

Report of: Business Manager, Housing Services

Title: Implementing Choice Based Lettings in Oxford

Ward: All

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Key Decision: Yes

Lead Member: Councillor Ed Turner

Scrutiny responsibility: Housing Overview and Scrutiny Committee

RECOMMENDATIONS

That the Executive Board agrees to:

- (1) Approve the proposed project plan and timetable
- (2) Approve the principle of implementing Choice Based Lettings and that the Housing Services Business Unit should commit resources to the project in this financial year (2005/06) to undertake the project work
- (3) Note that the project is at risk if further budgets are not agreed to undertake this work in 2006/07 and 2007/08
- (4) Consider this project as part of the budget process for the next two financial years (2006/07 and 2007/08)
- (5) Note the key issues identified in the report to be considered further

1.0 Summary

- 1.1 This report presents a project plan for the implementation of Choice Based Lettings in Oxford. It identifies the scope of the work required; proposes a timetable; outlines the key tasks to be undertaken; and identifies the resources needed to deliver the project. The report seeks major project approval and budget provision for the project
- 1.2 The implementation of Choice Based Lettings will help deliver the

Council's visions of service improvement and enhancing our customer focus. It is also linked to the aim of reducing social exclusion by helping to create more sustainable communities

2.0 Background and Context

- 2.1 Choice Based Lettings (CBL) is a new method of allocating social housing. It represents a significant change from present practice and introduces far greater choice to applicants, to enable them to make informed decisions about where they want to live
- 2.2 A presentation to Executive Board on 13th June 2005 provided more details about CBL and its operation. In brief, CBL follows a concept that was developed in the Netherlands and is known as the 'Delft model'. Vacant properties are advertised, and applicants on the housing register are able to express an interest in a property by 'bidding' for it, within a specified time cycle. Properties may be 'labelled' to identify who may bid for a particular property (whether this be by age; register; housing need; etc) Bids will be prioritised by set criteria (housing need; waiting time; etc.) and the property is offered to the highest ranked. Feedback on the results of this allocation is communicated when the next cycle of properties are advertised, to help applicants make informed choices about future bids
- 2.3 The Government has set a target that all housing authorities should be operating a Choice Based Lettings allocation system by 2010. Oxford City Council has committed to meeting this target. (Executive Board 1st Sept 2003)
- 2.4 The Office of the Deputy Prime Minister (ODPM) piloted this initiative in 27 areas between 2001 and 2003, and early feedback has been positive. The ODPM has commissioned two further evaluations of CBL schemes, which are due to report in March 2006. An interim target set by the ODPM of having 25% of local authorities offering CBL by the end of 2005 is expected to be met
- 2.5 Further Government commitment has been expressed in ministerial statements and the plan "Sustainable Communities: Homes for All" (Jan 2005). The ODPM plans to issue new advice and good practice guidance in Spring 2006 on reconciling providing 'choice' with prioritising 'housing need'. The Government also sees CBL as an approach which can increase mobility for applicants, both geographically and between tenures, and is encouraging local authorities to develop initiatives to offer these options also

3.0 Key Issues

- 3.1 Early evaluation of CBL schemes has identified many issues. These

include the following, that appear most relevant in the Oxford context

3.2 Vulnerable Groups

CBL requires the *active* participation of applicants. Many CBL schemes make full use of modern technology to enable bidding (such as the internet), as well as more traditional methods such as post and phone, but whatever method is used, we need to ensure that all customers can be involved and those requiring additional help or support are assisted

3.3 Housing Need and Homeless Households

The operation of the scheme will need to ensure that the needs of homeless households in temporary accommodation can still be met, and that the Council can continue to discharge duty and meet the targets identified in the Homelessness Strategy. The scheme will also need to ensure that sufficient priority can continue to be given to households in housing need to ensure compliance with statutory duties

3.4 Sustainability and Community Cohesion

Concern has been expressed that should there be a shift in responsibility from the Council having 'control' over the process, to applicants having 'choice', then there could be greater segregation of communities and certain local priorities could not be met. A CBL scheme should be capable of monitoring any impact resulting from it and be capable of meeting local policies and objectives

3.5 Involvement of Stakeholders

CBL schemes require a high degree of partnership working between all local housing providers and support agencies. A successful Common Housing Register operated between the Council and partner Housing Associations is generally viewed as a pre-requisite to this. Pilot authorities have stressed the importance of through consultation in the development of a scheme to ensure it's success

3.6 Information Communication Technology (ICT)

The use of ICT in the operation of a CBL scheme is vital in marketing properties within limited time periods; in effectively communicating with applicants; in processing bids; and in monitoring and reporting activity. The pilot authorities cite the selection of the right ICT supplier and product as a key area in delivering CBL to time. Increasingly, the use of ICT is leading to the development of more innovative approaches to providing a service

3.7 Resources

Clearly the shift to CBL will have budgetary impact and implications for the way the service is delivered. An indication of budgetary requirements is set out later in this report, and staffing implications will be considered throughout the project. It is expected that CBL should deliver efficiencies, particularly in better relet times and the administration of the offer process. Experiences of other authorities suggest that CBL may allow staff to engage more with service users by

visiting applicants and vulnerable persons, and be more pro-active in prevention of homelessness. CBL has also been shown to increase the volume of work, with a large number of bids to process and increased visibility of vacant properties leading to more applications for housing. This has assisted in the reletting of some low demand properties and has also help to identify more 'unpopular' properties than have no demand

3.8 Allocation Scheme and Transparency

A key feature of CBL is that it operates in a clear and fair manner; that the system is understandable; and that the allocation of social housing becomes more transparent. A robust Allocation Scheme and a simplified priority system are invaluable in achieving this, as is an effective communication strategy with customers

4.0 Objectives

4.1 An early task in implementing CBL in Oxford will be to identify what we aim to achieve by the introduction of the scheme, and how these objectives can best be met

4.2 Based on the key issues identified above, some of the objectives are likely to be as follows, to:

- a) provide customers with good quality information to make informed choices
- b) improve customer satisfaction
- c) help ensure sustainable tenancies and more settled & stable communities
- d) make allocations decisions and processes more transparent & understandable
- e) improve acceptance rates and improve void performance
- f) help to let 'low demand' properties and better identify & quantify these
- g) ensure that Allocations and Homelessness Strategy targets, and other priorities continue to be met
- h) ensure that all customers are able to actively participate in the process (especially vulnerable households)
- i) improve the efficiency and effectiveness of the service and reduce bureaucracy
- j) ensure that we have robust organisational structures, sufficient resources and good infrastructure in place to effectively operate a scheme
- k) improve performance management information

4.3 Alternative Options

As outlined above, the Council is required to implement CBL by 2010, and has also taken a decision to do so.

There are therefore no real alternative options to be considered, other than a delayed implementation (from the proposed October 2007 launch) by up to three years. This option may allow less resources to be dedicated to the project for the period of the (longer) project plan, but improvements and efficiencies resulting from the project will not be delivered as soon, as a result. This option is not therefore recommended

4.4 Consultation

The report proposes a full consultation exercise as part of this project (in section 5.6). The results of this will be reported to Executive Board in a subsequent report (see 5.10).

There have been no responses, to date, to the publication of this item in the Forward Plan

5.0 Project Plan

5.1 The experience of the early pilots has shown that investment in robust project management, with sufficient resources, and the engagement of all stakeholders, is essential in ensuring the projects success

5.2 The Project Plan in Appendix One aims to provide a clear roadmap as to how this project could be taken forward in Oxford. Based on this, it would seem realistic for the scheme to launch in Oxford on 1st October 2007. If opportunities present themselves which would allow for an earlier launch, then we propose to explore these further

5.3 Steering Group

It is proposed that a steering group be established by the end of October 2005 to lead the project. The group should involve staff, members and other stakeholders, and provide the overall direction for the project. It will be accountable for ensuring the project is well managed, co-ordinated and integrated into other work being undertaken. It is proposed that this group be chaired by the Strategic Director, Housing, Health and Community, and that Councillor representation is provided by the Strategic Planning, Housing and Economic Development Portfolio Holder, and by the Chair of Housing Overview and Scrutiny Committee

5.4 Project Groups

It is also proposed that project groups be convened to review in more detail various aspects of Allocations policy and CBL. These will also involve stakeholders, including staff; tenants; customers; registered social landlords; and Councillors. The Project Plan envisages that groups will be established in late October 2005, and will report by early May 2006. It may be appropriate for some groups to reconvene in the summer of 2006 to work up and agree more detailed proposals. The plan also proposes that further groups are established from January

2007 to work up various details of implementing the CBL scheme in Oxford

It is envisaged that the teams will review various issues and may well undertake site visits to other authorities to research good practice that can be brought back to Oxford

5.5 Project Team

A dedicated project team is also proposed to lead and co-ordinate the project; to service the project groups; and to undertake various tasks to progress the project. The team will be established for approximately two years from October 2005. It is proposed that the team comprise of the following appointments:

- a) CBL Project Manager
- b) CBL Project Officer
- c) CBL Project Administrator

5.6 Consultation Stages

In addition to the input of various stakeholders through the work of the project teams, the Project Plan proposes to undertake a full consultation exercise. This will follow a pilot in January 2006, and run for a period of 12 weeks – as required by Government.

The consultation will seek to involve members, staff, tenant and resident groups, persons on the housing register, registered social landlords, other housing providers, statutory agencies, the voluntary sector (e.g. support service providers and advice agencies), other service users, and any other appropriate forums or panels. The aim is to undertake this work pro-actively by presentations, seminars, and visits, in addition to a more traditional postal survey, in order to widely canvas opinion and increase feedback

The key issues that must be consulted on are any changes being proposed to the Allocation Scheme, including the priority system that is being proposed to assess housing need and to shortlist applicants, and the decision to adopt a CBL scheme in the City. The consultation will also provide an opportunity to increase awareness of CBL, and to maximise the involvement of various parties

It is also proposed to supplement the formal consultation, by also consulting at a latter stage about the detail of 'How CBL should work in Oxford'. The aim is to ensure that stakeholders views are taken into account in the implementation stages of establishing the mechanics of operating the scheme in Oxford

5.7 Tender Stages

The Project Plan also identifies a timescale for going out to tender on

our ICT requirements. This process starts with the preparation of tender specifications, with us inviting expressions of interest in July 2006. Contractors will then be shortlisted, with final submissions evaluated in early November 2006. It is assumed that the Council will wish to pursue this tender route in order to assess various products and ensure a competitive price, although officers propose to explore whether this is the best option, given the time delay this will cause to implementation of CBL; the specialist nature of the tender; and the potential benefits of entering into a lower risk partnership approach with a potential supplier

5.8 Common Housing Register (CHR)

The plan also refers to agreeing a framework for a Common Housing Register by the end of November 2005, and later for a RSL Partnership Agreement to be agreed by January 2007. Work is already underway to agree with RSL partners to having a CHR in Oxford. This would mean that all social housing could be accessed by customers, from a single point. All applications would be held on a single register, operated by the Oxford City Council, with common application forms used by all the partners. A draft agreement is presently being consulted on with the RSLs, with the aim that the vast majority of social rented accommodation in Oxford is allocated through this mechanism.

This is an essential pre-requisite to moving towards CBL, where all partners need to work together to allocate properties through this system. Any Partnership Agreement agreed soon can be reviewed in 2006 and amended in light of decisions taken concerning the implementation and operation of CBL, prior to 2007

5.9 Implementation Stages

The Project Plan proposes that the project will move into an 'implementation phase' from the beginning of January 2007. By that stage, a new Allocation Scheme should have been adopted and decisions taken on the shape that a CBL scheme in Oxford should take. It is assumed that by this point, operating costs will have been agreed, and budgeted for, and that a contractor will have been appointed and be ready to start work

The plan clearly makes some assumptions that all tasks up to this point will have been completed and that no other external factors have adversely affected the project. No assumption has, as yet, been made as to whether the Council opts to maintain a 'points' system for prioritising housing need, or adopts a 'banding' approach. This will be a matter for the project teams and will need to be consulted on. The outcome may have additional workload implications, but should not affect the timetable or the proposed launch date for CBL.

Some contingency has been allowed for the full integration and testing of new ICT equipment and software. This should minimise the risk of the project over-running, but may also present an opportunity for

launching CBL faster, if this stage completes ahead of time or without unexpected problems

5.10 Reporting

The plan recommends three reporting points to Executive Board, these are as follows:

- a) October 2005 – to recommend agreement of the project plan and budget for the project
- b) June 2006 – to recommend agreement of the proposals from the working groups and consultation exercise
- c) December 2006 – to recommend that Council be asked to agree to the adoption of a new Allocation Scheme, and that Board agree to the award of the ICT contract and the operating budgets for the scheme

The first two reports will be preceded by a report to Housing Overview and Scrutiny Committee to comment on the scope of the project and the project plan, and later to input into the proposed details. The third report to Executive Board will be based on decisions taken earlier, and will be asking for formal agreement. For this reason, and due to the very limited time at this stage in the project to meet report deadlines, it is not proposed to report to Housing Overview and Scrutiny Committee at this time.

Reports will also be presented to the Housing Advisory Board and the Oxford Tenants Panel in early 2006 as part of the consultation exercise involving various bodies and stakeholders

6.0 Financial Implications

6.1 The resources needed for this project, including staffing costs, are expected to be as follows. Costs are expressed as one-off project set up costs, although they will be incurred over the two year life of the project, which itself spans three financial years (2005/06; 2006/07; & 2007/08)

a) Staffing	£ 208,000
b) Consultancy	£ 40,000
c) ICT installation/ set up	£ 50,000
d) Administration	£ 36,000
e) Legal/ IT services	£ 52,000
Total	£ 386,000

6.2 Of these costs, £56,500 can be funded from within the existing 2005/06 budget allocation. £329,500 is therefore required to finance this project

from October 2005 to September 2007. This is budget breaks down as follows:

Financial Year	2005/06	2006/07	2007/08
Staffing	12,500	104,000	52,000
Consultancy	20,000	20,000	0
ICT installation/ set up	0	30,000	20,000
Administration	5,000	5,000	11,000
Legal/ IT services	0	35,000	15,000
Total	37,500	194,000	98,000

- 6.3 Costs will be to the General Fund, although 16% will be charged back to the Housing Revenue Account (HRA). This reflects the proportion of work that the Housing Needs Team currently undertakes with regards to this function. It is expected that CBL will therefore impact in the same proportion against General Fund and Housing Revenue Account functions

The internal recharge to the HRA is a non-controllable cost and has been approved, subject to this report, by the Strategic Director, Housing, Health and Community. The Housing Advisory Board will be consulted further regarding CBL, including any potential impact that this may have, at a later date, on the HRA

6.4 Operating Costs

The additional operating costs for the scheme are dependant on many factors yet to be decided. If a number of assumptions are made however, in order to provide an indicative figure, these could be assumed to be approximately £45,000 per annum. This is split between additional ICT costs (£25,000) and additional marketing and advertising costs (£20,000). It would be expected that RSLs will contribute part funding to some of these operating costs, such as the production of joint applications and publicity/ advice leaflets

The operating costs of the scheme will be detailed further, and with more certainty, in the report to Executive Board in late 2006. The figures are included here however, to provide an indicative three year forecast of likely expenditure. A number of decisions have yet to be taken about the operation of the CBL scheme in Oxford which could have a potential budget impact that is not yet known

6.5 Financial Profile

The project's financial profile is detailed in Appendix Two. This profile includes all expenditure associated with CBL for the three financial years, and therefore includes anticipated costs associated with the first six months of operating the scheme (from 1st October 2007 to 31st March 2008) as these are also in the 2007/08 financial year

Executive Board are asked to agree to the following supplementary

budget estimate for 2005/06 and to recommend to Council the supplementary budgets estimates for 2006/07 and 2007/08. In addition, Executive Board are asked to recommend to Council that the sums, set out below, are included in the budget cycle for 2006/07 and 2007/08

	Year	2005/06	2006/07	2007/08
General Fund		£ 31,500	£ 163,000	£ 82,300
Housing Revenue Account		£ 6,000	£ 31,000	£ 15,700

6.6 Potential Savings

The implementation of CBL is likely to lead to a number of qualitative improvements. It is likely that the implementation of such a scheme will also be able to increase the effectiveness and efficiency of the Allocations function. Experience from other authorities shows that although administration work can increase (with more housing application registrations and the processing of bids each cycle) much of this can be streamlined and/ or automated. Officers are therefore able to undertake more pro-active outreach work to vulnerable households (often to help facilitate bids) and more homeless prevention work, including the better presentation of other re-housing options. This not only provides a better value for money service, but could also further reduce the costs of temporary accommodation.

It would also be expected that the refusal rate for properties will also dramatically decrease. This will also enable officers to undertake other tasks rather than the administration associated with refusals and reviews/ appeals. In addition, this should improve relet times of empty social housing and improve rental income by reducing void periods

7.0 Legal Implications

7.1 The project plan refers to legal issues being considered at latter stages in the project. There are considered to be no legal issues at this point

8.0 Staffing Implications

8.1 Staff resources for the project have been identified in section 5.5. The staffing implications of CBL will be considered throughout the project, and will be reported on in a later report to Executive Board

9.0 Other Issues and Considerations

9.1 As referred to elsewhere in this report, much of the detail relating to a CBL scheme will be resolved through extensive consultation and project group work. This will include consideration of the following items,

although Executive Board are asked to note the following issues:

- a) Pilot CBL scheme – feedback from the pilot authorities suggest that the costs outweigh the benefits of introducing a pilot CBL scheme – either in a particular area or for specific property types – and it is therefore not being proposed for Oxford
- b) Property Shop – some authorities have set up a separate ‘Service Shop’ from which to market properties and assist persons looking for accommodation. These give the CBL scheme and, for example, the Housing Options service, a very visible presence, and a good opportunity to improve customer service, but would increase costs and have a wider impact on the Council’s accommodation requirements. Such a shop has not been costed in the above proposals, but the idea has not been excluded from consideration as part of the project
- c) The Government is promoting the development of sub-regional CBL schemes. At present, it is proposed that Oxford City Council develops a stand-alone scheme, but that ICT is used that would easily allow for sub-regional links to be made at a later date
- d) It is currently envisaged that the CBL scheme will relate to all social rented accommodation in Oxford (with the exception of a small number of properties that may be directly allocated in exceptional circumstances). The marketing of properties could also extend to the private sector; out of area moves; and low cost/ shared ownership initiatives, although it is unlikely that the scope of the actual CBL bidding process will extend to these areas from the launch of the scheme. Further work could be developed to improve take up of such initiatives later

10.0 List of Appendices

10.1 Appendix One – Project Plan

10.2 Appendix Two – Financial Profile

THIS REPORT HAS BEEN SEEN AND APPROVED BY:

Portfolio Holder:	Councillor Ed Turner
Strategic Director:	Michael Lawrence
Finance:	Dave Higgins, for the Business Manager, Financial and Asset Management
Legal:	Jeremy King, for the Business Manager, Legal and Democratic Services
Human Resources:	Business Manager, Human Resources