

CABINET

The Introduction of Choice Based Lettings 1 September 2009

Report of Corporate Director (Community Services)

PURPOSE OF REPORT				
The report seeks approval for officers to submit a bid for resources via the final round of the Fund for the Development of Regional and Sub Regional Choice Based Lettings Schemes. If successful, the funding would assist the council in meeting a government target for all authorities to have introduced Choice Based Lettings by 2010.				
Key Decision	<input checked="" type="checkbox"/>	Non-Key Decision	<input type="checkbox"/>	Referral from Cabinet Member
Date Included in Forward Plan	15 July 2009			
This report is public				

RECOMMENDATIONS OF COUNCILLOR DAVID KERR

- (1) That officers be authorised to submit a bid for resources via the Fund for the Development of Regional and Sub Regional Choice Based Lettings Schemes.
- (2) That the bid for resources be on the basis of Lancaster District being a distinct housing market
- (3) That officers investigate the possible introduction of a Housing Options Service to run alongside a Choice Based Lettings Scheme.
- (4) That, once the outcome of the bid for funding is known, officers prepare a detailed report to Cabinet outlining the full financial implications of introducing Choice Based Lettings, together with the recommended scheme details.

1.0 Introduction

- 1.1 In its Five Year Housing Plan – “Homes for All”, published in January 2005, the Government set out its plans for taking forward its Choice Based Lettings (CBL) policy. The Government set a target for all local authorities to have adopted CBL’s by 2010, and that schemes should not only cover local authority and housing association properties, but also low cost home ownership and properties for rent by the private sector. Research undertaken on behalf of Communities and Local Government which assessed the impact of CBL’s found that “tenants who were offered a choice of accommodation were more likely to be satisfied with their home

and remain in that home for a longer period". Satisfied tenants, it is suggested, are more likely to meet their tenancy conditions and maintain the property in a good condition

- 1.2 Traditionally, local authorities have maintained a "Housing Waiting List". Vacant properties would then be allocated to the applicant with the highest priority for a property in that area. The main feature of a CBL Scheme is that all vacancies are openly advertised (via websites, adverts etc) and applicants would "bid" for specific properties they are interested in. Once the deadline for bids closes, the applicant with the highest priority (usually determined via a simplified "banding" system) would be made the offer of accommodation. The Government believes that grouping applicants into "bands" of housing need (eg high/medium/low priority) is far simpler for customers to understand than a more traditional "points scheme". Prioritisation within bands would strictly be on a date order basis, so applicants would always know their position within their band.
- 1.3 In recent years, the Government has provided a financial incentive for authorities to move towards CBL's via the establishment of a Development Fund. This is the final year of the Fund, with approximately £1 million being made available. The Government will contribute up to 60% of the cost of developing a scheme, to a maximum of £100,000. It should be emphasised that only the development costs qualify and there will be no contribution towards any of the ongoing revenue costs of operating a CBL Scheme. The closing date for bid submissions is 09 October 2009.
- 1.4 Most local authorities are now in a position to meet the Government's 2010 target with 67% already operating a CBL Scheme and a further 30% committed to implementation (a total of 97%). The Government's focus is now on those authorities (which include Lancaster City Council) who have not yet committed to CBL's. The Government's Choice Based Lettings Co-ordinator, Alison Venning, is in regular contact with officers and has offered her support with any bid for resources submitted by the council.
- 1.5 Until recently, the council has had reservations about introducing a local CBL Scheme as the majority of general needs housing, by necessity had to be allocated to homeless families. As recently as 2006/2007, we were only able to offer 58 general needs properties to housing applicants in a full year. Clearly, it would have been inappropriate to introduce a comprehensive CBL Scheme when, in reality, there would only be little more than one property a week available for non homeless applicants to bid for.
- 1.6 However, the situation of housing applicants is now considerably more promising. There has been a substantial reduction in the number of accepted homeless households being referred to Council Housing Services. As a consequence, it is likely that around 200 general needs properties will be available to housing applicants this year. In addition, the rapid expansion of "on campus" accommodation at Lancaster University is likely to result in an interest from private sector landlords to embrace a CBL Scheme. Given this changing situation (and not forgetting the Government's 2010 target) there is clearly a need to review the council's position.

2.0 Proposal Details

- 2.1 As previously detailed, the Government has established a Fund for the Development of Regional and Sub Regional Choice Based Lettings Schemes. As most authorities have already implemented or are committed to CBL's, the council should be well

placed should it decide to submit a bid for resources. Perhaps the biggest hurdle the council faces is demonstrating that Lancaster should have its own scheme rather than being part of a Sub Regional Scheme, which is the Government's clear preference. Officers have put forward the case that Lancaster District has its own distinct housing market (which is supported by the Regional Housing Strategy and also the Strategic Housing Market Assessment undertaken by David Couttie Associates on the council's behalf in 2008), and our geographic isolation would not make it appropriate to join the Sub Regional Schemes to the south (Preston) or north (Cumbria). Our position is being supported by the Government's CBL Advisor so, hopefully, this hurdle can be overcome.

- 2.2 It is therefore proposed to bid for a Lancaster District based CBL Scheme which, in addition to council vacancies would also include housing associations and private sector properties, together with any other opportunities to access affordable housing (eg low cost home ownership). At the time of writing this report, the development costs have not yet been accurately quantified (but are likely to be in the region of £100,000 which would include the acquisition of a specialised CBL computer system). If the bid is successful, the Government could fund up to 60% of the development costs but the remainder would need to be funded via the council's own resources. In addition, a detailed assessment would need to be made of the ongoing financial implications of operating a CBL Scheme, if any. At this stage, therefore, Cabinet are only being requested to authorise a bid for resources via the CBL Fund. Once the outcome is known, a detailed report can then be presented to Cabinet which will set out the full development and ongoing revenue costs together with detailed recommendations outlining how a scheme would potentially operate.
- 2.3 In formulating any proposals, officers will need to have regard to the Allocation of Accommodation : Choice Based Lettings, a Code of Guidance for Local Housing Authorities (Communities and Local Government, August 2008). As well as providing some very clear and useful guidance, the document does make clear the need for housing authorities which introduce CBL Schemes to put in place strategies to manage expectations, recognising that those who bid unsuccessfully over a long period of time may become frustrated or disillusioned, particularly in areas of high demand for social housing. The guidance suggests that it would assist applicants to know about other housing options which might be available (including private rented accommodation, low cost home ownership options, mobility schemes and house improvement schemes). Authorities are therefore encouraged to offer a more specialised housing options advice service to individual applicants.
- 2.4 At the moment, this type of service is fragmented within the council and anyone in housing need would potentially need to visit a number of services in order to receive the full range of advice and assistance on all the options available to them. As part of any proposed introduction of CBL's, officers would recommend that the council also look to provide a comprehensive Housing Options Service.

3.0 Details of Consultation

- 3.1 The District Wide Tenants Forum has been consulted about the CBL proposal. A consultation letter has also been sent to all Registered Social Landlords with housing stock in the district seeking their support. Prior to the submission of any bid, housing applicants, private sector landlords and other potential stakeholders will also be consulted.

4.0 Options and Options Analysis (including risk assessment)

OPTION	ADVANTAGES	DISADVANTAGES	RISKS
<p>Option 1 Bid for resources via CBL Fund</p>	<ul style="list-style-type: none"> • The Government would potentially fund up to 60% of development and implementation costs • Applicants would be actively engaged in exercising choice • CBL's would provide a vehicle for promoting other affordable housing options • The housing needs of individual applicants would be better met • The council would meet a defined government target • Advertising vacancies would create increased demand for potentially hard to let properties 	<ul style="list-style-type: none"> • The council would need to identify at least 40% of development/ implementation costs plus any ongoing additional operational costs (if any) • Some applicants may have difficulties in engaging in the bidding process 	<ul style="list-style-type: none"> • The bid may be unsuccessful and, having raised expectations, implementation would be costly • At this stage, ongoing operational costs have not been quantified
<p>Option 2 Determine not to make a bid for resources</p>	<ul style="list-style-type: none"> • There would be no additional costs to the council • The existing Allocation Scheme, which is familiar to applicants would be retained • Once registered, applicants would not need to proactively bid for offers 	<ul style="list-style-type: none"> • The Government's 2010 target would not be met • The Audit Commission KLOE targets for Allocation Schemes would not be met. • A decision to introduce CBL's at a later date would be more costly • Applicants would not benefit from having a greater 	<ul style="list-style-type: none"> • The council could potentially be penalised for not achieving a government target • Some properties may become difficult to let if existing arrangements remain in place.

		choice <ul style="list-style-type: none"> • The opportunity to promote other housing options would be lost 	
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5.0 Officer Preferred Option (and comments)

- 5.1 Option 1 is the preferred option as this will ensure that the council meets the Government's 2010 target and will hopefully secure finance assistance towards the development and implementation of a local CBL Scheme. Having a single mechanism for bringing together and promoting all options for affordable housing will bring clear benefits to residents in housing need. Under existing arrangements, only a relatively small percentage of applicants registered for council housing actually receive an offer of accommodation. For those in need, a CBL Scheme will provide a real opportunity to secure suitable affordable housing. The development of a Housing Options Service would also provide an opportunity to deliver a comprehensive advice and assistance service from a single point of access.
- 5.2 Option 2 would result in the council failing to meet a specific Government target. It would also mean the continuation of a fragmented service to residents who are in housing need.

6.0 Conclusion

- 6.1 The final round of bidding via the Fund for the Development of Regional and Sub Regional Choice Based Lettings Schemes provides a potential opportunity for the council to significantly improve the way social housing is allocated and also increases the public's awareness of other opportunities to access affordable housing.

RELATIONSHIP TO POLICY FRAMEWORK

The 2009/10 Corporate Plan, Objective 6 is *"To improve the standard, availability of housing in the district to meet local needs"*.

The introduction of a CBL Scheme will bring together all opportunities to access good quality affordable housing with the comprehensive, well publicised scheme.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

If implemented, a CBL Scheme will make a substantial contribution towards ensuring that households with the greatest need can maximise their opportunities to secure good quality, affordable housing.

By maximising choice, tenants will be more satisfied with their home and neighbourhood, leading to more sustainable communities.

FINANCIAL IMPLICATIONS

There are no direct financial contributions arising from this report, and there are no costs involved in preparing the bid for funding.

However, if a bid is successful, Cabinet will then need to consider the council's contributions towards development and implementation (estimated to be in the region of £40,000) and any ongoing revenue costs which may be applicable.

The Government's potential contribution relates to the overall costs of commissioning the project (which will be in the region of £60,000 capital and £40,000 revenue), and Cabinet will need to determine whether the Council should contribute towards either the capital or revenue costs of implementing the scheme. These costs would need to be identified and recommended for inclusion within the HRA Base Budget for 2010/2011 should a CBL Scheme go ahead.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments to add.

LEGAL IMPLICATIONS

There are no direct legal implications arising from this report. If the bid is successful, Legal Services will need to approve any conditions attached to the grant of the resources, and any legal agreement that is required to be entered into.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Communities and Local Government:

- Allocation of Accommodation: Choice Based lettings. Code of Guidance for LAs (August 2008)
- Fund for the Development of Regional and Sub Regional CBL Schemes. Guidance for submitting a proposals (March 2009)

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