
NORTH AYRSHIRE COUNCIL

27 April 2021

Cabinet

Title:	A Local Letting Initiative for Council housing on the Isle of Arran
Purpose:	To advise Cabinet of proposals to introduce a Local Letting Initiative ahead of the allocation of new build Council housing on Arran
Recommendation(s):	That Cabinet approves the use of a Local Letting Initiative for allocating Council housing on Arran

1. Executive Summary

- 1.1. The new Brathwic Terrace, Brodick development will introduce the first Council houses to Arran since the stock transfer to Isle of Arran Homes in 2001. Due to the housing supply issues identified both within the Council's Local Housing Strategy (LHS) and Housing Need and Demand Assessment (HNDA), it is appropriate to review the housing allocations approach on Arran and consider a case for developing an Isle of Arran Local Lettings Initiative (LLI) to be used in allocating Council housing stock.
- 1.2. LLIs can be used in certain geographically defined areas where landlords make changes to their main policy to meet specific local aims. LLIs have been used in other parts of Scotland to address issues including:
 - high demand - to prioritise access for particular types of applicant, for example in rural communities where local people have problems accessing housing
 - a lack of essential workers, or where skills are in short supply
- 1.3. It is proposed that an Arran specific LLI is approved by Cabinet. This will enable Housing Services to award additional priority to specific North Ayrshire Housing Register (NAHR) applicants in housing need who live on Arran and/ or are deemed to be essential workers.
- 1.4. The additional award of points would be added to any points already accrued by the applicant, reflecting their current housing need.
- 1.5. It is proposed that an additional award of points be added to NAHR applications who meet the Isle of Arran LLI criteria as follows:
 - Arran residency – 100 points
 - Arran worker – Tier 1 - 200 points; Tier 2 – 100 points

2. Background

- 2.1 North Ayrshire's Local Housing Strategy 2021-2025 (LHS) reflects the Council's commitment to investing and regenerating our communities, enhancing the housing stock to meet the aspirations of our tenants, and improving tenants' quality of life by providing affordable, sustainable and desirable housing. The North Ayrshire Strategic Housing Investment Plan (SHIP) identified a development opportunity for the Council on Arran at Brathwic Terrace, Brodick. This development, which is currently on site and scheduled for completion in late summer 2021, will provide 34 new high quality affordable housing units and represent the first Council houses on the island since the stock transfer in 2001.
- 2.2 The LHS and HNDA note the impact of a constrained housing market on the Isle of Arran, characterised by high levels of second and holiday homes limiting the available housing supply. Previous research has also indicated that there is a significant number of 'hidden households' on the island (e.g. people living in caravans, being overcrowded etc.).
- 2.3 In addition to this the Arran Economic Group (who represent the economic interests of local businesses and advocate for economic growth on the island) highlight that the availability of affordable housing as being a key issue. In their 2017 annual report the group identified the inability of businesses to retain staff on the island as a fundamental barrier to growing the economy of the island. A study commissioned by Arran Economic Group in 2016 highlighted that a chronic lack of affordable housing was impacting and will continue to impact on Arran's ability to sustain or grow its current level of economic and social activity.
- 2.4 Trust Housing Association Group manage and operate a number of houses on the island, and whilst they are not part of the North Ayrshire Housing Register nor do they allocate homes under the North Ayrshire Housing Allocations policy, the organisation does acknowledge LLIs and their potential impact in addressing housing need issues in local areas.
- 2.5 In 2015, IHA completed 52 new affordable homes for rent at Lamlash. For the allocation process IHA adopted an Isle of Arran Rural Lettings Initiative which gave additional priority to local people. IHA continue to operate their LLI for allocating void properties.
- 2.6 If the Isle of Arran LLI is agreed by Cabinet it will be shared with IHA and Trust for them to consider adopting it for the allocation of their stock.
- 2.7 Allocation policies are subject to the terms of the Housing (Scotland) Act 1987, as amended. Within allocation policies reasonable preference must be given to:
 - people who are homeless or threatened with homelessness and have unmet housing needs
 - people who are living in unsatisfactory housing conditions and have unmet housing needs
 - tenants of a social landlord who are under-occupied (i.e., not using all of the bedrooms in the property they live in)

- 2.8 Whilst reasonable preference must be given to the groups outlined above, landlords are permitted to incorporate additional factors of their own which could include, for example, medical priorities or preference for key workers.
- 2.9 Scottish Government social housing allocation guidance also outlines that some organisations adjust their main allocations policy in order to address the local housing needs of communities in which they serve. Scenarios which may benefit from a local letting initiative (LLI) being applied may include:
- low demand - to stimulate demand
 - high demand - to prioritise access for particular types of applicant, for example in rural communities where local people have problems accessing housing
 - increasing incidence of anti-social behaviour - to try to reverse the trend
 - areas with a high proportion of unemployed tenants
 - a lack of essential workers or where skills are in short supply
- 2.10 It is therefore permissible for a local authority to adopt a LLI separate from its main allocations policy for different letting areas. The LLI must be in accordance with all relevant legislation governing the allocation of properties and can therefore not circumvent this process. It is also essential that the landlord publicises the approach taken to allocate the houses to ensure that applicants understand the letting process.
- 2.11 The Scottish Government's guidance on social housing allocations notes that the landlord should be clear as to why they are establishing the initiative and its aim; this should be based upon clear evidence and analysis of data.
- 2.12 The introduction of a LLI should be regularly reviewed on an operational and strategic basis, with a monitoring framework to ensure the aims of the initiative are being met and to assess its ongoing implementation. The guidance highlights that LLIs which are used for too long tend to not meet the original aims of the initiative.

Consultation

- 2.13 Prior to the introduction of an LLI it is essential that the landlord consults with applicants, tenants and strategic partners. It is also essential that the landlord publicises LLIs to ensure that applicants understand the letting process.
- 2.14 The Council has consulted with the following groups:
- Arran Elected Members
 - North Ayrshire Council Tenants Network
 - North Ayrshire Housing Register – applicants consultation group
 - North Ayrshire Housing Register landlords (North Ayrshire Council Housing Services staff; Cunninghame Housing Association; Irvine Housing Association; ANCHO)
 - Trust Housing Association
 - North Ayrshire Health and Social Care Partnership (NAHSCP) – Arran Services

- North Ayrshire Council Education Services
- Arran Community Council
- Arran Development Trust
- Arran Locality Partnership representatives

2.15 Consultation was carried out by conducting virtual 'Teams' meetings with stakeholders or telephone meetings where Teams was not available. In addition, an e-mail survey was sent to stakeholders and responses were collected. (Appendix 2 – Consultation Report – Arran LLI)

2.16 Feedback from the consultation meetings was positive, with all stakeholders being supportive of a LLI for letting the Council's new houses at Brathwic Terrace.

Additional Priority - Island Residency

2.17 All respondents to the consultation agreed that additional priority should be awarded to housing applicants who currently reside on Arran. It is proposed that NAHR applicants should be awarded additional priority for housing on Arran if the applicant has been living on the island for at least six months. Evidence such as a driving licence, Council Tax or other bills will be gathered by the Council as proof of residency.

2.18 It is proposed that NAHR applicants who meet the criteria for residing on Arran be awarded additional priority for housing and the addition of 100 points.

Additional Priority – Key/Essential Workers

2.19 There are a number of examples of Local and Rural Letting initiatives throughout Scotland (Appendix 1) and all of these letting initiatives award additional priority to applicants who live locally. Additional priority is sometimes awarded for applicants who are employed locally or are seeking employment locally, though key or essential worker roles are rarely defined.

2.20 Throughout the consultation process it became clear that a lack of affordable housing was causing a negative impact on the delivery of essential services on the island.

2.21 The Senior Manager for the Health and Social Care Partnership (H&SCP) on Arran highlighted that there were between 10 and 15 HSCP vacancies that the service was unable to fill. The Senior Manager's view was that a lack of affordable housing was the main reason for the posts not being filled.

2.22 The Senior Manager (Education) had a similar view and advised that people in senior roles such as Head Teachers struggle to find affordable housing, let alone lower paid teachers and other Education support staff.

2.23 Other roles on Arran are also regarded as important for the island economy. Arran Development Trust representatives highlighted that local young people in particular who work on the island eventually need to leave as they cannot access suitable permanent affordable accommodation and this is damaging to the local economy.

Scottish Government - Affordable Housing for Key Workers

2.24 In 2015, the Scottish Government's Housing, Regeneration and Social Justice Directorate set up a short-life working group to consider the specific affordable housing needs of key workers, and identify the most suitable form(s) of policies and practices that will address these needs. The group was set up to:

- consider the affordable housing needs of a range of key workers
- assess the current extent of problems in meeting demand for affordable housing from key workers
- identify whether specific groups of key workers have particular housing requirements
- identify a range of feasible policy and practice responses, especially those suitable for application at local levels
- make recommendations to Ministers and COSLA about the balance between national and local approaches to key worker housing issues.

2.25 COSLA members and NHS boards were asked to take part in a consultation process and their responses were used to form the content of a report. ALACHO conducted a separate survey of their members.

2.26 The working group concluded that the development of a national policy on the provision of affordable housing for key workers was not necessary as the recruitment and retention of key workers is not a widespread problem across the country. The group found that issues are localised and require local solutions.

2.27 The group acknowledged that different employment sectors define key workers in different ways, according to the specific needs of the individual business or service. However, for the purpose of their particular exercise the group agreed that a 'key worker' should be defined as a public sector employee who provides an essential service. Examples of such public sector organisations would include employees of Police, Fire, NHS, HSCP and the Local Authority.

Isle of Arran Local Letting Initiative – Defining Key/Essential Worker Roles

2.28 It is proposed that employment on Arran is recognised within the LLI. All types of employment can be regarded as important in the Isle of Arran context, however some roles could be deemed more important as they provide vital support for the health and wellbeing of the Arran community. It is therefore proposed that a two-tier employment categorisation is used:

- Tier 1 - public sector employees who provide an essential service – 200 points (for example within Police, Fire, NHS, HSCP and the Local Authority)
- Tier 2 – other employment – 100 points

Eligibility – Key/Essential Worker Roles

- Proof of employment would be required from the employer
- A permanent contract or a minimum of a two-year temporary contract is required for the applicant to be eligible for the additional allocation of points. A minimum of a 16 hour working week is required for the applicant to be eligible for the additional allocation of points. 16 hours work is a common

welfare benefits threshold and it is therefore proposed that this is used to define the Arran LLI minimum working week.

Modelling

Island Residency Priority

- 2.29 To test the impact of the proposed Isle of Arran LLI a series of modelling exercises were carried out by Housing Services staff in November 2020 and March 2021. The software used to process housing applications enables the simulation of shortlists for each house type within the Brathwic Terrace development.
- 2.30 The testing has identified that (based on an additional 100 points for Arran residency being added to the applications currently held on the North Ayrshire Housing Register) the introduction of a LLI for the allocation of these properties would result in:
- All of the new general needs properties being allocated to Arran residents
 - The significant majority of the new amenity properties being allocated to Arran residents.

Essential Worker Priority

- 2.31 Employment information is not currently collected as part of the North Ayrshire Housing Register application process. Following the approval of the Local Letting Initiative by Cabinet, Housing Services staff will contact all applicants who have selected Arran as an area preference and ask them to confirm whether they are employed on Arran or have an offer of employment there. When local employment is verified, appropriate key worker points will be awarded.

Monitoring and Review

- 2.32 If adopted, the operation of the Arran LLI will be reviewed annually and a report on any significant findings would be submitted to the Council's Cabinet, if required.

Indicative Timeline

- 2.33 The new build housing at Brathwic Terrace is due to be handed over by the contractor in late summer 2021. The allocation process will begin a few weeks prior to the handover date.

3. Proposals

- 3.1 That Cabinet approves the use of a Local Letting Initiative for allocating Council housing on Arran.

4. Implications/Socio-economic Duty

Financial

- 4.1 The new Council houses at Brathwic Terrace will be allocated in line with the North Ayrshire Housing Allocation Policy and the Isle of Arran LLI. There will be no additional costs to operate the LLI.

Human Resources

- 4.2 None.

Legal

- 4.3 Allocation policies are subject to the terms of the Housing (Scotland) Act 1987, as amended and within allocation policies reasonable preference must be given to:

- people who are homeless or threatened with homelessness and have unmet housing needs;
- people who are living in unsatisfactory housing conditions and have unmet housing needs; and
- tenants of a social landlord who are under-occupied (not using all of the bedrooms in the property they live in)

Whilst reasonable preference must be given to the groups outlined above, landlords are permitted to incorporate in additional factors of their own which could include, for example, medical priorities or preference for key workers.

Scottish Government social housing allocation guidance also outlines that some organisations adjust their main allocations policy in order to address the local housing needs of communities in which they serve. Scenarios which may benefit from a local letting initiative (LLI) being applied may include:

- low demand - to stimulate demand;
- high demand - to prioritise access for particular types of applicant, for example in rural communities where local people have problems accessing housing;
- a lack of essential workers or where skills are in short supply

It is therefore permissible by the Scottish Government for a Local Authority to adopt a LLI separate to that of the main allocations policy for different letting areas.

Equality/Socio-economic

- 4.4 The provision of new social housing will have a positive impact on those who require specialist accommodation, older people, those who are homeless, or at risk of homelessness, and those for whom purchasing a home is not an affordable option. The benefits of new build housing in relation to health, wellbeing and educational attainment, are well documented.

Environmental and Sustainability

- 4.5 Any housing allocations to non-islanders employed on the island will reduce home to work commuting and associated carbon emissions.

Key Priorities

- 4.6 This project meets the Council's priority of an 'Inspiring Place', specifically the priority outcome 'affordable, modern and well-designed homes that meet residents' needs' by delivering quality new build housing which is affordable, sustainable and accessible. Research undertaken by both the British Research Establishment and Shelter Scotland confirms an evidential link between quality of housing, educational attainment, and health and wellbeing. The provision of new family housing to replace some of the current flatted accommodation would provide modern, accessible housing to improve life outcomes for children and young people.

Community Wealth Building

- 4.7 Making affordable housing available for local residents and employees will help sustain the Arran economy.

5. Consultation

- 5.1 Consultees for the Isle of Arran Local Letting Initiative include Elected Members with a responsibility for Arran, North Ayrshire Council Tenants Network; North Ayrshire Housing Register – applicants consultation group; North Ayrshire Housing Register landlords (North Ayrshire Council Housing Services staff; Cunninghame Housing Association; Irvine Housing Association; ANCHO); Trust Housing Association; North Ayrshire Health and Social Care Partnership – Arran Services; North Ayrshire Council Education Services; Arran Community Council; Arran Development Trust; Arran Locality Partnership.

RUSSELL MCCUTCHEON
Executive Director (Place)

For further information please contact **Robert McGilvery, Senior Manager** on **01294 310175**.

Background Papers

Appendix 1 – Local Letting Initiatives in Scotland

Appendix 2 – Consultation Report – Arran LLI

Appendix 1 – Local Letting Initiatives in Scotland

Organisation	Key/Essential Worker Roles in LLI
Aberdeen City Council (Smithfield Court)	Key worker definition <ul style="list-style-type: none"> • Clinical National Health Service staff • Teachers • Police officers, Community Support Officers and some civilian police staff • Social workers • Firefighters • Carers Environmental Health staff
Moray Council	<p>additional points are available to applicants who have a local connection with a specific village or township.</p> <p>Additional points awarded for other reasons, including currently employed.</p>
Orkney (North Ronaldsay Local Lettings Plan)	Additional priority for employment
Rural Stirling Housing Association Allocations Policy	Points for applicants employed or seeking employment in designated local housing areas
Midlothian Council (Danderhall development)	<ul style="list-style-type: none"> • Allocate to existing council housing tenants who are on the General Needs List and are resident in the Danderhall area. • Allocate to applicants who have chosen Danderhall as one of their area choices whilst ensuring that, of the total allocations for this development, a target of 65% of the homes at this development are allocated to households who were resident in Danderhall as of December 2018
Argyle Community Housing Association (Dalmally & Lochawe)	Those with permanent employment (or an offer of permanent employment) locally but who are unable to find suitable housing. (Local employment is defined as being a commutable distance from Dalmally or Lochawe).
Isle of Gigha Heritage Trust	<p>Those with permanent employment locally but who are unable to find suitable housing.</p> <p>Anyone with a permanent job on the island will be classed as a key worker.</p>
Orkney Housing Association (Walliwall 5 development)	Exclusively allocated to existing tenants
East Dunbartonshire Council (Twechar)	First offers to those already living in, or having a connection with Twechar
Irvine Housing Association Rural Lettings Initiative for Arran (2013)	No additional priority for employment

Appendix 2 – Consultation Report – Arran LLI

Consultation

Outcome Paper on the Proposal for an Isle of Arran Local Letting Initiative

Introduction

1. The new Brathwic Terrace development will introduce the first Council houses to Arran since stock transfer to Isle of Arran Homes in 2001. Due to the housing supply issues identified both within the Council's Local Housing Strategy (LHS) and Housing Need and Demand Assessment (HNDA), it is appropriate to review the housing allocations approach on Arran and consider a case for developing an Isle of Arran Local Lettings Initiative (LLI).
2. Allocation policies are subject to the terms of the Housing (Scotland) Act 1987, as amended and within allocation policies reasonable preference must be given to:
 - 1) people who are homeless or threatened with homelessness and have unmet housing needs;
 - 2) people who are living in unsatisfactory housing conditions and have unmet housing needs; and
 - 3) tenants of a social landlord who are under-occupied (not using all of the bedrooms in the property they live in)
3. Whilst reasonable preference must be given to the groups outlined above, landlords are permitted to incorporate in additional factors of their own which could include, for example, medical priorities or preference for key workers. Scottish Government social housing allocation guidance also outlines that some organisations adjust their main allocations policy in order to address the local housing needs of communities in which they serve. Scenarios which may benefit from a local letting initiative (LLI) being applied may include:
 - low demand - to stimulate demand;
 - high demand - to prioritise access for particular types of applicant, for example in rural communities where local people have problems accessing housing;
 - a lack of essential workers or where skills are in short supply (Scottish Government, 2010).
4. It is therefore permissible by the Scottish Government for a Local Authority to adopt a LLI separate to that of the main allocations policy for different letting areas. The LLI must be in accordance with all relevant legislation of governing allocation of properties and can therefore not circumvent this process. It is also essential that the landlord publicises the approach taken to allocate the houses to ensure that applicants understand the letting process.
5. The Scottish Government's guidance on social housing allocations notes that the landlord should be clear as to why they are establishing the initiative and its aim and prior to the introduction of an LLI it is essential that the Council consult with applicants, tenants and strategic partners. On Arran, this would require consultation with Trust Housing Association and Irvine Housing Association as well as the other North Ayrshire Housing Register partners. It is also essential that any LLI is publicised to ensure that applicants understand the letting process

6. This paper presents the consultation process for consideration of a Local Letting Initiative for the new Council housing at Brathwic Terrace. It is envisaged that following the consultation, the outcomes identified through the development of the topics, will be incorporated into a Local Letting Initiative for approval to the Council's Cabinet.

Consultation Methods

7. Scottish Government guidance directs consideration towards widening access to consultation by using different methods of engagement (Scottish Government, 2008). Unfortunately, we have been unable to use some traditional methods for consultation such as face to face meetings and events. We have therefore used virtual meetings, telephone and electronic surveys.
8. Consultation records of each consultation event conducted are detailed in chronological order:

	Date of Consultation	Organisation	Consultation Type
1	03/02/21 & 09/03/21	NAC Elected Members for Arran x3, Islands Portfolio Holder Cabinet Member for Green New Deal & Sustainability	Virtual 'Teams' Meeting
2	17/02/21	North Ayrshire Housing Register Working Group	Virtual 'Teams' Meeting
3	18/02/21 & 02/03/21	Arran Development Trust (ADT)	Virtual 'Teams' Meeting and Telephone Meeting
4	18/02/21	North Ayrshire Tenants Network	Virtual 'Teams' Meeting
5	18/02/21	Trust Housing Association	Virtual 'Teams' Meeting
6	19/02/21	North Ayrshire Health and Social care Partnership – Arran Services	Telephone Meeting
7	23/03/21	Arran Community Council	Telephone Meeting
8	23/02/21 – 02/03/21	Stakeholder Survey	Online 'surveymonkey' emailed to stakeholders
9	02/03/21	NAC – Education	Virtual 'Teams' Meeting
10	22/03/21	Representatives from Connected Communities and Arran Locality Partnership	Virtual 'Teams' Meeting
11	24/03/21	Representative from Third Sector Interface/Arran Locality Partnership	Virtual 'Teams' Meeting

12	31/03/21	Representative (Sergeant) Police Scotland/Arran Locality Partnership	Telephone Meeting
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Consultation Outcome

1. All respondents support a Local Letting Initiative that gives additional priority to NAHR applicants who live on Arran
2. 4 respondents (Chair of Arran Community Council; Snr Manager NAC Education; Snr Manager Connected Communities; Third Sector Interface representative, Arran Locality Partnership) believe that additional employment priority should only be for certain essential roles such as NHS, Health & Social Care and Education
3. 4 respondents (NAHR partner landlords; ADT; Trust HA; Snr Manager H&SCP) believe that any form of employment on Arran should get additional priority
4. 4 of the 8 Tenant/Applicants who responded within the online survey believe that any form of employment on Arran should get additional priority

Stakeholder Meetings – Summary

Organisation	Summary
NAC Elected Members (Arran), Islands Portfolio holder and Cabinet Member for Green New Deal & Sustainability	<ul style="list-style-type: none"> • Support for LLI giving additional priority to Arran residents • Support for additional priority for those working in essential roles • Commit to reviewing regularly to ensure desired outcomes are achieved
North Ayrshire Housing Register Working Group partner landlords – CHA, IHA, ANCHO	<ul style="list-style-type: none"> • CHA; IHA; ANCHO support a LLI to give additional priority to NAHR applicants who live on Arran • CHA; IHA; ANCHO support a LLI to give additional priority to NAHR applicants who work on Arran • CHA; IHA; ANCHO believe that anyone who is employed on island should get the additional points, rather than deciding on essential roles
Arran Development Trust (ADT)	<ul style="list-style-type: none"> • The proposal would be met with support by ADT • Additional points for living on Arran and working on Arran equally important

	<ul style="list-style-type: none"> • People living and working on Arran can never get to the top of the list for social housing. They often have no points at all • De-population is a great concern • Island economy damaged by lack of affordable housing
North Ayrshire Tenants Network	<ul style="list-style-type: none"> • All NAN representatives agreed that there should be a LLI to give additional priority to NAHR applicants who live on Arran • No preference stated on whether to prioritise roles
Trust Housing Association	<ul style="list-style-type: none"> • Very supportive of the proposal • Trust HA allocation already gives additional priority for those working on Arran • Appreciate reason for essential roles but doesn't support it. Better to simply award additional points to anyone who works, regardless of employment type
North Ayrshire Health and Social care Partnership – Arran Services	<ul style="list-style-type: none"> • Very supportive of the LLI proposal • 10-15 current vacancies • Believes all forms of employment on the island should get additional priority
Arran Community Council	<ul style="list-style-type: none"> • Very supportive of the LLI proposal to give additional priority to NAHR applicants who live on Arran • Agree that NAHR applicants who work on Arran should get additional priority but feels that only certain roles such as NHS, H&SC, Education should be considered essential
NAC – Education	<ul style="list-style-type: none"> • Very supportive of the LLI proposal to give all NAHR applicants living on Arran additional priority • Housing for key public sector roles is most important
NAC - Connected Communities and Arran Locality Partnership	<ul style="list-style-type: none"> • Very supportive of the LLI proposal to give all NAHR applicants living on Arran additional priority • Key public sector roles should have highest priority
Third Sector Interface, Arran Locality Partnership	<ul style="list-style-type: none"> • Very supportive of the LLI proposal to give all NAHR applicants living on Arran additional priority • Previous trustee in ADT and aware of needs and priorities on island.

	<ul style="list-style-type: none"> •HSCP and Education roles cant afford housing, important care posts not filled •Lived on Arran many years, previously had to work 4 jobs to afford to live there •Children forced to leave island
Sergeant from Police Scotland/ Arran Locality Partnership	<ul style="list-style-type: none"> •Very supportive of the LLI proposal to give all NAHR applicants living on Arran additional priority. Local people unhappy if non-islanders get social housing •Particularly concerned about a shortage of Care roles and that Police are regularly called out of hours when Alert Team are not able to reach a Carer.
NAC Register of Interested Tenants and Applicants	<ul style="list-style-type: none"> • All 8 respondents agree that NAHR applicants who live on Arran should get additional priority •4 of the 8 respondents agree that any form of work on Arran should get additional priority