

CABINET

12 DECEMBER 2007

SUB-REGIONAL CHOICE BASED LETTINGS

REPORT OF HEAD OF STRATEGIC HOUSING

Contact Officer: Diane Cooper Tel No: 01962 848391

RECENT REFERENCES:

None

EXECUTIVE SUMMARY:

The Government's 5 year housing plan 'Sustainable Communities: Homes for All' published in January 2005 set out the plans for taking forward its Choice Based Lettings Policy indicating the intention to see the policy operating on a regional or sub-regional basis. Portsmouth City Council, as the lead Authority, submitted a bid in partnership with Winchester City Council, East Hants District Council and Havant Borough Council, to Government for funding to develop a sub-regional Choice Based Lettings (CBL) scheme. The partnership was successful in obtaining a grant of £100,000. Following policy changes at Portsmouth City Council early in 2007, they announced they would be withdrawing from the project. A final decision to withdraw from the project was confirmed in July 2007. The remaining partners wished to proceed, agreeing that Winchester City Council act as the administrating authority. Portsmouth City Council returned the grant monies to Government who, following a formal application, agreed to re-designate these to Winchester. The £100,000 grant for a sub-regional CBL scheme is now held by Winchester City Council.

RECOMMENDATIONS:

1. That a sub-regional choice based lettings scheme be adopted, in partnership with East Hants District Council and Havant Borough Council
2. That at a future date and following initial consultation with stakeholders a draft revised Scheme of Allocation be brought before Cabinet for further consideration.
3. That, subject to initial Cabinet approval, the Portfolio Holder for Housing and Communities be authorised under the portfolio holder decision making scheme to approve any subsequent changes (if required) to the draft Scheme of Allocation.

4. The Portfolio Holder for Finance and Resources, in consultation with the Portfolio Holder for Housing and Communities, under the portfolio holder decision making process be granted authority to make decisions relating to ;-
- (i) The procurement and appointment of a contractor in accordance with the Public Contracts Regulations 2006 who will be required to enter into a joint framework contract for a minimum term of three years with a possible extension for a further period of two years with Winchester City Council East Hants District Council and Havant Borough Council for the supply of a web based managed ICT solution for a sub regional Choice Based Lettings System.
  - (ii) Hosted ICT services subject to these being within budget.
  - (iii) The Council entering into a formal Partnering Agreement with East Hampshire District Council and Havant Borough Council once approved by the CBL Project Board.

## CABINET

12 DECEMBER 2007

### SUB-REGIONAL CHOICE BASED LETTINGS

#### REPORT OF HEAD OF STRATEGIC HOUSING

##### DETAIL:

#### 1 Introduction

- 1.1 The Housing Green Paper 'Quality and Choice: A Decent Home for All' published in April 2000 proposed a series of pilot schemes to test the concept of choice based approaches to letting Local Authority and Housing Association accommodation. The pilots' primary aims were to give both existing and new social housing tenants more say in choosing where they live and to provide lettings schemes that were more comprehensible and transparent to applicants. In essence Choice Based Lettings Schemes (CBL) allow applicants for social housing to "bid" for properties when they become vacant, the bidder with the highest priority is offered the tenancy of the property. The CBL system places greater emphasis on the applicant to search for appropriate vacancies and apply for them rather than be offered a property that they may not want. CBL systems are web based and encourage applicants to bid on-line, although other bidding methods are available e.g. postal, texting and phone message.
- 1.2 The Government confirmed its commitment to take forward Choice Based lettings in its published Code of Guidance for local authorities on the 'Allocation of Accommodation' in 2002 and set targets for 25% of Local Authorities to have a choice based lettings system by 2005 and 100% by 2010.
- 1.3 The Deputy Prime Minister's 5 year housing plan 'Sustainable Communities: Homes for All' published in January 2005 set out the Government's Plans for taking forward its Choice Based Lettings (CBL) policy. It also indicated the Government's intention to see this policy operating on a regional and or sub regional basis.

#### 2 Background – Winchester City Council

- 2.1 In response to the Government's agenda, the Cabinet and the Housing Performance Improvement Committee approved the setting up of an Informal Officer and Member Working Group (IMOG) to consider how a CBL scheme could be applied in Winchester. The Group comprised Members, Officers and TACT representation and was also to consider how cross border letting schemes could work.
- 2.2 In July 2005, the Government published its intention to make funds available for the development of regional and sub-regional CBL schemes and introduced a bidding round for Authorities comprising 3 or more partners. At its meeting in August 2005, the CBL IMOG with the approval of the Portfolio Holder for Housing, agreed to submit a joint bid together with Portsmouth, East Hants and Havant Borough Council. Portsmouth City Council acted as the lead authority and submitted the bid details. The Office for the Deputy Prime Minister (ODPM) confirmed the submission was successful in December 2005 and awarded the partnership a total of £100,000. A project team and Board comprising representatives from all four Authorities were set

up and work commenced making significant progress on developing a sub-regional scheme.

- 2.3 Unexpectedly in April 2007, Portsmouth City Council indicated that following a systems review they might be withdrawing from the partnership. This was confirmed by their Chief Executive in June 2007 and Portsmouth formally withdrew from the project in July 2007.
- 2.4 The remaining partners decided they would like to proceed with a sub-regional approach, but as the Government grant funding had been awarded to Portsmouth City Council the process had to start again. Winchester agreed to act as the administering authority for the new partnership. Portsmouth City Council returned the funding to the now CLG and following an approach from Winchester City Council they agreed to award the £100,000 grant to WCC as the administering authority for the remaining partners. Each partner local authority has contributed a further £15,000 each for capital start up costs in line with the funding agreement with the CLG. In the Council's case this was approved as part of the Budget process for 2007/08. Members approved the Council's contribution of £15,000pa as a revenue growth bid to pay for expected software licences for CBL in report CAB1418 (13.02.07) from the financial year 2008/09.
- 2.5 The sub-regional approach proposed by the Authorities involves advertising all social rented vacancies (including Registered Social Landlords) across all 3 LA areas to all of their respective applicants for housing. In theory this will allow applicants from East Hampshire and Havant to have an equal opportunity of being rehoused in a property in Winchester and vice versa, the criteria for success will be based solely on their housing need. Both East Hampshire DC, Havant BC and the Council's IMOG have considered the risks of this approach and are satisfied that it is worth pursuing with the caveat that the scheme be reviewed after 12 months to ensure no LA or its tenants are facing an unfair burden of new tenants from outside their area. Each LA will have the ability to vary the amount of vacant stock they advertise via the CBL scheme but all are committed in the first instance to offer 100%. If a LA decides to limit the stock available to applicants from the other areas this will be achieved in practice by the CBL system only allowing bids from the applicants on the LA's own housing list. Each LA within the proposed CBL scheme will still have their own scheme of allocation which will reflect their own local rehousing priorities.

### 3 The Current Position

- 3.1 To avoid further delay and to keep on track with the Government's agenda of all Local Authorities having some form of CBL scheme by 2010, a new Project Board and team has been formed comprising representatives from the three remaining partners. The minimum number of Authorities required to meet the Government's criteria for sub regional CBL funding is three. Therefore one of the the major risks to the project succeeding would be if one of the partners pulled out. Should this happen the Government funding of £100,000 would be lost and each Authority would be responsible for their costs up to that point. To assist in minimising this risk the Partnering Agreement between the Authorities provides for any one of the partners to give 18 months notice of their intent to withdraw from the project. Also of note is given the Government's agenda for all local authorities to have some form of choice based letting system by 2010, withdrawal from the project would leave each authority having to finance their own scheme, in full, without any Government funding.
- 3.2 Winchester, in agreement with its sub regional CBL partners and in consultation with the City Council's legal services, have outsourced the drafting of a Partnering

Agreement between the three Authorities and a Framework Agreement Contract for the Managed and Hosted ICT services required to operate a sub-regional CBL scheme. The drafting of these documents has been outsourced to a legal firm with proven experience in the process. An officer from the City Council's legal services is represented on the CBL project team and has revised the pre-qualification questionnaire (PQQ) in preparation for placing the OJEU notice for the ICT system. The PQQ provides for assessment on the following criteria :-

A - The Identity of the Applicant

B – Financial Standing

C – Technical Capacity and Ability

D – Equal Opportunities

E – Staff Training

F – Professional Conduct

G – Details of Workforce Directly Employed

H – Freedom of Information

I – Declaration under Regulation 23 of the Contracts Regulations 2006

- 3.3 Both East Hants and Havant have obtained Cabinet approval to proceed with a sub regional CBL scheme in partnership with WCC. We are therefore seeking Member approval from Cabinet to proceed with the sub regional CBL scheme set out above.

#### OTHER CONSIDERATIONS:

#### 4 CORPORATE STRATEGY (RELEVANCE TO):

- 4.1 Choice Based Lettings is relevant to the corporate aim of Safe and Strong Communities – Promoting an inclusive society by improving access to affordable housing.

#### 5 RESOURCE IMPLICATIONS:

- 5.1 The initial budget estimates are set out in the report above ie start up costs are £145,000 (£100,000 from Government, and £15,000 each from the three LA's) with an annual revenue contribution of £15,000 each (approved through 2007/08 budget process) and will be kept under review by the project team through the business case set out in the project documents. From the information available the CBL system can be purchased within current budget available for the project, the risk of overspend is considered as low because there is flexibility to reduce the specification of the CBL system to enable costs to be reduced. More accurate costings information will be available after the tender exercise, the Council Members should note that we will not however be able to withdraw from the Project once the Partnering Agreement has been completed and that it is intended that a system of majority voting will apply to the award of the successful contractor and to any decisions taken under the Partnering Agreement. If any of the partners withdraw the sub-regional funding from the Government will have to be returned and the costs of developing a local CBL scheme by the 2010 deadline will have to be met in full by the LA, therefore there is a

powerful incentive to make the sub-regional scheme work. It is anticipated that the existing Housing staff will adapt their current roles/activities to meet the changing practices required of CBL, but the true impact on resources will become clearer closer to implementation.

6 TACT COMMENT

6.1 **Sub-Regional Choice Based Lettings - TACT Report**

6.2 TACT on this occasion has had to base their comments, due to the tight turn around, on those of the two TACT Chairs, and Paul Bungey member of the Choice Based Lettings Forum. As next TACT meeting is too late for comments, the TACT chairs have been kept informed at all stages of the Forum meetings plus other meetings, outside of the Council, regarding Choice Based Lettings.

6.3 TACT have been following the Government's plans, for taking forward its Choice Based Lettings Policy, on regional or sub regional basis for some time.

6.4 Along with Paul Bungey on the Choice Based Lettings Forum, the report of the Head of Strategic Housing, has brought us up to date on the situation and where we stand now.

6.5 TACT has been in favour of any means to fill empty voids as fast as possible, thus protecting the Housing Revenue Account, along with the aim to get people on the housing list into homes.

6.6 TACT in the interim period has been looking into other cases of concern, from other Councils regarding a re-think, taking up Choice Based Lettings. This is partly due to Portsmouth City Council withdrawing from the project involving Winchester City Council and East Hants District Council and Havant Borough Council which may have had some bearing.

6.7 Portsmouth City Council's reasons for withdrawing, along with press articles as to why they have withdrawn are listed below:

- After a review, in which they canvassed tenant's opinions on the idea, it decided not only to pull out of the sub regional scheme but to abandon Choice Based Lettings altogether.
- Choice Based Lettings would be more expensive, lead to more homes standing empty longer and provide a worse service for tenants than existing alternatives, the council concluded.
- At no stage did they find any customers who wanted to have internet – based property advertising and bidding mechanism.
- Looking at what choice-based lettings would deliver, they found it would prevent them from doing what customers wanted.

6.8 The press has picked up on other Councils that there had been a change of heart, and they no longer wanted to go with Choice Based Lettings. TACT realise that Winchester City Council is well on the way to being fully committed to Choice Based Lettings now, but let us look into the reasons from other Councils and Housing Associations, why they are not going along this path and try to avoid any pitfalls that may lay in our path.

- 6.9 TACT has indicated their concerns, please take them on board. TACT will do all it can to make Choice Based Lettings work, but caution and a clear understanding of our aims and those of our partners is vital.

Alan Rickman TACT Chair Evening Group and Co-optee.

7 Strategic Housing Response (to Tact comment)

- 7.1 The reasons for Portsmouth withdrawing from the project were considered by the remaining partners. There is no evidence from existing schemes around the country to justify the stance taken by Portsmouth City Council . Housing research undertaken by the CLG indicates that in most cases the introduction of CBL has been followed by an improvement in tenancy sustainment, housing management performance, faster re-letting and reduced tenancy turnover. CBL schemes have been operating successfully in several of our neighbouring authorities (New Forest District Council, Test Valley Borough Council and Eastleigh Borough Council). Sub-regional schemes are working in Guildford (including Hart and Rushmoor Councils), Cornwall and the Derbyshire Dales.
- 7.2 The Government funding is targeted at the development of sub regional CBL schemes and the sub regional approach has specific benefits to Winchester City Council and its partners given the size and scope on the impending housing developments such as West of Waterlooville.

BACKGROUND DOCUMENTS:

Various documents, including Project Team minutes, held within the Strategic Housing Division

APPENDICES:

None.