

REPORT TO: Executive Board
DATE: 5 March 2009
REPORTING OFFICER: Strategic Director – Health & Community
SUBJECT: Choice Based Lettings
WARD(S) Borough-wide

1.0 PURPOSE OF THE REPORT

- 1.1 The Government's five year housing plan, *Sustainable Communities: Homes for All*, published in January 2005, set out its plans for taking forward its Choice Based Lettings (CBL) policy. The aim is for all Councils to implement CBL by 2010, and there is a national policy objective to develop sub regional/regional schemes.
- 1.2 Even though the Council no longer manages any dwellings, it is required to have an allocations policy to ensure that reasonable housing preference is given to households in certain categories of need through its nomination agreements with RSLs. Currently Halton Housing Trust (HHT) manages a joint Council/HHT housing register and operates what in most respects is a common allocations policy
- 1.3 Following on from a Member seminar held on the 27th November 2008 to explain the key elements of CBL, this report now seeks the Board's agreement to work in partnership with a number of Councils and Registered Social Landlords (RSLs) across Merseyside to develop a sub regional CBL scheme.

2.0 RECOMMENDATION: It is recommended that the Board agree to the Council's participation in the development of the Merseyside Sub Regional CBL Scheme.

3.0 SUPPORTING INFORMATION

- 3.1 Traditionally anyone needing a social rented tenancy applied to a Council or RSL to join a housing register. Priority was determined by a number of means, but typically by date order or the award of points to reflect varying degrees of need. Applicants were invited to indicate their preferred neighbourhoods, but the Council or RSL determined which particular property they would be offered. The applicant's choice was limited to accepting or refusing the offer.
- 3.2 CBL originated in Holland and, whilst acknowledging that CBL does nothing to solve the housing shortage, it does offer a much more

customer focussed approach. There are any number of scheme variants but in essence they all feature common elements –

- All RSLs are encouraged to participate in the scheme so that there is one application form, one allocations policy and common ICT so that from a customer perspective an applicant need only apply once no matter which Landlord they want to be housed by. Some Councils/RSLs hold back a proportion of their lettings for “management lets”.
- The allocations policy assigns applicants to particular priority bands according to need e.g. urgent, multiple needs, single need, no need. Within each band priority is usually determined by date of application. Some schemes apply quotas to each band to ensure a proportion of applicants are housed from each band.
- Vacant properties are widely advertised on weekly or fortnightly cycles, with information about property size, facilities, rent and sometimes even local amenities. The advert also gives an indication of any restrictions on who will be given priority or who may bid for them e.g. band, family size, etc. In some schemes private sector lets and RSL low cost home ownership schemes are also advertised.
- Applicants can bid for the particular properties that they want, provided they meet any stated restrictions. At any time up to the bidding cycle ending the ICT system will automatically tell them their position in the list of bidders in case they want to widen their net and apply for a different property. Automated or proxy bidding can be set up for vulnerable applicants, together with support systems.
- Feedback is provided after each lettings cycle to show who got what in terms of band and date of application. This helps the applicant to make more informed choices for future bids, provides some realism as to their future prospects, and provides much greater transparency.

3.3 The most recent data provided by Government suggests that 36% of Councils have already introduced CBL, with a further 59% planning to do so. Government is also keen to develop CBL schemes on a regional or sub-regional basis, recognising that housing markets do not follow local authority boundaries, and has awarded funding to a number of Councils that have sought support in doing this. Greater Manchester Councils have recently launched their sub regional scheme, Pinpoint, and a number of Merseyside Councils have been successful recently in securing funding to develop a scheme. The two new Unitaries in Cheshire are also actively developing schemes.

- 3.4 Research commissioned by Communities and Local Government, undertaken by Heriot-Watt University and the British Market Research Bureau, has generated positive findings about the longer term impacts of CBL. “*Monitoring the longer term impact of Choice Based Lettings*” found that CBL leads to improved tenancy sustainment and tenant satisfaction, encourages applicants to think more flexibly about their housing choices, and tends to reduce rather than compound ethnic segregation. Homeless families and other vulnerable groups welcomed the support and choice offered by CBL.
- 3.5 Research also found that applicants welcomed the choice, control and transparency of CBL. They also considered that the extra effort required to take part in CBL, by looking through vacancies and bidding for suitable properties, was worth it.
- 3.6 From a Landlord perspective there have been sustainability related savings, and efficiency savings through improved ICT, reduced refusal rates, quicker relets, and demand generated for properties previously considered hard to let. And from Councils’ perspective, the existence of one housing register avoids duplication and provides a more accurate indication of housing need and trends.

4.0 THE OPTIONS

- 4.1 Over the last 18 months officers of the Council and HHT have, in consultation with the larger RSLs in the borough, undertaken an appraisal of the various CBL options. Those considered were as follows:

Option 1: Create a new Halton stand alone scheme.

Option 2: Join an existing scheme (e.g. the “CHOOSEaHOME” scheme operating in Warrington or the “UnderOneRoof” scheme in St Helens)

Option 3: Join a sub regional scheme

4.2 Options 1 and 2

The feedback received from RSL partners is that there is no appetite to develop a Halton stand alone scheme, the most expensive option with approximately £200,000 development costs. Whilst in the early stages RSLs were open minded about the options, the recent emergence of sub regional schemes has changed their views. The emerging consensus is that they favour joining a sub regional scheme. This therefore also discounted Option 2 to join an existing scheme in a neighbouring authority.

4.3 For RSLs this makes good business sense, particularly for those who operate across several Council areas, as they currently have to operate a variety of stand alone schemes and the costs and complexity are driving them towards rationalisation. Participation in a number of different CBL schemes increases their costs as there is less potential to streamline business processes and ultimately save on staffing costs. Operational staff are also faced with applying and explaining to customers different CBL models. Buying into a sub regional scheme therefore meets their wider organisational efficiency requirements.

4.4 **Option 3**

The sub regional options include schemes being developed in Merseyside, Cheshire West and Cheshire East. In terms of cost the sub regional schemes are likely to be the most financially advantageous due to economies of scale with larger numbers of partners sharing the costs, and the fact that two of them benefit from a Government grant of £100,000 each for initial scheme development. The option of developing a scheme between Halton, St Helens and Warrington (the Mid Mersey) was also explored, but Warrington are in the early stages of undertaking a housing stock transfer and could not commit to such a project at this time.

4.5 The clear preference of the RSLs is for the Merseyside scheme as most are Merseyside based organisations (at least those that account for the majority of the stock), with little stock held in Cheshire. From the Council's perspective the Merseyside option also has merit, given Halton's participation in the City Region governance arrangements and increasing sub regional working at all levels. As things stand Knowsley, Liverpool and Wirral are committed to the scheme, with Halton, Sefton and West Lancashire due to make a decision. There are also more than 20 interested RSLs.

5.0 **CONCLUSIONS**

5.1 Whilst it is not a statutory requirement, the Council can of course ignore it, but pressure to adopt CBL is likely to be applied through future Comprehensive Area Assessments (CAAs) and Audit Commission inspections. CBL is a very clear Government policy target which is part of the general Government drive to improve choice in the Public Sector. A copy of the policy is attached as an appendix.

5.2 Irrespective of this, based on the views of other Councils that have already implemented CBL, and the research referred to earlier, the approach does genuinely seem to offer the customer a better service to traditional housing register schemes which in itself is reason for giving consideration to its adoption.

- 5.3 If the Council chose not to adopt CBL there would be other implications. HHT does intend to adopt CBL and thereafter would be unable to manage a joint HBC/HHT Register due to ICT constraints. This would mean the Council having to establish and manage its own housing register and nominations to RSLs. There would be initial ICT and staffing costs to set this up, with ongoing revenue costs almost certainly greater than currently paid to HHT. This would result in a large degree of duplication as applicants on the HBC and HHT CBL Register would in large part be the same, and added confusion for the customer.
- 5.4 The Council could decide to develop a stand alone Halton CBL scheme, but with no buy in from any of the RSLs the preceding points would still apply.
- 5.5 Development work on the Merseyside scheme is still at an early stage, with ultimate costs for partners dependent on the number of participating organisations and the scheme management options chosen. Even at this stage, however, it is clear that for Halton the cost of developing CBL as part of this wider partnership arrangement will be the most economic option. It is therefore proposed that the Board agree to joining the Merseyside sub regional scheme.
- 5.6 Ultimately all decisions about the nature of the scheme, the lettings policy, and governance arrangements will be subject to the agreement of all the partners. There is also a statutory duty on the Council to consult stakeholders on significant changes to housing allocation policy, which would be undertaken after the Board had considered any proposals.

6.0 POLICY IMPLICATIONS

- 6.1 It should be noted that a Common Allocations Policy is the preferred option of the potential sub regional partners and they have agreed to review their own policies in order to identify areas of commonality. This is both to reduce ICT costs and to make the scheme as simple as possible for users. If this is not achievable ahead of the 2010 deadline, an interim position would have to be agreed. The Council will need to review and update its own allocations policy in preparation for this.
- 6.2 Halton's current allocations policy seeks to give preference to local residents by awarding them 25 additional points by virtue of current or previous residence in the Borough. However, when applicants typically need 500-700 points to be housed, the effect of awarding this small number of points must be viewed as very marginal in achieving this objective. Despite this there has been only limited inter-borough migration, with data from RSLs lettings returns for the

last three years revealing that only about 1% of customers have moved between Halton and its nearest LA neighbours. Nevertheless it may be possible within a CBL scheme to restrict eligibility or priority on the Register by including some form of local connection criteria.

7.0 RESOURCE IMPLICATIONS

7.1 From the options explored, it is clear that a Halton stand alone scheme is cost prohibitive. Even though the costs of joining a sub regional scheme are unknown at the moment, it is safe to assume that the cost of joining a sub regional scheme, along with all of the Halton RSL partners, would provide the most cost effective solution.

7.2 Halton's share of development costs in 2009/10 can be met from existing reserves. Some additional provision may need to be made in the 2010/11 budget, but ongoing operational costs are likely to be commensurate with, or even lower than, the sum currently paid to HHT to manage the Councils housing register.

8.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

8.1 Children & Young People in Halton

The prospect of more sustainable communities stemming from clients' increased choice about where they live will potentially benefit children with a more settled environment.

8.2 Employment, Learning & Skills in Halton

CBL has the potential to offer greater mobility to those seeking employment, whilst recognising concerns about excessive in migration.

8.3 A Healthy Halton

None identified.

8.4 A Safer Halton

None identified.

8.5 Halton's Urban Renewal

None identified.

9.0 RISK ANALYSIS

9.1 If the Council decided to adopt an approach to its allocations policy that is different to all the RSLs, the Council would be left with the

issue of how to deal with its waiting list and nominations, with potential cost implications.

- 9.2 Whilst the CBL target is not a statutory requirement, should Halton fail to meet the Government's 2010 deadline for CBL, it may have an adverse impact upon the Council's future CAA. If the decision is to join the sub regional scheme, or develop a Halton stand alone scheme and this does not progress at the required rate, the Council (and HHT) may need to consider a contingency or interim position. This is likely to have financial and staff resource implications.

10.0 EQUALITY AND DIVERSITY ISSUES

- 10.1 An equality impact assessment will need to be completed once more is known about the preferred CBL option. An additional assessment will also need to be completed as part of the allocations policy review.
- 10.2 Once a CBL scheme has been set up, monitoring arrangements will be put in place to ensure equality in relation to access to the service and re-housing opportunities.
- 10.3 The research referred to earlier found there to be no adverse impact arising from the implementation of CBL providing sufficient safeguards are put in place, and indeed found many positive outcomes for vulnerable clients including homeless households.

11.0 REASON(S) FOR DECISION

- 11.1 To address the Governments policy objective of introducing CBL in all Councils by 2010 in the most cost effective manner.

12.0 ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

- 12.1 The various options considered for delivering CBL are described in sections 4 and 5 of the report, together with the rationale for the option recommended.

13.0 IMPLEMENTATION DATE

- 13.1 The target date for implementation of the Merseyside sub regional CBL scheme is 2010.

14.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None