

## ***Decision by Portfolio Holder***

***Report reference: C/ /200 - 0***  
***Date of report: TBA***



**Epping Forest  
District Council**

**Portfolio: Housing – Councillor M Heavens**

**Author: Roger Wilson extension 4419  
Committee Secretary: Adrian Hendry**

**Subject: Choice Based Lettings**

**Decision:**

- 1. That the principle of introducing a Choice Based Lettings Scheme operated through an agreement with a Choice Based Lettings Agency for all applicants on the Council's Housing Register be agreed;**
- 2. That the Choice Based Lettings Scheme and Agency be commissioned in partnership with neighbouring local authorities within the London Commuter Belt Sub-Region;**
- 3. That, following the consideration of comments from neighbouring partner authorities, the Head of Housing Services be authorised to agree the final version of a joint bid, and submit the bid, to the Government's Choice Based Lettings Regional Fund, generally in line with the draft version of the bid attached as an appendix to this report;**
- 4. That the Council be prepared to act as the host authority for the engagement of a consultant to act on behalf of all neighbouring authorities; receive the Government's funding; and make appropriate payments on behalf of the authorities;**
- 5. That, if the bid is successful, the Head of Housing Services be authorised to appoint a consultant to project manage the implementation of the joint Choice Based Lettings Scheme, funded from the ODPM grant; and**
- 6. That a further report be submitted to the Housing Scrutiny Panel and Housing Portfolio Holder to consider:**
  - (a) The outcome of the bid to the Government's Choice Based Lettings Regional Fund;**
  - (b) The detailed operation of the joint Choice Based Lettings Scheme;**
  - (c) The joint contract arrangements with other authorities;**
  - (d) The joint commissioning arrangements for the appointment of the Choice Based Lettings Agency;**
  - (e) Budgetary requirements for the establishment and on going operation of the scheme; and**
  - (f) The timescale for the Project.**

**Reason for decision:**

1. The implementation of a Choice Based Lettings Scheme is necessary in order to meet the requirements of Government that such a scheme be in place by 2010 at the latest. In addition, the Council has already accepted the principle of moving towards a Choice Based Lettings Scheme. The Council would benefit from working in partnership with neighbouring authorities, as this is recognised as good practice and enables the Council to bid for substantial Government funding to assist with the introduction of the scheme.

**Options considered and rejected:**

2. Not to implement a Choice Based Lettings Scheme.
3. Not to commission a Choice Based Lettings Agency.
4. Not to work in partnership in setting up a Choice Based Lettings Scheme.
5. Not to apply for Government funding to assist with the costs of setting up a Choice Based Letting Scheme.
6. Not to act as the host authority.
7. Not to authorise the Head of Housing Services to finalise the bid.

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I have read and approve/do not approve (delete as appropriate) the above decision:	
Comments/further action required:	
Signed:	Date:
<i>Personal interest declared by Portfolio Holder/ conflict of interest declared by any other consulted Cabinet Member:</i>	<i>Dispensation granted by Standards Committee: Yes/No or n/a</i>
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## **Background Report:**

1. At its meeting on 24 May 2004, the Cabinet agreed the recommendations of the former Overview and Scrutiny Committee (1) that the Council adopts a move towards a Choice Based Lettings system in principle. This followed detailed examinations of the principles and issues at a number of meetings by the former Working Group on Housing.

2. The introduction of the Council's Housing Register's Banding Scheme has been a success and was a helpful precursor to the consideration of Choice Based Lettings and was one of the main drivers behind its introduction. A Choice Based Lettings Scheme involves a radical change of approach from "allocating properties" to "advertising vacancies" and offering tenancies to those in most need who have specifically expressed an interest in the vacancy.

3. Under a Choice Based Lettings scheme, all vacant social rented properties would be advertised to applicants on the Housing Register in a periodic publication, website, interactive kiosks and other media showing a photograph and giving details of location, type, rent, service charge, council tax band and landlord of the available accommodation. Applicants would apply for a property by "bidding" either in person, by post, telephone, text, email or Internet. Bidding restrictions would be in place, which would include restricting "bidding" for properties to those households which only have an assessed need for a particular property type.

4. At the end of the "bidding" cycle the Council would analyse the "bids" received and allocate each property following a prioritisation and selection process in accordance with its Allocation Scheme. In general terms, the property would be offered to the applicant in the highest band, who has been registered the longest, who had "bid" for the specific vacancy. The results of the "bidding" on each property advertised is then published in the next periodic publication, setting out the number of "bids" received on each property, as well as the Band and registration date of the successful applicant. This helps applicants to see how long the successful applicant has been waiting and give greater transparency in the allocation of accommodation, as each applicant would be able to clearly understand the type and location of properties for which they would be most likely to "bid" successfully. A copy of a publication produced by other local authorities will be made available at the meeting.

5. Any Choice Based Lettings Scheme must be developed in a way that takes into account the needs of vulnerable groups. This would involve close liaison with Social Care and a wide-range of partner agencies, ensuring that vulnerable people are able to participate fully in any scheme.

6. The Government has set a target for 25% of local authorities to introduce a Choice Based Lettings scheme by 2005, with all local authorities having a scheme in place by 2010. This target will be extended in the future to include, not only social rented housing, but also shared ownership, low cost home ownership and the private rented sector, thereby adopting a "Housing Options" approach. The Government is keen that Choice Based Lettings systems should operate sub-regionally or regionally and include registered social landlords (RSL's), voluntary organisations, and local communities. It is the Government's view that schemes that only involve one organisation are unlikely to provide a comprehensive service for applicants. It is felt that such a system would bring maximum choice for housing applicants, increased understanding of allocations and lettings, and give greater perceptions of fairness and transparency.

7. For housing purposes, the Epping Forest District is within the London Commuter Belt Sub-Region, which comprises all local authorities in Hertfordshire and five Essex authorities. The sub-region has a Sub-Regional Housing Strategy which has an Action Plan. Within the Action Plan is a provision to explore the scope for collaborative working on Choice Based Lettings amongst the local authorities in the Sub-Region. As a result, meetings have taken place at officer level across the

Sub-Region to explore collaborative working. It has emerged that local authorities in the West of the Sub-Region appear to already be working together on Choice Based Lettings. Officers of Essex and Hertfordshire authorities in the East of the Sub-Region, including Epping Forest, have also had discussions in this regard.

8. There appear to be two models emerging from the many local authorities that set up a Choice Based Lettings scheme as follows:

### **Model One – Appointing a Specialist Agency to Manage the Choice Based Lettings Scheme**

9. Now that many local authorities are setting up Choice Based Letting Schemes and the Government's target for implementation becomes closer, a number of Choice Based Lettings Agencies are being formed, usually by groups of local authorities forming a non-profit making organisation. These Agencies are now very experienced at managing the entire process, including producing, printing and distributing the periodic publication, telephony (managing the bids electronically automatically by telephone and text), information technology and the electronic and manual receipt of the bids from applicants. At the end of each "bidding" cycle the agency returns a summary of the "bids" to each authority, who then prioritises offers made to the successful applicant based on their own Allocations Scheme. The Agency also provides regular and detailed statistical information to the local authority on bids.

10. Officers have met with Harlow District Council who implemented their Choice Based Letting Scheme on 1 September 2005. Their periodic publication and the management of the bids are undertaken by a Choice Based Lettings Agency, "Locata", formed by a collaboration of London boroughs, who is experienced in managing Choice Based Lettings Schemes. Their publication is issued on a fortnightly basis.

11. Although no detailed costings are available, officers have had discussions with two agencies who suggest that set-up costs for introducing a scheme appear to be around £50,000, with on-going costs (which mainly centre around the periodic publication) being approximately £50 - £60 per property per cycle. The Council has around 500 lettings per annum. There are lots of benefits to the Council and applicants in providing the service in this way, as opposed to operating a scheme in house (see Model Two below). It would substantially reduce IT complexities and costs; save significant officer time in implementation; remove the need for the Council to manage the "bidding" process on an ongoing basis and provide lots of easy ways for applicants to bid. These agencies have also produced their "User Guides", translated into a range of other languages.

### **Model Two – Undertaking a Choice Based Lettings Scheme In-House**

12. Operating a Choice Based Lettings Scheme in-house would involve Housing Services producing, printing and distributing its own periodic publication; implementing the complex information technology and telephony systems from scratch; and receiving the bids from applicants, through the different media, prior to any offer being made to the successful applicant, based on the Council's Allocation Scheme.

13. The main benefit of adopting this approach is that the Council would have absolute control over the process. Also, it is possible that the ongoing operational costs could be less than if the Council contracted with a Choice Based Lettings Agency *on a sole basis* – although the main cost, which would be the production of a periodical publication solely to the Council's own applicants, would be very similar (and possibly more) than using an Agency.

14. However, there are many drawbacks. It is probable that an in-house operation would result in increased staffing resources being needed, although no detailed study has been undertaken. It would also remove the opportunity for collaborative working with other councils and the scheme would have to be developed, implemented and operated by staff who have no prior experience of the complex process. Crucially, because the Council could not share costs with other local

authorities, the Council would have to bear the full cost of implementation itself and, moreover, would not receive any financial assistance from the ODPM. Furthermore, the cost to the Council of producing the periodic publication on its own would be substantially higher. It should also be noted that, although no detailed costs are available, discussions with one other local authority (who only commissioned a partial Choice Based Lettings Scheme), suggest that the set-up costs could be around £20,000 higher, compared to a scheme being operated by a Choice Based Lettings Agency.

15. It is therefore recommended that a Choice Based Lettings Scheme, operated by a Choice Based Lettings Agency for all applicants on the Council's Housing Register, should be adopted.

### **Choice Based Lettings – Regional Fund**

16. Although the possibility of working collaboratively with other local authorities in the sub-region was already being explored, fortuitously, notification was recently received from Government confirming that £4 million is to be provided to local authorities over three years nationally to support the development of regional and sub-regional Choice Based Lettings Schemes in England. The money is being made available by means of a bidding process. In selecting bids, the Government is keen to assist the development of *new* sub-regional and regional schemes and, as a general rule, will not support the expansion of existing schemes or schemes which involve less than three partner authorities, or that do not involve RSLs working in the area where the scheme operates. The Government sees partnership working as enabling mobility for tenants, giving them more choice.

17. Any bid must indicate whether it has the support of elected Members, which would significantly increase the likelihood of success. The funding available is up to 60% of the total cost of the scheme with a limit of £100,000 per scheme. Applicants are required to submit bids for the 2005/2006 round by no later than 7 October 2005. Successful bids will be announced by the end of November 2005, with funding expected to be made available for the year 2005/2006, which will be available by the end of December 2005. A copy of the Government's Bidding Guidance is attached as an appendix to this report.

### **Sub-Regional Partnership Working**

18. In view of the Sub-Regional Housing Strategy; the fact that the Council has already adopted a move towards Choice Based Lettings; the financial benefits of pooling resources; and the opportunity of significant funding from the ODPM, the Head of Housing Services invited officers from neighbouring authorities to a meeting to assess the interest in exploring the possibility of working in partnership. They were :

- Brentwood Borough Council
- Chelmsford Borough Council
- Broxbourne District Council
- Uttlesford District Council
- East Herts District Council

19. All authorities in attendance were interested, at officer level, in working in partnership, particularly as there are a number of clear advantages including:

- One commissioning process
- Sharing of officers' workload, views and experience
- Sharing of tendering commissioning costs
- Opportunity to obtain significant Government funding
- Significantly lower ongoing agency costs, due to joint publications and higher volumes
- Opportunities for further joint working on housing related issues
- Greater interest from Choice Based Lettings Agencies in view of the increased size of contract

- Greater recognition from Government for partnership working

20. In addition, although no detailed costings are available, officers have had discussions with two Agencies who suggest that working collaboratively with other local authorities in the sub-region would not only save on set-up costs, compared to managing the process in-house but, more significantly, would also create substantial savings of around 30%-40% on the periodic publication. This suggests that the ongoing cost of operating a Choice Based Lettings Scheme could be reduced from around £25,000-£30,000 per annum to around £18,000-£21,000 per annum.

21. It was agreed at the meeting that the total cost of a scheme, for bid purposes, should be estimated at around £160,000. Therefore, if successful, the bid would result in a grant of £96,000 from the ODPM, representing 60% of the total cost. On this basis, the set-up cost to each local authority for implementing the Scheme would only be between £10,000 - £21,000, depending on the number of local authorities (3-6) that agree to the joint approach. However, it is emphasised that this should only be considered as an indicative budget requirement at this stage, since it is possible that the overall joint cost to the local authorities could be more than £160,000.

22. It is proposed that the grant would be spent mainly on the employment of a specialist consultant to advise the partners, prepare a joint specification, undertake the tendering arrangements for the commissioning of the Agency and project manage the implementation of the scheme. The remaining grant would be shared amongst the partners to assist with their own individual implementation costs, including a contribution towards their own IT requirements. Once appointed, the consultant will be able to give a better assessment and breakdown of the costs initial set-up and ongoing costs involved.

23. It was further agreed at the meeting that Member approval from all authorities attending would be sought, in principle, for the introduction of a Choice Based Lettings Scheme, and the submission of a joint bid to the Government's Regional Fund under the name of the Herts and Essex Housing Options Consortium. Member approval would ultimately be required from a minimum of three neighbouring authorities, as successful schemes must involve at least three districts. In addition, as any scheme would need to include a commitment from all RSLs working in the various local authority areas, all such RSLs have been formally advised of the intention to commission a scheme, inviting them to support and be a party to the bid.

24. It was also agreed that Epping Forest District Council officers would lead on the bidding process. A copy of the draft bid is attached as an appendix to the report, which is currently also being considered by all the other local authority partners. Due to the tight timescale in terms of the submission, it is recommended that the Head of Housing Services be authorised to agree the final version of the bid, following consideration and discussion of comments from neighbouring authorities.

25. It is further suggested that, since the Council is the most advanced in the progress made towards Choice Based Lettings to date, the Council acts as the "host authority" for the receipt of any ODPM funding and for the making payments and to, and the engagement of, the consultant that will be appointed to project manage the commissioning of the scheme on behalf of the partner authorities.

26. Subject to the Housing Portfolio Holder's agreement to the proposed approach, a further report will be submitted to the Housing Scrutiny Panel and Housing Portfolio Holder to consider:

- The outcome of the bid to the Government's Choice Based Lettings Regional Fund;
- The detailed operation of the Choice Based Lettings Scheme;
- The joint contract arrangements with other authorities
- The joint commissioning arrangements for the appointment of the Choice Based Lettings Agency;

- Budgetary requirements for the operation of the scheme; and
- The timescale for the Project.

27. Should the bid prove to be unsuccessful, it is suggested that the Council still continues to work in partnership with neighbouring authorities on a joint scheme, as it is good practice, would reduce costs, maximise the choice and mobility given to all applicants, and may assist the Council if it wishes to make a bid for funding in future rounds.

**Consultation undertaken:**

28. Consultation undertaken with neighbouring authorities to explore the possibility of setting up partnership working. Consultation exercise being undertaken with all RSL's operating in the District. Consultation with tenants and partner agencies is in the early stages; progress on this will be reported verbally at the meeting.

**Resource implications:**

Budget Provision: As set out in the report. No budget provision at present

Personnel: To be assessed further after successful implementation.

Land: N/A

Relevant statutory powers: Housing Act 1985

Background papers: Bid instructions/ ODPM guidance

Environmental/Human Rights Act/Crime and Disorder Act: N/A