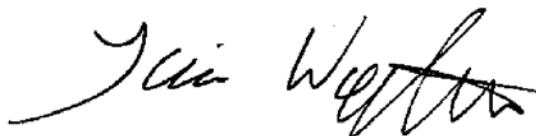
When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

This policy does not have an end date. However, we will review the outcomes for servicemen accessing social housing after 3 years.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

A handwritten signature in black ink, appearing to read "Jaci Weyler". The signature is written in a cursive, flowing style.

Date: 9 November 2007

Summary: Analysis & Evidence

Policy Option: A		Description: Do nothing	
COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' No monetised costs identified
	One-off (Transition)	Yrs	
	£0		
	Average Annual Cost (excluding one-off)		
	£0		Total Cost (PV)
Other key non-monetised costs by 'main affected groups' Service personnel and those leaving the Armed Forces may be unable to secure a local authority tenancy, or nomination to RSL accommodation.			
BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' No monetised benefits identified
	One-off	Yrs	
	£0		
	Average Annual Benefit (excluding one-off)		
	£0		Total Benefit (PV)
Other key non-monetised benefits by 'main affected groups' Benefits for applicants who can demonstrate a local connection through employment or residence of choice.			
Key Assumptions/Sensitivities/Risks It is assumed that the majority of LAs frame their allocation schemes to take into account local connection.			
Price Base Year	Time Period Years	Net Benefit Range (NPV) £0	NET BENEFIT (NPV Best estimate) £0

What is the geographic coverage of the policy/option?		England and Wales		
On what date will the policy be implemented?		In force		
Which organisation(s) will enforce the policy?		N/A		
What is the total annual cost of enforcement for these organisations?		£ N/A		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		£ N/A		
What is the value of changes in greenhouse gas emissions?		£		
Will the proposal have a significant impact on competition?		Yes/No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £ Nil		Decrease of £ Nil		Net Impact £ Nil
Key:	Annual costs and benefits: Constant Prices		(Net) Present Value	

Summary: Analysis & Evidence

Policy Option:		Description: Amend Local Connection in Relation to Allocations	
COSTS	ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups'</p> <p>One-off administrative costs in changing and consulting on changes to allocation scheme; and reassessing priority of some applicants.</p> <p>No annual monetised costs identified.</p>
	One-off (Transition)	Yrs	
	£155,000	1	
	Average Annual Cost (excluding one-off)		
	£0		
		Total Cost (PV)	£155,000
<p>Other key non-monetised costs by 'main affected groups'</p> <p>Where former members of the Armed Forces applying for social housing are able to demonstrate a local connection this may result in other housing applicants receiving less priority.</p>			
BENEFITS	ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups'</p> <p>No monetised benefits identified</p>
	One-off	Yrs	
	£0		
	Average Annual Benefit (excluding one-off)		
	£0		
		Total Benefit (PV)	£0
<p>Other key non-monetised benefits by 'main affected groups'</p> <p>Benefits to people leaving the Armed Forces who may receive greater priority for social housing.</p>			
<p>Key Assumptions/Sensitivities/Risks It is assumed that the majority of LAs frame their allocation schemes to take into account local connection.</p>			
Price Base Year	Time Period Years	Net Benefit Range (NPV) £0	NET BENEFIT (NPV Best estimate) £0

What is the geographic coverage of the policy/option?		England and Wales		
On what date will the policy be implemented?		By order		
Which organisation(s) will enforce the policy?		None		
What is the total annual cost of enforcement for these organisations?		£ N/A		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		£ N/A		
What is the value of changes in greenhouse gas emissions?		£ N/A		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices) (Increase – Decrease)				
Increase of £0		Decrease of £0		Net Impact £0
Key:	Annual costs and benefits: Constant Prices		(Net) Present Value	

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Background

On 21 June 2007 Yvette Cooper MP made an announcement in Parliament to the effect that Communities and Local Government and the Ministry of Defence had reviewed the way in which current housing legislation impacts on those leaving the Armed Forces; and had decided to make the necessary changes to housing legislation, at the earliest opportunity, to ensure that Service personnel are put on an equal footing with other people applying for social housing. This followed representations from Service personnel and MPs that the local connection provisions in housing legislation put Service personnel and those leaving the Armed Forces at a disadvantage when applying for social housing.

Under the Housing Act 1996, housing authorities may take account of whether a person has a local connection with their district when making inquiries about whether they are homeless for the purposes of Part 7 of the Act or considering their priority for an allocation of housing under Part 6 of the Act. It also provides that an individual cannot establish a local connection with a district through residence of choice or employment there when serving in the armed forces.

Under Part 6 of the 1996 Act, local authorities in England and Wales are responsible for framing their own policies and procedures for allocating social housing. In deciding who gets priority for social housing, local authorities can take into account whether someone has a local connection with their district.

Not all housing authorities take local connection into account in framing their allocation scheme. However, where they do, this can disadvantage Service personnel and those leaving the forces compared to other housing applicants (because those with no local connection are given lower priority). Specifically it is likely to disadvantage serving personnel who are approaching discharge (whereupon the accommodation provided by the Ministry of Defence will cease to be available) and seeking to plan ahead and get on the housing waiting list in good time; and former Service personnel who are within 6 months of having left the Armed Forces.

Under Part 7 of the 1996 Act, local authorities can take local connection into account when making inquiries to establish whether an applicant is homeless and owed a duty. Where an applicant is unintentionally homeless and in priority need and the local authority considers he does not have a local connection with the district but does have one somewhere else in England, Wales or Scotland, the authority can seek to refer the case to the local authority in that other district. Service personnel who seek homelessness assistance in the district where they have been living and working while in the armed forces may therefore be treated differently from civilians who have lived and worked in the district.

Legislative Framework

Part 6 of the 1996 Act governs the allocation of social housing by local housing authorities (LHAs). Each LHA must publish an allocation scheme setting out its priorities and procedures for allocating accommodation. Under section 167(2) of the 1996 Act LHA allocation schemes must give reasonable preference for an allocation of housing to certain categories of applicants. Section 167(2A) of the 1996 Act, which was introduced by the Homelessness Act 2002 (“the 2002 Act”), provides that housing authorities may frame their allocation scheme to take into account certain factors in determining priorities for those within the reasonable preference categories. One of the factors is whether the applicant has a local connection with the district.

The local connection provisions apply where housing applicants are nominated to a housing association (RSL) property by a local housing authority (at least 50% of RSL true voids), but not where lettings are made by an RSL under the terms of its own allocations policy.

Local connection is defined in Part 7 of the 1996 Act which concerns housing authorities’ homelessness functions. Under section 199, a person has a local connection with a district of an LHA if he has a connection with it – (a) because he is or in the past was normally resident there by his own choice, (b) because he is employed there, (c) because of family associations or some other special circumstance. However, a person is unable to establish a local connection under (b) (employed in district) if he is serving in the regular Armed Forces. Further, he cannot establish local connection on the grounds of residence in the district where he is serving as that residence is not regarded as of his own choice. This exemption also applies to the family members who would reasonably be expected to live with that person.

Regular Armed Forces includes the Royal Navy, Royal Marines, regular Army, Royal Air Force and Queen Alexandra’s Royal Naval Nursing Service.

Options

This Impact Assessment sets out two options.

Option A: Do nothing.

This is the baseline against which the costs and benefits of Option B have been assessed. It represents a continuation of the existing way in which housing authorities deal with applications for social housing from members of the Armed Forces. This has implications for Service personnel and those leaving the Armed Forces and for LHAs. There will also be implications for RSLs (in respect of nominations) and for other housing applicants, in particular those in identified housing need.

We do not consider this to be a viable option because:

It discriminates against Service personnel and those leaving the armed forces who apply for an allocation of social housing. This is because, where an allocation scheme is framed to give lower priority to applicants who do not have a local connection, members of the armed forces will not be given as much priority as other applicants with the same level of need who can establish a local connection. And, under the homelessness legislation, former members of the armed forces who are unintentionally homeless and in priority need may be referred to another local authority because they have been unable to establish a local connection in the district where they served in the forces.

Option B: Amending the Housing Act 1996 to provide that a person has a local connection with a LHA district if he has a connection with that district through residence of choice or employment while serving there in the Armed Forces or if he is or was resident because he (or someone living with that person) is or was serving in the Armed Forces.

The desired effect of the proposed amendments to the Housing Act 1996 is to put Service personnel and those leaving the Armed Forces on an equal footing with other housing applicants who are able to establish a local connection through residence of choice or employment in a LHA district.

Costs and Benefits

Assumptions and 'Unknowns'.

The preparation of this Impact Assessment is subject to a number of assumptions and 'unknowns'.

Applications for social housing

(1) Option B will not increase the social housing stock or the number of households who are allocated accommodation. It is therefore assumed that any allocation of accommodation to a former member of the Armed Forces which is a consequence of changing the 1996 Act (Option B), will be at the expense of another applicant who would otherwise have been allocated that accommodation.

(2) It is assumed that there will only be implications in respect of applications made to LHAs which:

- frame their allocation scheme to take into account local connection, and
- host military establishments. This is because the local connection provision, in so far as it relates to Service personnel and those leaving the Armed Forces, will only be relevant to an applicant where he applies for housing to the LHA in whose district he is or was recently stationed.

We know that about 30 LAs host large military establishments. These are in predominantly high demand areas, many of them rural. Other LHAs may host small bases, but we do not have information about numbers. It is assumed that between 50 and 100 LAs will host military establishments.

(3) We do not routinely collect information on LHA allocation schemes. However, it is assumed that most LAs take account of “local connection” to some extent in their allocation scheme, but that not all LHAs follow the definition of “local connection” in s.199. This is based on information received from 17 LHAs as part of an informal survey of LHAs which host large military establishments (carried out in January 2007). This found that all 17 LHAs framed their allocation scheme to take local connection into account. This IA is therefore based on the assumption that all 350 LAs will amend their allocation scheme and consult on this amendment, as they are required to do.

(4) We do not know how many applicants on LHA housing waiting lists are serving or former Service personnel; neither do we know how many lettings in LA or RSL accommodation are made to serving or former Service personnel. The survey referred to in (3) above attempted to collect waiting list and lettings data but the results were very limited, since only 9 out of the 17 respondents were able to provide data. Of these, one local authority reported 98 former Service personnel on the waiting list, and the highest number of such applicants (60) in the previous 12 months but had made no allocations to former Service personnel during that period. In contrast, 3 authorities had less than 10 former Service personnel on the waiting list, and 7 authorities had received less than 10 applications in the previous 12 months.

(5) LAs must consider all applications and must assess the needs and determine the priority of all applicants who are eligible.

Homelessness assistance

Option B should not result in additional numbers of Service leavers being provided with homelessness assistance so will not impose a new burden on local government overall. However, Option B may increase homelessness pressures locally on the small proportion of local authorities who host large military establishments (see above) – because they will no longer have a basis for referring cases to other local authorities.

We have some data on the number of homeless acceptances where local authorities successfully referred the case to another local authority on the basis of local connection. These suggest that the number of cases successfully referred to another authority by the 30 authorities with the largest military presence is relatively small – so the impact of Option B should not be significant.

Option A

Costs

(1) The main costs relate to Service personnel (and their families) and for former Service personnel (and their families) who are within 6 months of having left the Armed Forces.

In these circumstances, a person who is about to leave (or who is within 6 months of having left) the Armed Forces and who is seeking social housing in the district in which he is/was stationed is unlikely to be able to demonstrate a local connection and as a result may not have sufficient priority under the allocation scheme to be allocated housing on (or shortly after) leaving the army. The impact on Service personnel is likely to be greatest in areas of low to medium demand for social housing. In areas where there is pressure on social housing, it is unlikely that someone would be housed within 6 months of having left the Armed Forces, even if they were able to demonstrate a local connection.

(2) There may also be cost implications for LHAs. Where former Service personnel are precluded from social housing because they cannot demonstrate a local connection, this could lead to increased applications for housing assistance which result in homeless acceptances. However, there is no evidence that this is the case. Furthermore, data suggest that homeless acceptances by former Service personnel are a small proportion of the overall numbers. In 2006, 76858 housing applicants were accepted by local housing authorities in England as eligible for assistance, unintentionally homeless and in priority need. Of these, 58 (0.1%) acceptances had priority need because they were vulnerable as a result of time spent in the armed forces, and in 224 (0.3%) of cases, the reason for homelessness was recorded as 'leaving Her Majesty's forces'.

Benefits

Where LHAs frame their allocation scheme to take local connection into account, this will give some other applicants an advantage over members of the Armed Forces (or those within 6 months of having left the services). This will be the case where other applicants have similar levels of need and are able to demonstrate they have a local connection. We are unable to estimate how many cases are likely to be involved.

Option B

Monetised Costs

There may be one-off costs associated with amending LHA allocation schemes and reassessing applicants' priority.

(1) LHAs may revise their allocation scheme to reflect the changes to the local connection provision in relation to members of the Armed Forces. Where this is the case, LHAs are required to consult with RSLs on these changes, and notify those who are affected by the changes. The limited information available suggests that most allocation schemes are framed to take local connection into account. The following estimated costs are accordingly based on the assumption that all 350 LHAs will amend their allocation schemes.

Amending the allocation scheme in the light of consultation: 2 working days for one LHA officer, salary in region of £30/£40k p.a. = £160 – £220 per LA

Consulting RSLs and notifying people affected by the change: 3 working days for one LHA officer, salary in region of £20k pa. = £160 per LA

One-off costs for 350 LHAs = in the range of **£122,000 and £133,000**.

(2) Following amendment to their allocation schemes, some LHAs may consider it necessary to re-assess applications from serving and former members of the Armed Forces. This will be relevant in the case of LHAs:

- which host military bases, and
- take local connection into account in prioritising applicants.

The following costs are based on the assumptions that:

(a) between 50 and 100 LHAs host military bases and will need to re-assess applications from serving and former members of the Armed Forces, and

(b) the number of applications to be re-assessed will range between 10 – 100 per LHA, equating to an average of 4 working days per LHA.

Identify and reprioritise applicants: 4 working days for one LHA officer, salary in region of £20k p.a. = £220 per LA

One-off costs for 50 – 100 LHAs = in the range of between £11,000 and £22,000

Estimated total one-off costs for (1) and (2) in the range of £133,000 to £155,000

Non-monetised costs

Some applicants will be disadvantaged by the change to the local connection provision, and may have to wait longer to be allocated accommodation.

Benefits

(1) The main benefit will be for Service personnel who will no longer be disadvantaged by the local connection provision.

(2) This should enable Service personnel to apply for social housing well in advance of their date for leaving the Service and could lead to a reduction in applications for housing assistance that result in homeless acceptances.

Race Equality Impact Assessment

Based on data from the three most recent years of the Survey of English Housing, there are an average of 45,000 households who were formerly NCOs and other ranks. Of these, 24,000 were owner occupiers; 15,000 private renters; and 6,000 social renters. The data does not break down further to indicate the proportion of social renters of minority ethnic origin.

Data about households on housing waiting lists is collected annually through the Housing Strategy Statistical Appendix and data on social housing lettings is collected through CORE (Continuous Recording). This data cannot be broken down to indicate how many households on the waiting list include existing or former members of the Armed Forces or how many lettings are made to former members of the Armed Forces.

However, the Ministry of Defence does collect statistics on Service personnel and on those leaving the Services. These figures apply to the UK generally.

In 2006, there were 195,000 regular Service personnel. Of this total, 10,180 (5%) were from ethnic minorities, the vast majority of whom (9,450 or 93%) were Other Ranks (ie those more likely to apply for social housing).

During 2006, 18,140 Servicepersons left the Services, of whom 16,070 (88%) were Other Ranks. 560 out of the 16,070 (or 3%) were ethnic minorities.

In England in 2006, 8% of all households and 12% of social renters were black or minority ethnic (that is to say the reference person interviewed was of minority ethnic origin). Source, "Housing in England 2005/6" published October 2007.

If it is assumed that:

(a) the proportion of former Service personnel from minority ethnic communities applying for an allocation of social housing is roughly in keeping with the proportion of BME people employed in or leaving the Services, and

(b) the proposed amendment results in more lettings going to former Service personnel

this could have a slightly negative impact on minority ethnic households accessing social housing.

Disability Equality

Of the 18,140 people leaving the Services in 2006, 1,220 (6.7)% left for "medical reasons or death", 1,140 (93%) of whom were Other Ranks.

Service personnel who are disabled or who are discharged on medical grounds, and who are assessed as having "reasonable preference" for an allocation on "medical or welfare" grounds, may be given less priority, if they are unable to demonstrate a local connection as a result of the current exceptions (relating to employment and residence) for those serving in the Armed Forces.

The amending proposal will remedy this situation and should therefore have a positive impact on disabled Service personnel.

Gender equality

Of the 1,140 Other Ranks who left the Services for "medical reasons or death" – and who are likely therefore to have relative priority for an allocation – the vast majority (1,020 or 89%) were men. It is likely that a significant proportion will be single males.

In 2006, 58 (0.1%) homelessness acceptances had priority need because they were vulnerable as a result of time spent in the armed forces, and in 224 (0.3%) of cases, the reason for homelessness was recorded as 'leaving Her Majesty's forces'. Again, it seems likely that a substantial number of these cases will relate to single men.

Based on these figures, it seems likely that single men would benefit from the proposed amendment. Given that a larger number of females than males are the “household reference person” in social housing (SEH 2006), this would suggest that the proposed amendment could have a slight positive impact on gender equality.

Competition Assessment

There is no impact on business.

Small Firms Impact Assessment

There is no impact on small firms.

Legal Aid

There are no implications for the Legal Aid budget.

Sustainable Development

We do not anticipate any impact on sustainable development.

Carbon Assessment

There is no impact on carbon emissions.

Other Environment

We do not anticipate any other environmental impacts.

Health Impact Assessment

We do not anticipate any impact on health.

Human Rights

The proposed amendment is compatible with the Human Rights Act 1998 (HRA) and we do not anticipate any HRA challenges under the amended provision.

Rural Proofing

The majority of military bases are in predominantly rural areas. Consequently, putting Service personnel and those leaving the Armed Forces on an equal footing with other applicants will have a disproportionate impact on rural LHAS and could lead to concerns that there will be an adverse impact on the ability of local people to access scarce social housing in rural communities. However, such concerns fail to recognise the benefits the Armed Forces provide to the local community through various services (e.g. search and rescue, medical facilities, civil emergencies, air traffic control, youth work, charity and fund raising, fishery protection, bomb disposal, delivering citizenship in schools) as well as their contribution to the local economy. In addition, the Ministry of Defence’s policy of extended postings will enable individual Service personnel and their families to put down roots and develop a more meaningful connection with the local area.

Where LHAs consider that there is a particularly pressing case for prioritising local housing for people who have a strong local connection (e.g. housing in rural villages), they may still be able to give effect to this by means of a local lettings policy.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	Results in Evidence Base?	Results annexed?
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

Annexes

None.