

**REPORT TO:** Cabinet  
Cabinet Member – Regeneration

**DATE:** 5th August 2010 (Cabinet)  
4<sup>th</sup> August 2010 (CM Regeneration)

**SUBJECT:** Merseyside Sub Regional Choice Based Lettings Scheme

**WARDS AFFECTED:** All

**REPORT OF:** Alan Lunt – Neighbourhoods and Investment Programmes Director

**CONTACT OFFICERS:** Jim Ohren  
Principal Manager – Housing Strategy  
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**EXEMPT/  
CONFIDENTIAL:** No

**PURPOSE/SUMMARY:**

This report outlines the progress made in establishing a Merseyside sub-regional choice based lettings (CBL) scheme and seeks approval to enter into an IT contract for the provision of IT services to provide Choice Based Lettings (CBL), to confirm the participation of Sefton Council in a Merseyside sub regional CBL scheme; to agree the governance arrangements and to approve the draft Allocations Policy for consultation.

**REASON WHY DECISION REQUIRED:**

In order to enable Sefton to formally continue to participate in the project

**RECOMMENDATION(S):**

That Cabinet Member (Regeneration) and Cabinet agree:

- (i) the draft Allocations Policy for consultation according to statutory guidance
- (ii) the proposed governance arrangements
- (iii) the selection of the IT supplier, Abritas
- (iv) the estimated set-up costs of the scheme
- (v) that the Neighbourhoods and Investment Programmes Director be authorised to enter into an agreement with the other local authorities (Halton, Knowsley, Liverpool and Wirral, or at least 3 of them) to govern the implementation of the Abritas contract referred to below
- (vi) the Neighbourhoods and Investment Programmes Director in consultation with the Head of Corporate Legal Services be authorised to enter into a contract with Abritas for the provision of the IT system
- (vii) the one-off set-up costs to be paid from existing provision in the housing capital programme approved by Council on 8<sup>th</sup> July 2010
- (viii) continued development of the scheme with the sub-regional partners, and
- (ix) that a further report be presented to Cabinet Member (Regeneration) and Cabinet on the results of the consultation exercise on the Allocations Policy

**KEY DECISION:**

Yes

**FORWARD PLAN:**

Yes

**IMPLEMENTATION DATE:**

Following expiry of the call in period for the minutes of this meeting

**ALTERNATIVE OPTIONS:**

The alternative option would be to not approve participation in this scheme. Under that scenario the extension of the existing agreement with One Vision Housing will need to be agreed (or revised in some other way) but the opportunity to take advantage of joint sub regional procurement of an improved IT system will not be possible, nor will the efficiencies that are expected to flow from this be gained.

**IMPLICATIONS:**

**Budget/Policy Framework:** None

**Financial:** There is sufficient existing resource within the Housing Capital Programme budget approved by Council on 8<sup>th</sup> July 2010 to cover the set up costs. It is expected that these costs will be recouped in revenue savings over the medium to long term on an 'invest to save basis' as the scheme will deliver operational efficiencies.

<b><u>CAPITAL EXPENDITURE</u></b>	<b>2010/ 2011 £</b>	<b>2011/ 2012 £</b>	<b>2012/ 2013 £</b>	<b>2013/ 2014 £</b>
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<b><u>REVENUE IMPLICATIONS</u></b>				
Gross Increase in Revenue Expenditure				
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	N/A			
How will the service be funded post expiry?	N/A			

**Legal:** N/A

**Risk Assessment:** N/A

**Asset Management:** N/A

**CONSULTATION UNDERTAKEN/VIEWS**

Head of Corporate Legal Services

FD 456 - The Interim Head of Corporate Finance and Information Services Director has been consulted and has no comments on this report.

**CORPORATE OBJECTIVE MONITORING:**

<b><u>Corporate Objective</u></b>		<b><u>Positive Impact</u></b>	<b><u>Neutral Impact</u></b>	<b><u>Negative Impact</u></b>
1	Creating a Learning Community		✓	
2	Creating Safe Communities	✓		
3	Jobs and Prosperity		✓	
4	Improving Health and Well-Being	✓		
5	Environmental Sustainability	✓		
6	Creating Inclusive Communities	✓		
7	Improving the Quality of Council Services and Strengthening local Democracy		✓	
8	Children and Young People		✓	

**LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT**

None

## **1.0 PURPOSE OF REPORT**

- 1.1 On 14<sup>th</sup> May 2009 Cabinet agreed that Sefton should, in principle, and subject to further detail, become part of a sub regional choice based lettings (CBL) scheme.
- 1.2 This report provides an update on progress to date, and seeks the agreement of Cabinet to a number of matters which are necessary before further progress can be made. Similar reports have been to the Cabinets/Boards of Merseyside local authority partners in recent months.

## **2.0 BACKGROUND**

- 2.1 Members will be aware that Choice-Based Lettings (CBL) replaces the traditional way of allocating housing under which housing officers seek to match applicants who have priority on the waiting list to available vacancies. CBL allows applicants for social housing (and existing tenants seeking a move) to apply for available vacancies which are advertised. Applicants can see the full range of available properties and can bid (i.e. apply) for any home for which they are eligible (in terms of household size, for example). The successful bidder is the one with the highest priority under the scheme. Feedback is provided that helps applicants to assess their chances of success in bidding.
- 2.2 A sub regional CBL system offers financial advantages in joining in the long term. A new, more modern IT system would be procured on a shared basis, which would reduce costs, and deliver more efficient handling of cases. For example, web based bidding would be possible, reducing manual processing. Advertising costs would also be reduced.
- 2.3 Customer advantages would include access to a wider sub regional property pool, enhanced choice, and greater sub regional mobility. For local housing associations, many of which operate across Merseyside, the costs of being involved in several different schemes would be cut.
- 2.4 Since the 14<sup>th</sup> May 2009 report, agreed by Cabinet, officers have continued to work with Merseyside local authority and housing association partners on the proposals to develop a sub-regional CBL scheme. This has been assisted by the award of £100,000 to Liverpool, Knowsley and Wirral Councils in 2008 by the Communities and Local Government Department from the Regional Choice Fund. Central Government requires all local authorities to operate a CBL scheme by 2010 and is further encouraging local housing authorities to work with neighbouring authorities to establish sub-regional schemes, recognising that housing markets do not always follow local authority boundaries. In December 2009, CLG awarded a further £67,000 to enable Halton and Sefton to join the Merseyside scheme. This funding has enabled the employment of a Project Manager who has worked to a Steering Group of local authority partners. Any balance of funding will be divided amongst partner authorities to defray set up costs, although it is not possible to specify this at the present time until implementation dates are finalised.
- 2.5 Key elements of the work to date has included:
  - A common allocations policy
  - A framework for operation and governance of any sub-regional scheme
  - Identification of IT systems and procurement methods
  - A model for the allocation of the costs of setting up and operating a CBL scheme

- 2.6 The proposed scheme, whilst running on one shared computer system and a common allocations policy, will allow each local authority to operate sub-regional CBL in a way which suits each local authority's mode of operation and needs. Progress on developing the sub-regional scheme has taken some time to develop because the partners have historically all operated lettings in different ways. Sefton already has a choice based lettings scheme for social housing. The scheme, known as 'Homesearch', has been in operation since 2003. Under an agreement made as part of stock transfer in 2006 this is operated in partnership with One Vision Housing, with the Council making a contribution towards the operating costs. Liverpool and Wirral also have Choice Based Lettings schemes operating, albeit under different models. However, Knowsley and Halton do not currently have CBL schemes and are looking to their stock transfer landlords, Halton Housing Trust and Knowsley Housing Trust, who currently manage their housing waiting lists, to manage their CBL schemes.
- 2.7 In future the possibility exists for the scheme to be centrally run and operated in the same way in each local authority area, but this would be complex to achieve and is not currently mooted. It is considered unlikely. However, should it ever be suggested in future it will be the subject of a further report and would require separate endorsement.

### **3.0 OPERATION AND GOVERNANCE OF THE SUB REGIONAL CBL SCHEME**

- 3.1 The operation of the scheme in each local authority will be a matter for local agreement between the Council and the housing associations operating in that area. Housing associations which operate across local authority boundaries, whilst wishing to reduce the number of schemes in which they are involved and simplify operations, recognise the reasons for the different ways of operating to suit the local situation.
- 3.2 A partnership agreement is being drafted for the local authority partners. This covers a joint statement of objectives, the management arrangements that will be put in place, the financial commitments, information sharing and dispute resolution. This is being co-ordinated by Knowsley MBC's legal team.
- 3.3 A service level agreement between the local authorities and the participating housing associations is also to be drafted between each local authority and the housing associations operating in their area. The detail within this agreement will be different depending on how each authority operates the scheme. In Sefton it will build on and reflect the current Homesearch scheme in which some housing associations already fully participate. It is likely that the Merseyside scheme partners will adopt a common branding name, such as 'Property Pool Plus'.

### **4.0 ICT PROCUREMENT**

- 4.1 There are 3 leading software suppliers – Abritas, Scout Solutions and LOCATA. Previous research undertaken by Herriot Watt University in relation to Wirral Council's existing CBL scheme has shown Abritas to be the largest supplier, capable of delivering partners' requirements, and price competitive. Another consideration is that Liverpool already utilises the Abritas system and this offers further potential cost savings over the procurement of a brand new system.
- 4.2 The Northern Housing Consortium has undertaken an OJEU compliant tendering process for CBL software, won by Abritas, which can be offered to member organisations under a framework agreement. All of the Merseyside authorities are members of the Northern Housing Consortium and it has therefore been agreed that this route offers the most sensible way forward, significantly reducing both the procurement timetable and the associated costs. Procurement through the Northern Housing Consortium framework

satisfies Sefton's Contract Procedure rules. It removes the need for multiple tenders, saving time and money on purchasing and on licences through discounts available to NHC members.

- 4.3 The Abris system is web-based and would be hosted, managed and maintained by the supplier thus removing the need for one of the local authority partners to take on this responsibility and the additional charges which this would incur from Abris. However, one local authority will need to take responsibility for initial running of operational tests and sign off of the system.
- 4.4 The Abris system gives greater access to customers through modern communication methods including on-line registration and bidding and automatic telephone and text bidding. It will also give instant feedback to applicants about their place on the list when bidding for a particular property, enabling them to make more a more informed choice about how to use their bids. It will also facilitate the provision of information on a wide range of housing options including shared ownership and renting in the private sector.

## **5.0 FINANCING THE PROPOSED SYSTEM**

- 5.1 In framing the scheme the local authority partners have agreed that the Councils will own the 'system'. It is proposed that the costs of procurement should be split equally between the Councils on the basis that the costs are fixed and not variable according to usage.
- 5.2 As mentioned above, participation in a 'shared service' sub-regional scheme including the provision of a single IT system opens up the prospect of savings to Sefton on the initial purchase cost. It is estimated that joint procurement as opposed to individual local authority procurement will save each authority between £40- £50k. Moreover, in partnership with One Vision Housing who operate the 'Homesearch' Scheme, over the medium to long term efficiency savings should be possible in terms of annual running costs. This is because the new system will bring reduced reliance upon face to face and telephone interactions when applicants register and when they bid. Local housing associations and in particular One Vision Housing will have decreased void turn around time and other potential staff efficiencies. In addition to these yet to be quantified savings, the new system will give enhanced customer access and service, a wider range of housing options and make better use of technology, allowing automatic bidding, telephone bidding, and internet registrations.
- 5.3 In order to elicit savings it is proposed that the weekly advertising of available properties in the local press ceases in favour of the web enabled and much enhanced on line system. Potential bidders can view properties available through terminals, either at home if they have a PC or in libraries, in one stop shops, in local housing offices and in housing advice centres. It is acknowledged that some people, particularly the elderly and the vulnerable, will require 'handholding' in accessing the internet and registering. This will continue to be available through the offices of participating housing associations and the Council. Additionally, for identified vulnerable applicants, proxy bidding by housing staff can be arranged, as it is now. A weekly list of available properties will be distributed to housing offices, libraries, community centres, advice bureaux, etc., and arrangements will be made to post this out to identified vulnerable applicants.
- 5.4 Currently, the Council contributes £105k p.a. to the operation of Homesearch under an agreement with One Vision Housing (OVH). This agreement is in need of updating and revision in partnership with OVH in any event. It is in the joint interests of the Council and OVH to have the benefits of the full functionality of the Abris system for the reasons outlined above. Subject to the Council agreeing to participate in the system the OVH Board would, likewise, need to endorse participation and a continuance of the agreement.

- 5.5 For Sefton the capital set up costs are estimated at £50k. This includes the ICT procurement, data loads and contingencies plus necessary consultation costs relating to the revised allocation scheme (see paragraph 6.0 onwards). These costs can be met from the £50k set aside within the 2010/11 housing capital programme for this purpose (approved by Council on 8<sup>th</sup> July 2010). There are costs in relation to re-registration and training which will need to be funded by the housing associations participating in the scheme.
- 5.6 In addition to One Vision Housing (assuming OVH Board agreement) the main housing associations with stock in the Borough are expected to fully participate in the scheme. These include Riverside, Arena, Cosmopolitan, Plus Dane, Vicinity Group, and Regenda First. Formal consultation with all the housing associations who have stock in Sefton but who have not to date been involved in planning the sub regional scheme will be necessary. In the main these associations have relatively small stock holdings in the Borough.
- 5.7 Sharing costs of the schemes amongst the participating housing associations has been the subject of much discussion. The costs could be shared on the basis of stock held; numbers on the register; or throughput of lettings; or a mixture of these variables. However, it has been agreed at least initially that the basis of cost sharing should be a charge 'per letting' which would be worked out to cover the costs of the running of the scheme. Other partner local authorities have been able to arrive at an estimated charge per let of approximately £130. It would be the aim in Sefton to achieve a similar charge per let although there is further work yet to do in examining the current cost base for Homesearch and translating these into a new cost model. This will be done in partnership with One Vision Housing.

## **6.0 DRAFT ALLOCATIONS POLICY**

- 6.1 There is a statutory requirement for all local authorities to have an allocations policy, even those without stock of their own. Most CBL schemes adopt a banding system whereby applicants are allocated to a priority band according to their circumstances and housing need. In framing a policy, authorities must have regard to the reasonable preference categories set out in the Housing Act 1996 as amended by the Homelessness Act 2002, and the legislative framework. Recent further statutory guidance "Fair and Flexible" re-affirmed Government commitment to giving priority to those in greatest housing need through CBL whilst reinforcing the ability of local authorities to meet local housing needs and priorities through their allocation policies at the same time as promoting regional and national mobility.
- 6.2 In view of the recent guidance Sefton's current policy would need to be updated in any event. However, the Sub Regional CBL (SRCBL) Steering Group has drafted a policy for the five local authority areas involved in the Merseyside sub-regional scheme which, subject to approval by each local authority, is now ready for wider stakeholder consultation as required by statutory guidance. This is summarised below. A full electronic copy of the draft policy is available by request from the Contact Officer for this Cabinet report (e-mail: [Jim.Ohren@sefton.gov.uk](mailto:Jim.Ohren@sefton.gov.uk)). Agreement has been reached on the priority bandings and the categories of housing need that fall into these bands. There is some flexibility within the scheme to reflect specific issues within the different local authority areas. The percentage of property available for each priority group can be decided in each local authority area, if that is so desired. (Sefton's current policy does not set percentages). A common allocations policy across the Merseyside sub region will mean the IT system can be designed accordingly and the participating housing associations only have to deal with one policy, as will applicants.



6.3 The Merseyside SRCBL draft allocations policy proposed for consultation shares many characteristics of Sefton’s current policy but is more detailed. It covers a wide range of topics including the aims and principles of the scheme, eligibility for registering, the criteria for prioritising applications, assistance for vulnerable applicants, suspensions, property advertising methods, the bidding and selection process, cross boundary movement and appeals. The proposal is for four priority bands with a number of reasons for housing need within each band as follows:

**Table 1: Merseyside Allocations Policy Proposed Priority Bandings**

<b>Band</b>	<b>Reason for housing need</b>
BAND A URGENT PRIORITY	Health/Welfare (Severe) Unintentionally Homeless Priority Need Regeneration Overcrowded (2 Beds)
BAND B HIGH PRIORITY	Health/Welfare (High) Under occupation Overcrowded (1 Bed) High Level of disrepair
BAND C MEDIUM PRIORITY	Health/Welfare (Medium) Unintentionally Homeless Non Priority Need Living with Family and Friends
BAND D	General Needs

6.4 Severe Health and Welfare Priority will be awarded for reasons including:

- Applicants with an exceptional medical need due to physical or mental health issues who are unable to occupy their current accommodation;
- Applicants with an exceptional welfare need where continued occupation of their current dwelling could place lives at risk;
- Applicants ready to be discharged from hospital or residential care where it has been determined they have no suitable home;
- Applicants living in the private rented sector where it is confirmed that the property is a severe danger to health and safety;
- Applicants who need to move to suitable adapted accommodation because of a serious injury, medical condition or disability which he or she or a member of their household has sustained as a result of service in the Armed Forces.

6.5 High Health and Welfare Priority will include:

- Harassment;
- Domestic Violence;
- Victims of Hate Crime;
- People with severe health conditions whose housing is unsuitable because they are unable to use the facilities without excessive pain and/or difficulty or they are unable to easily access facilities inside and within the boundary of the property or whose housing has a detrimental effect on mental health issues;
- Young people leaving the care of the Local Authority;
- Applicants who have been assessed as ready to move on from Hostel/Supported schemes, and where their continued support needs have

- been assessed and, if required, are in place;
- Members of the Armed Forces who will be discharged within 3 months and have no medical needs;
- Formal referrals from Adult/Children Social Services where it is confirmed the applicants have an urgent need to move, such as Children Act referrals;
- Applicants who are tenants of social housing owned by a Scheme Landlord who are under occupying their present home and where the property is designated by the Scheme Council as being in demand by other priority cases. This will include tenants of adapted properties owned by the Scheme Landlords where the adaptations are no longer required and where the property is designated by the Scheme Council as being in demand by other priority cases.

6.6 Medium Health and Welfare Priority will include:

- Applicants who have a medium medical condition that is caused or made worse by their living conditions and a move will improve their quality of life. This will include applicants where there is an identified issue of mobility within the property or whose housing has a detrimental effect on mental health;
- Those living in a property where there is a health and safety hazard to the applicant which cannot be remedied by repair or adaptation to the property;
- People whose relationship has permanently broken down and who have to leave a shared home and have been assessed as unable to resolve their own housing situation;
- People who need to move to a particular locality to give or receive care or support.

6.7 In accordance with the legislative framework, applicants will not accrue more than one priority, but their priority banding will be according to their highest housing need.

6.8 Unless an applicant needs to move to another area for safety reasons, priority due to Statutory Homelessness or Regeneration (e.g. clearance) will be awarded for the applicant's current Local Authority Area only. With the exception of priority due to Homelessness and Regeneration, applicants will be awarded the appropriate priority for Local Authority Areas for which they can demonstrate a local connection.

6.9 Those applicants who live outside of the combined Scheme Area may be considered for a priority band but only if they can demonstrate a local connection with one of the local authority areas and the priority will apply only to vacancies in that local authority area.

6.10 Scheme partners have agreed that a maximum of 5% of all properties advertised through the scheme will be let to applicants living in another partner local authority area. Homesearch currently operates an open register which anyone can join. Despite being a sub regional scheme it is not expected that out-of-borough moves will be significant.

6.11 A consultation plan is being produced to ensure that a co-ordinated approach is adopted across the SRCBL scheme area in terms of the groups consulted with and the consultation material produced. All elected members will be included in the consultation when comments will be invited on all aspects of the detailed policy.

## 7.0 CONCLUSION

- 7.1 The new web based system is expected to bring savings through greater use of technology. These savings are expected to grow as internet penetration and user knowledge of the system increases. The initial set up costs will therefore be recouped over the medium to long term.
- 7.2 The proposed sub regional scheme will increase customer access options with improved sub regional mobility and choice for applicants. However, measures to limit cross boundary mobility to 5% together with the local connection provisions and statutory homeless and regeneration priority being limited to the applicant's own local authority area will serve to prevent any one local authority taking an unfair burden of demand from the other authorities.
- 7.3 It is proposed that the results of the consultation exercise on the Allocations Policy be reported back to Cabinet for the policy (including any proposed amendments made as a result of the consultation) to be formally endorsed.
- 7.4 If participation in the scheme is approved it is expected that formal implementation will commence in early to mid 2011, to allow time for consultations, applicant re-registration, and staff training.