Report of: Housing Services Business Manager

To: Executive Board

Date: 19 June 2006   **Item No:**

Title of Report : Choice Based Lettings – Proposed Scheme

Summary and Recommendations

Purpose of report: To report back on the consultation undertaken; to outline issues; and to ask Executive Board to consider key features of a Choice Based Lettings Scheme to be implemented in Oxford

Key decision: No

Portfolio Holder: Councillor Patrick Murray

Scrutiny Responsibility: Housing Overview and Scrutiny

Ward(s) affected: All

Report Approved by:
Patrick Murray
Ian Barrett, Business Manager, Customer Services
Michael Lawrence and SMB
Jeremy King – Legal
Anne Higgins – Finance

Policy Framework:
Providing more Affordable Housing
Service Improvement
Reducing Social Exclusion

Recommendation(s):

That the Executive Board agrees:

that officers continue to work on the CBL project in accordance with the project plan, as summarised in paragraph 58 of this report

(2) that a new Allocation Scheme is drafted and that the priority system within it should use a banding approach (similar to that illustrated in Appendix 3). That the scheme is also drafted to ensure it is compatible with the proposed key features of the Choice Based Lettings Scheme, as outlined in this report, and the additional factors identified in paragraph 54 of this report

(3) that officers consult with stakeholders on the redrafted Allocation Scheme, as required by statute, prior to recommending it to Executive Board and Council at the end of 2006

(4) that the Choice Based Lettings scheme should continue to be developed, incorporating the main features proposed in this report, (paragraphs 18 to 48) and in particular that:
(a) Properties are advertised on the website (with additional terminals provided to assist access at customer service points), and through a paper newssheet. That a limited number of newssheets be mailed to persons not otherwise able to access this information
(b) The option of providing a CBL 'property shop' alongside other service provision is explored, and that public receptions and local service shops are fully utilised to advertise properties and assist with customer queries
(c) CBL 'bids' can be undertaken through a variety of options, with automated phone lines and an SMS-text message facility being developed, in addition to the web. That the internet method also be accessible to staff who may be asked to facilitate a bid for a customer (whether in person or by phone), and that a paper 'coupon' method of bidding is also available, on request.
(d) A two week bid cycle is progressed, but that the feasibility of a one week cycle is explored further and could be introduced later, if found to offer significantly more advantages
(e) Applicants will be limited in the number of bids they can make per bid-cycle. That help and assistance be pro-actively offered to applicants in high housing need, that are not bidding, and that officers and partner agencies may assist with bidding, when required, but that bidding 'by proxy' will be available in exceptional circumstances only. That 'automated bidding' be explored further
(f) Advert labelling be limited, but that it is used, when necessary, in order to ensure lettings targets are met, and to assist with the development of sustainable communities (as discussed in paragraphs 43 and 44)
(g) Provision is made for Direct Offers to be made on an exceptional basis, and that alternative penalties for the refusal of an offer of suitable accommodation are further explored

(5) that officers should also ensure that any ICT equipment procured is capable of meeting these requirements also

Introduction

1   This report follows a period of extensive consultation with stakeholders over the possible shape of a Choice Based Lettings (CBL) scheme and

the allocation priorities that should be used to determine who is offered accommodation. It seeks to outline the key issues and make recommendations with regard to key features of the future scheme.

2   Decisions regarding the key changes that are being proposed to the Allocation Scheme will inform the detailed work of re-drafting the scheme prior to a report at the end of the year, in which Executive Board will be asked to recommend the new scheme to Council.

3   The identification of desirable key features of the CBL scheme at this time will also ensure that suitable ICT equipment can be procured to deliver this service, as well as ensuring that the new Allocation Scheme is compatible with these.

Background and Context

4   The project plan for the implementation of choice based lettings in Oxford, was agreed by Executive Board on 10th October 2005. This included a timetable for the project, with a scheme being introduced in Oxford, by 1st October 2007. This is ahead of the Government target of 2010.

5   Subsequent to this, a project team was established and an extensive consultation of stakeholders undertaken. The work of the project has been managed and monitored by a Steering Group, chaired by the Strategic Director and consisting of councillors, officers and other stakeholders.

6   The project is presently 'on target' against the project plan. The project is now at the end of the initial consultation stage.

Key Issues

7   A number of key issues were identified at an early stage in the project and these have remained central to many of the discussions concerning CBL and changes to the Allocation Scheme. They can be best summarised as follows:

8   *Vulnerability versus Active Participation*
     The establishment of a CBL scheme requires customers to engage in the process of allocating accommodation in a much greater way. They will need to have access to regular adverts of property, and be able to 'bid' (express a preference) for accommodation they would like to be offered. A key objective of any scheme therefore needs to be to ensure as many barriers to this, as possible are minimised, and that people are given appropriate help and assistance to access such services, when required.

9   *Easy to Understand versus Able to Assess Complex Needs*
    In order for all members of the public to fully participate, the scheme
    needs to be easy to understand. Applicants should also be able to
    understand how allocations decisions are being taken and what their
    relative position on the housing register is, in relation to others. This
    therefore requires that complex assessment and prioritisation processes
    are simplified. As such, the some of the sophistication and detail of
    present schemes will be lost. It should be noted however, that a
    significant amount of work is involved in such assessments at present,
    but this does not result in the majority of applicants on the housing
    register being offered accommodation. Most applicants presently
    offered accommodation have come through the 'homeless route' and
    the over-whelming method of priority on this list, is time spent in
    temporary accommodation. As such, the simplification of priority
    systems (such as through bands) will not impact greatly for this group.

10 *Customer Choice versus Council Control*
    The Council has various strategic objectives to meet. These include
    addressing housing need, but also ensuring good budgetary control
    (especially temporary accommodation budgets). Allocation targets are
    set to help achieve this, such as the Annual Lettings Plan. The
    Government also sets targets to meet, such as reducing the amount of
    temporary homeless accommodation. When the driver for allocations
    under a new system is customer led, the Council must ensure that
    systems are in place to ensure that it can still meet these objectives and
    targets.

11 Throughout the recommendations in this report, there has been an
    attempt to 'balance' these competing issues to produce a scheme that
    can work well in the Oxford context.

Consultation

12 Extensive consultation has been undertaken with regard to this issue to
    date. Further consultation will be required in relation to the detail of the
    scheme and it is proposed that this is undertaken between now and
    November 2006. The result of this latter consultation will be reported to
    the Housing Advisory Board, Housing Scrutiny and Executive Board at
    the end of the year. There have been no comments in relation to the
    entry in the Forward Plan. Housing Scrutiny Committee is to consider
    the report at its meeting on 8th June 2006. Any recommendations from
    this committee will be reported separately.

13 It was felt important to gauge current satisfaction with the allocation
    process and a random survey was sent to 1 in 20 customers. These
    were defined as current Council or Housing Association tenants, and all
    applicants on the General Register (including homeless applicants). A
    survey was also sent to staff, RSL partners, statutory agencies,
    voluntary and community groups to ask their initial views on CBL and

likely impacts of the change. A second survey focused in particular on those persons in most housing need that had, or were, approaching the authority for assistance, particularly through the homeless route. This sought to further investigate their understanding of the current scheme, and to gauge opinion as to the importance of different elements in a new scheme. Appendix One summarises these survey results.

14   The project team have also addressed a number of meetings to provide more information about CBL. This has included nine Tenants and Residents Associations, as well as meetings with partners, such as the Strategic Housing in Oxford Partnership (SHOP) and the Single Homeless Group, and with staff.

15   Three Project Groups comprising of various stakeholders were also established to look at specific issues. These were:

Consultation   How to best undertake the consultation and ensure that all stakeholders could participate

Accessibility   How to ensure that the scheme developed so as to ensure that vulnerable and marginalized groups were not excluded

Allocations   What new priority scheme should be used to allocate accommodation and how should the Allocation Scheme be changed

16   Many of the key features of a CBL scheme were summarised in a 'building blocks' exercise – whereby participants were asked to make a number of choices as to the shape of the scheme from a variety of options. Each feature had a range of options, with the relative 'pro's and con's' of each explained. This exercise was run in a variety of formats and detail depending on the stakeholders being consulted. The results of this exercise are given in Appendix Two. Specific reference to some of the key results of this exercise will be made in the next section of this report, when the different features of the CBL scheme are considered.

Options Considered

17   The following paragraphs detail specific issues and features of a new Allocation Scheme and a CBL scheme. Many issues require further development and working-up, but consideration of the various options at this stage seek to establish a framework now, which can then be used as the basis for the preparation of the new schemes.

18   *Advertising Method*

It is envisaged that most Council and RSL social-rented accommodation vacancies will be advertised through the CBL scheme. All adverts will appear on a specific website, which can be accessed through the

Oxford City Council site. Where possible, photographs of properties will also be available to view. This will allow any user that has internet access to view adverts at any time. Applicants will also be able to access the website from public terminals in libraries, etc. and additional (self-service) terminals will be placed in St Aldate's reception and other local service shops. Applicants can also speak to staff to ask for them to help facilitate this option, and staff will use the website to this effect.

19   In addition to this, it is proposed that a 'paper' method of advertising is used. The most favoured option for this is a 'newssheet format' of adverts – each containing a photo and a description of the property. (The street only, not the full address, will be provided at this stage). This will be available from a variety of Council buildings, as well as partner agencies and advice centres, to which the public has access, in order to ensure that copies can be easily obtained.

20   The option of publishing this in a local free paper will also be explored further, and the relative costs of approaches compared. If a newspaper advert is used, copies of the newssheet will still be available to members of the public from local offices to ensure everyone has access.

21   It is proposed that a limited number of newssheets can be mailed out to persons that have limited mobility or capacity to access a copy. Mail outs in other formats, for example, in large text, could also be made available to users that request them.

22   *Property Shop*

Under the issue of advertising properties, the issue of a 'property shop' has been considered. Some authorities have established such a centre to provide help and advice in relation to the CBL scheme and other housing/ welfare issues. Many take a similar form to an estate agent, with property advertised in a similar way, and with staff on hand to help customers make bids on properties they are interested in.

23   The establishment of a property shop was a popular option in the consultation exercise, although users realised that it would not be cost effective in Oxford, in isolation from other services. Some agencies were concerned that such a shop should not operate in partnership with a private sector provider (such as an estate agent or letting agent) as it would confuse the public and could be seen to endorse one private provider. It is therefore proposed to continue to explore this option, and any opportunity to develop a 'property shop' alongside other Council Customer Service provision, within budget constraints, should be considered.

24   Regardless, the CBL scheme should aim to fully utilise public receptions and local service shops to advertise available properties and to help with queries on the process of bidding for property.

25 *Bid Methods*

Applicants need to express a preference for a property that they are eligible for, and interested in. Such a 'bid' can be undertaken through a variety of methods. Bidding through the Web is to be encouraged, and is most efficient for the Council, although it is recognised that other methods are also required. Many schemes allow for paper coupons to be completed, with some noting that these are often most favoured by elderly and BME groups. Other schemes operate telephone and text message services also.

26 It is proposed that a range of options is developed in Oxford. In addition to the Web, an automated (24 hour) phone line will be developed to allow automated bidding by phone. A similar facility will also be developed for SMS-text messaging. Although there does not seem to be a significant volume of calls using this method in authorities where it has been implemented, floating support agencies in Oxford, in particular, felt that it could be a very straightforward method that would be utilised by their clients. Users will also have the option of speaking to staff on the phone, and asking that they facilitate a bid, or of asking the same of staff face to face, such as at a customer service counter.

27 A method for paper bidding will be developed also, although it is proposed that this method be used, as an alterative, in a limited number of cases, on request only. This will reduce the likelihood of 'lost' coupons, and the fact that this method does not provide instant confirmation that a bid has been made – postal receipting being too costly, and often too late to be useful, given the time limited periods in which bids must be made.

28 *Bidding Cycle*

Most urban authorities operating a CBL scheme have a fortnightly or weekly bid cycle. Both offer advantages. A one week cycle requires applicants to check adverts weekly, which can be onerous, and creates significantly more administration of the advertising and bid processes, but it imposes less delay in short-listing vacancies which may help reduce void times. A two weekly cycle is probably more manageable (with approximately 25-30 properties being advertised per cycle), and this is proposed for the Oxford scheme.

29 Any ICT equipment procured however, should have to capability to operate with a weekly bid cycle, to allow the flexibility to change the cycle length later, if required.

30 Concerns over delays to void times with a two week cycle should be able to be overcome by other means, such as the setting of viewing dates early (to come immediately after the shortlisting – possibly with

applicants forewarned of these dates in the property advert), and the making of 'multiple offers' to properties where a refusal is possible.

31   *Bidding Rules*

It is proposed that applicants be allowed to bid a limited number of times in any one cycle. Whilst this does distort 'demand' slightly, it offers a compromise between unfettered choice and operating a scheme which is manageable, and capable of producing quick and accurate shortlists for available property.

32   Help and assistance will be available to applicants that require it, and bidding will be monitored so that applicants in high housing need that are either not bidding, or not bidding successfully, can be pro-actively contacted and assisted as required.

33   It is expected that where possible, applicants will bid themselves. Proxy bidding will only be allowed in exceptional circumstances, such as where a person holds power of attorney. Where a person is not able to physically bid, it is proposed that they can be assisted by a key worker, support worker, or carer. Bidding by members of staff, without the applicant present, will be discouraged, and should only be permitted in exceptional circumstances.

34   'Automated' bidding, whereby an applicant can indicate that they wish to submit a bid on any suitable property in future bid rounds, can be explored further, and limited use may be made of this option if it is considered feasible. Should this option be implemented, it is proposed that it is reviewed and should a significantly higher number of refusals result from such bids (when compared to non-automated bids) then the option be limited further.

35   *Priority System*

The public consultation exercise with regard to allocation priorities has proved inconclusive. There appeared to be a reasonable level of understanding with the current system amongst users, and no overwhelming support to move to a system which took less account of complicated circumstances and more of time waiting.

36   Staff and various professionals also have mixed views. The majority of RSLs favour a much simplified banding approach, as do many staff currently working in Housing Needs, whereas support staff favoured simplified points. The Allocations Project Group has considered the issue in detail, and suggest that either a banding scheme or a simplified points scheme could work. Whilst a banding scheme is cruder in assessing housing need, and gives greater weight to waiting time, it does offer a noticeably different way of prioritising applicants, that is easier to understand than many points based approaches. It also removes some of the 'leap-frogging' of applicants on the list, which has

created some customer dissatisfaction in the past.

37   It is recommended that the Council change to a banding system. An indicative example, of how this could be developed is included in Appendix 3. This example is of a six-band system, which should allow for an assessment of composite needs. This is achieved partly through allowing applicants to move to the next band (if two or more of the criteria against these bands are met), and also by giving an increased role to the Council's Exceptional Circumstances Panel (ECP) to assess exceptional and multiple composite need cases. This is likely to lead to the work of the ECP increasing as a result.

38   It is proposed that a system based on this illustrative model is fully developed. This will involve modelling against the current Housing Register and the testing of various scenarios of relative housing needs and circumstances, to ensure that it is workable within the Oxford context.

39   Under a banding approach a number of factors that are currently assessed, and given additional priority, under the Council's detailed points scheme are likely to be lost. This is necessary to ensure that the scheme is simplified and easier to understand. These include the following:
    •   Where two people of opposite sex share a bedroom where one is over 5. (It is proposed that this is adequately assessed under the need for an additional bedroom, but there remains provision for an increased priority if one is aged over 10 years of age.)
    •   Less cumulative priority to persons lacking or sharing more than one of the following: Living room, bath/shower, toilet, cooking facilities, sink/basin, or running hot water (Although priority is to be given to applicants that lack any one or more of these.)
    •   Families with dependant children, expectant mothers, or elderly persons. (In practice, families are only 'competing' with other families for family accommodation, so the priority award does not affect their relation position. The same is true with accommodation for elderly persons.)
    •   Applicants in receipt of welfare benefits. (It is considered that housing benefit issues are adequately able to address the particular needs of this group and that they should not receive any additional priority as a result. This award was felt, by some, to be unfair to other persons 'in the poverty trap' who were not in receipt of the qualifying benefits.)

40   As well as this simplification, it is proposed that some new features could also be introduced. This includes the following:
    •   A more rigorous consideration of local connection, with most persons with no local connection (unless exceptional circumstances apply) being given a low priority. (This differs to the approach adopted in 2003, which instead awarded a small additional priority to those applicants with a local connection.

The new approach is in line with that being used by many local authorities in areas of high housing need.)

- An increased priority to homeless applicants in second stage homeless accommodation that are required to move due to the lease ending. (This tries to reduce the number of moves a homeless family need to make before moving to settled accommodation.)
- Placing applicants to whom the Council would have accepted as homeless duty, but who instead opted to move into private rented property through the Home Choice scheme, on an equal basis with those applicants in homeless accommodation. (A homeless prevention measure as detailed in a separate report.)

41   *Advert Labelling*

Advert labelling can be used to determine who is eligible to bid for a particular property. At it's most basic level, an advert label will give the size of the property, clearly indicating that applicants not eligible for that size of unit should not bid. Labels will also be used to indicate other restrictions on bidders, such as the fact it is wheelchair accessible or disabled adapted (only persons requiring such accommodation may bid); that it is limited to persons of a certain age; that it is ground floor (applicants requiring ground floor accommodation will be prioritised over applicants that do not, when shortlisting); etc.

42   Advert labels can also be used to ensure that particular allocations targets and quotas are met. In most cases, any applicant, in any band, will be able to bid for a property that they are eligible for. This however, could be restricted in two ways.

43   Firstly, some properties could be 'labelled' as only available to persons on a particular *list* to bid for. This could be used to ensure that targets in the Annual Lettings Plan (approved annually by Executive Board) are met – for example, to ensure that 65% of three bed accommodation is let to homeless families, or that 45% of four bed accommodation is let to transfer applicants. Whilst this process does clearly limit customer choice, it is a very explicit and transparent way of ensuring that these targets are maintained. It is proposed that the results of each bidding round are closely monitored, and that these adverts are only used where the targets in the Lettings Plan look unlikely to be met unless bids are restricted in this way.

44   Secondly, advert 'labels' could be used to limit the *bands* that a bidder may bid from. Whenever a bidder in a higher band bids against a bidder in a lower band, the bidder in the higher band will be considered for the accommodation first. While this is right and proper, and satisfies the statutory requirement to give 'reasonable preference' to such applicants, it does not always yield a balanced or sustainable community. Therefore, it is proposed, that for new build developments, limited use of 'labelling' may be required, to allow a percentage of the

new accommodation (not exceeding a certain level) to be allocated to persons with less housing need – as indicated by being in a lower band. It is proposed that this decision is made by the Allocation Manager, with reference to the particular development and the relative housing needs in different lists and bands.

45   *Direct Offers*

Direct Offers is a process whereby the Council's Allocations Team may offer vacant properties to applicants outside of the CBL scheme, (but within the Allocation Scheme). Provision for this method of allocation should be made in the new Allocation Scheme, but it is proposed that this is on an exceptional basis only. Any such direct offers can be reported on, with the reason for such a decision being clear. Direct Offers may be used for some homeless applicants in temporary accommodation, if this is required in order to ensure that Lettings Plan targets are met (if, for example, insufficient homeless applicants were engaging in the bidding process or were refusing accommodation) but only after numerous warnings and encouragement to bid through the CBL scheme route first. The purpose of this being to ensure that a sufficient number of homeless applicants continue to be re-housed, and that (second stage) homeless accommodation does not become 'bottlenecked'.

46   Direct Offers may also be used in exceptional cases, such as in the allocation of wheelchair standard accommodation, where the number, relative priority, and preferences of all suitable applicants are known.

47   *Refusals and Penalties*

It is expected that the introduction of a CBL scheme will significantly reduce the number of refusals of property, on the basis that applicants will only bid for what they want. The experience of other schemes does suggest that applicants may 'speculatively bid' on some properties however, and then not be interested if they shortlist. It is proposed that applicants are not penalised for refusing properties as they are now, but that the current system for penalising 'unreasonable' refusals of final offers is maintained, and can be used in cases where applicants are deemed to be mis-using the system – for example, by bidding and refusing a significant number of properties in a limited period of time.

48   Alternative 'penalties' could be explored in such cases. This may include direct offers to homeless applicants in temporary accommodation (as detailed above) or additional bid limits imposed on future bids for a period of time, as an alterative to, for example, suspension from the register.

Financial Implications

49   There are no specific financial implications to this report, although where certain recommendations have a potential budget impact later, reference is made to this.

50   The costs of setting up a CBL scheme can continue to be met from within the budget of the project. (A budget of £329,500 was agreed, by Council, in November 2005.) Provision has also been made in the revenue cost projections for the additional running costs of the scheme, from an implementation date of 1st October 2007 to 31st March 2008 (£22,500). A further report at the end of the year will give more detailed estimates as to these costs, including a recommendation as to whether there is likely to be any variation to these figures, although it is expected that in 2008/09, operating costs can be covered from within existing budgets and from efficiencies in the service.

Legal Implications

51   Confidential advice is attached at Appendix 4. This advice is subject to legal privilege and is therefore reproduced on yellow paper at the end of the agenda. It is not for publication.

Staffing Implications

52   This report has no staffing implications. Should the CBL scheme have any staffing implications, then these will be the subject of a later report. It is envisaged that staffing will need to be maintained at current levels, but that staff roles may change with staff becoming increasingly pro-active.

Other Issues and Considerations

53   In addition to the key issues outlined above, decisions will need to be taken with regard to a number of other areas of detail concerning the new Allocation Scheme and CBL scheme. Many of these can be taken by officers, but any relating to allocations will be contained in the new Allocation Scheme which will be drafted for Executive Board to recommend to Council at the end of the year.

54   *Allocation Scheme*

When the Allocation Scheme is re-drafted, any other changes to it, (as recommended by Executive Board to Council), can be incorporated. These will include changes in relation to the Home Choice (homelessness) prevention initiative, and to the allocation of elderly person's accommodation, both the subject of separate reports. A new Allocation Scheme may also propose some changes in relation to

eligibility and exclusion criteria (some of which is to align the scheme better to joint working with RSLs as part of the Common Housing Register); to the scheme of delegation to officers; to the Exceptional Circumstances Panel (ECP) process; and to assisting with the move-on of care leavers and young offenders from social services accommodation and projects.

55   It is proposed that substantive changes to the Allocation Scheme are implemented in early 2007 ahead of the introduction of choice based lettings. This will allow sufficient staff resources to be allowed for both this and the start of CBL, and for the new system to become established and for any difficulties to be sorted before moving onto the new method of allocation.

56   *Branding/ Name of Scheme*

As part of the project to implement a Common Housing Register for Oxford with our partner RSLs, branding is presently being developed for common forms and applications. It is envisaged, that some of this branding can carry forward into the CBL scheme – as this too, will be undertaken in partnership with the RSLs.

57   The CBL scheme however, needs a name to be able to easily identify it. A competition has been run through the CBL Project's first newsletter to all users. A number of entries were received of which 'Direction Home' was judged the winner. Other entries included 'Home Bid' and 'Home Choice' both of which are used by other authorities (Homebid – Southampton, & Homechoice – Sutton, Eastbourne, Vale). It is proposed that we call the Oxford CBL Scheme 'Direction Home'.

58   Next Steps

The project plan for the CBL project shows a clear time-line to ensure that the scheme in Oxford is implemented by 1st October 2007. At present, this is the proposed launch date for the scheme, although if the project finds any time savings, this could be achieved earlier. The main phases of the project between now and them is as indicated below:

Procurement of new ICT System	Jun – Nov 2006
Award of ICT contract	Dec 2006
ICT System design, interfacing & testing	Jan – Aug 2007
Re-drafting the Allocation Scheme	Jun – Oct 2006
Statutory consultation on the Scheme	Sep - Oct 2006
Preparation for banding	Jun – Oct 2006
Implementation of banding	Jan – Mar 2007
Signing Partnership Agreement with RSLs	Sep 2006
New suite of leaflets and forms for CHR	Sep 2006
Staff Training for Common Register	Aug – Sep 2006

Implementation of CHR   Sep – Oct 2006

Revising policies and procedures for CBL   Jan – May 2007
Preparation of CBL scheme documentation   May – Jul 2007
Staff Training for CBL   Aug – Sep 2007

List of Appendices

1   Summary of surveys
2   Summary of 'Building Blocks' consultation exercise
3   Indicative Banding System

Confidential Agenda Appendix

4   Legal Advice in relation to proposed Allocation Scheme

Name and contact details of author:
Dave Scholes   Choice Based Lettings Project Manager
Contact Tel No: 01865 - 252636
E-mail Address: dscholes@oxford.gov.uk

Background papers:
None