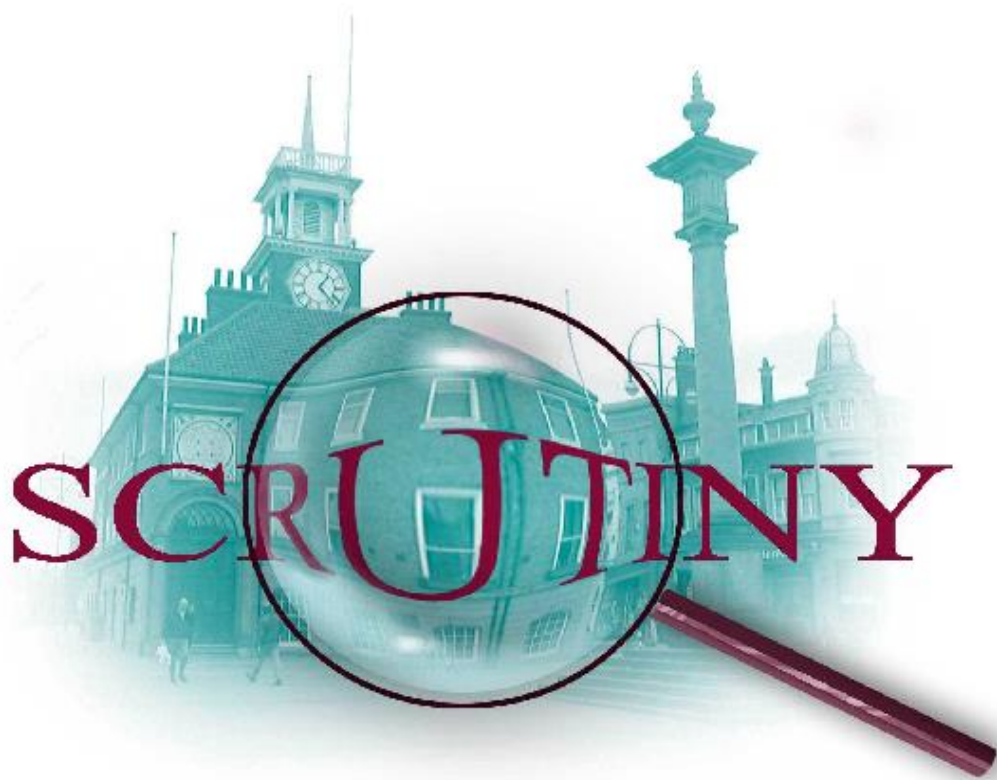


**Housing and Community Safety  
Select Committee**

**The Development of Choice Based  
Lettings**



**March 2007**

## 1.0 Executive Summary

- 1.1 Choice-based lettings (CBL) is a new method of allocating social housing. CBL schemes give people more choice in where they want to live by allowing people to apply (or 'bid') for advertised social housing vacancies. Applicants are allowed to see the full range of available properties and can apply for any to which they are suitably matched. Housing authorities are still required to ensure that reasonable preference is extended to certain categories of applicants, for instance those who are homeless or who have medical need. Existing CBL schemes generally provide for this by placing applicants into priority 'bands'.
- 1.2 The recent Local Government White Paper, *Strong and Prosperous Communities*, re-stated the Government's target for all local authorities to offer choice-based lettings schemes. The Government aims to "[meet] our target for all local authorities to offer choice-based letting schemes to their tenants by 2010, and finding ways to extend the scheme to cover all social housing, shared ownership, low cost homes and private rented accommodation. Our long term aim is to widen the area from which people can choose housing so that it extends beyond the boundaries of their local authority, reflecting the fact that housing markets operate on a sub-regional or regional level."
- 1.3 The Housing and Community Safety Select Committee examined the subject over a 6-month period in order to determine how Stockton Borough Council should respond to the national agenda.
- 1.4 During the review the Committee noted that Stockton Borough Council's Housing Services and Tristar Homes supported the concept of CBL. The Committee undertook site visits to existing schemes in the region to gather evidence of best practice, and examined in detail the proposals for a Tees Valley sub-regional scheme. As the choice based lettings agenda is developing constantly, the Committee was able to take into account the latest Government research papers, including the proposed Code of Guidance for Choice Based Lettings.
- 1.5 The Committee concluded that choice-based lettings had advantages over the current method of allocating social housing in Stockton Borough and has the potential to deliver real benefits to residents; it represents a shift towards a much more customer focussed approach.
- 1.6 The Committee found that in relation to existing schemes in the North-East, considerable amounts of preparation had been undertaken in order to prepare for the introduction of choice based lettings. This included widespread consultation with key stakeholders and customers; a key element of this was to make sure that vulnerable groups were provided for. This was a key finding of the Committee and should be taken into consideration during work on delivering a scheme in Stockton.
- 1.7 During the course of the review, it became clear that due to the timescales of the Tees Valley sub-regional project, Stockton Borough Council's Cabinet would be required to make a decision in March 2007 on whether to give approval for Stockton's commitment to membership of the sub-regional scheme. The Committee recognise the additional benefits likely to be achieved through membership of a Tees Valley sub-regional scheme, and conclude that Stockton should give full commitment to the project.

- 1.8 The Committee has had the opportunity to set out the elements it wants to see in a CBL policy. Erimus' policy has in the main been adopted, with due reference to the recently proposed Code of Guidance. If all sub-regional partners agree to implement a common policy it is recognised that a process of consultation and negotiation will need to take place.
- 1.9 The Committee recognise the consensus opinion between partners that the delivery of the scheme should remain the responsibility of the individual authorities. During the course of the review, the Committee has examined best practice from existing schemes and believe the preferred option for Stockton Borough would be the creation of a one-stop shop approach. However, it is further recognised that a detailed study of all the options needs to be undertaken, and that this should include all financial implications and have due regard to the current and future shape of Council service provision, including the Access to Services Strategy.
- 1.10 During deliberations on the content of a CBL Policy, the Committee considered the wider implications of housing allocations. Unacceptable behaviour can result in an applicant being 'suspended' from CBL schemes for a defined period. However, the Committee believe that it is important to maintain tenancies wherever possible and therefore supported the view of Housing Services that a separate piece of work be undertaken in order to enable problematic households to modify their behaviour and successfully integrate into the community.
- 1.11 The Committee recommends that subject to detailed consideration of the financial and delivery options:**
- 1. in principle Stockton Council adopts a Choice Based Lettings scheme for allocating its property.**
  - 2. the Stockton Choice Based Lettings scheme is developed further in the context of the Tees Valley Sub-regional scheme; and that the necessary IT system is procured through the appropriate joint tendering exercise.**
  - 3. the sub-regional scheme is developed on the basis of a common overarching policy and the development of a Common Housing Register; and that the common policy be developed to reflect the features as set out in Appendix 1.**
  - 4. a detailed feasibility study be undertaken by Tristar Homes on the preferred option of a one-stop shop approach to deliver choice based lettings in Stockton Borough, taking full account of necessary expenditure, the qualitative and quantitative cost-benefits that will accrue, and with due regard to existing and proposed Council service provision; and that this should be examined by the Committee at the first meeting of municipal year 2007-08.**
  - 5. the Suspensions Policy in relation to the Choice Based Lettings scheme be based on the approach adopted by Erimus Housing, as set out in Appendix 2.**

- 6. other Housing providers in the Borough and sub-region be encouraged to participate in the Choice Based Lettings scheme.**
- 7. the possibility of introducing a sub-regional Disabled Persons' Housing Service be further investigated by the Tees Valley CBL partnership.**
- 8. a comprehensive consultation process is undertaken by Tristar Homes in order to provide both customers and staff with an understanding of the new scheme and to ensure ease of access for all once it is implemented.**

## 2.0 Introduction

- 2.1 This report presents Cabinet with the findings of the review of Choice Based Lettings undertaken by the Housing and Community Safety Select Committee between September 2006 and February 2007. The topic was identified owing to the need for Stockton Borough to respond to the national housing agenda.
- 2.2 Choice-based lettings (CBL) is a new method of allocating social housing. CBL schemes give people more choice in where they want to live by allowing people to apply (or 'bid') for advertised social housing vacancies. Applicants are allowed to see the full range of available properties and can apply for any to which they are suitably matched.
- 2.3 Housing authorities are still required to ensure that reasonable preference is extended to certain categories of applicants, for instance those who are homeless or who have medical need. Existing CBL schemes generally provide for this by placing applicants into priority 'bands'.
- 2.4 The theory underpinning CBL is that it will create more stable communities by giving people a choice and a stake in where they want to live. In turn this will lead to higher numbers of satisfied tenants who pay their rent, stay longer and look after their homes.
- 2.5 Traditional, points-based methods of allocating Council housing are now widely seen as being bureaucratic and they do not lend themselves to transparency. This can lead to suspicion surrounding the allocation of public housing; for some, there is still a perception that access to council housing depends on 'who you know'. By contrast, one of the main principles of CBL systems is that there should be a presumption towards openness; in practice this means social housing market data, information on each property and the results of bidding cycles should be provided to all applicants.
- 2.6 It is a Government target for all local authorities to operate CBL schemes by 2010, and for these schemes to include housing associations and the private rented sector. The Government also wishes to see CBL schemes developing at the sub-regional and regional level.
- 2.7 The Housing and Community Safety Select Committee decided to examine the issue in order to assist with the development of a choice-based lettings scheme in the Borough and to see how the Borough could respond to the development of a sub-regional Choice-based lettings scheme. An awareness of the importance of the impact of housing allocations upon settled communities was implicit throughout the review.
- 2.8 As the choice based lettings agenda is a relatively new policy area, it is constantly developing. The Committee were able to take into consideration the latest government research as the review progressed. This culminated in the Committee being able to examine the DCLG's recently published Choice Based Lettings' Code of Guidance. Similarly, it became apparent during the review that the Sub-regional agenda was progressing with a view to implementation in 2008; this meant that the Committee were able to examine this progress as it developed alongside the Committee's work.

### 3.0 Background

#### National Context

- 3.1 The concept of Choice based lettings was first developed in the Netherlands where it was known as the 'Delft Model'. The first scheme to start operation in the United Kingdom was launched by Harborough District Council in early 2000 and was known as Harborough Home Search.
- 3.2 Government CBL policy has its origins in the Housing Green Paper, *Quality and Choice – A Decent Home For All*, published in April 2000. Funding was provided for 27 pilot schemes.
- 3.3 Housing legislation has since been amended in order to make it more conducive to the introduction of CBL. Part 6 of the Housing Act 1996 (as amended by the Homelessness Act 2002) requires authorities to include a statement in their allocation scheme about their position on offering choice to applicants; it also includes a provision allowing for the introduction of 'advertising schemes'. The accompanying Code of Guidance makes it clear that the Government is looking for policies to extend choice wherever possible. The requirement to provide for housing need remains, and therefore to extend reasonable preference to certain categories of people.
- 3.4 In 2002 the Government published targets for CBL:
- 25% of local authorities were required to have CBL in place by the end of 2005
  - 100% of local authorities are required to have systems in place by 2010
- 3.5 In January 2005, the former Office of Deputy Prime Minister published *Sustainable Communities: Homes for All*. This re-iterated Government commitment to choice-based lettings and extended existing targets to include the involvement of all social rented housing and the private rented sector, and for schemes to operate on the sub-regional/regional level. This was followed up in July 2005 by the announcement that £4 million would be made available to fund new sub-regional and regional schemes.
- 3.6 The recent Local Government White Paper, *Strong and Prosperous Communities*, re-stated the Government's target for all local authorities to offer choice-based lettings schemes. The Government aims to " [meet] our target for all local authorities to offer choice-based letting schemes to their tenants by 2010, and finding ways to extend the scheme to cover all social housing, shared ownership, low cost homes and private rented accommodation. Our long term aim is to widen the area from which people can choose housing so that it extends beyond the boundaries of their local authority, reflecting the fact that housing markets operate on a sub-regional or regional level."
- 3.7 The Government sees several advantages to CBL:
- the empowerment of people to make decisions over where they want to live
  - a help towards creating sustainable communities
  - a more effective use of limited housing stock

- 3.8 The Government believes that sub-regional/regional schemes allow for further benefits to be realised as:
- they bring together larger pools of available housing, so easing localised problems of high demand through giving people a greater choice
  - they recognise existing housing and labour markets
  - they reduce the costs and complexities for Registered Social Landlords
  - authorities working together on one scheme can achieve economies of scale.

### **Local Context**

- 3.9 Currently there is a points-based allocations system in operation in Stockton Borough. This system means that applicants for council housing are given a certain number of points according to their circumstances. Points are awarded to applicants in order to reflect their level of housing need, medical and social situation, and for the number of years spent on the register. When a suitable property becomes available, the applicant on the housing register with the most points is contacted by an allocations officer and offered the property.
- 3.10 Stockton Council determine the content of the Allocations Policy; staff from Tristar Homes interpret the policy and allocate properties accordingly. Demand for council housing remains high; currently there are 4879 applicants on the waiting list, with 739 applications received since January.
- 3.11 On behalf of its Tees Valley partners, Middlesbrough Council submitted a bid for a share of the sub-regional funding announced in July 2005. £105,000 was awarded in order to fund the development of a Tees Valley CBL scheme. Stockton-on-Tees Borough Council has been an active participant in the Tees Valley partnership since its inception. The Sub-Regional Partnership meets every 3 weeks and has appointed a Co-ordinator to work on behalf of partners in order to progress the agenda.
- 3.12 Erimus Housing is a key member of the partnership as it operates the Homechoice scheme in Middlesbrough; this is the only CBL scheme currently in operation in the Tees Valley.
- 3.13 On a wider regional scale, Newcastle City Council operates a CBL scheme which is managed on its behalf by Your Homes Newcastle (YHN). YHN is the Arms Length Management Organisation created in order to manage its Council housing stock. This set-up is therefore similar to the situation in Stockton Borough, where Stockton Council and Tristar Homes share responsibility for housing.

## 4.0 Evidence / Findings

### Methodology

4.1 The Committee developed the scope and project plan in conjunction with a presentation from Caroline Wood (Housing Options Manager, SBC) and Tim Monkhouse (Housing Services Manager, Tristar Homes). This is detailed from paragraph 4.9 onwards.

4.2 Following receipt of this information, the project plan was agreed and incorporated the following key areas of work:

- Provision of background documents
- Site visits to schemes already in operation, namely Erimus Homechoice in Middlesbrough, and Your Choice Homes in Newcastle; and an examination of best practice and customer feedback from these schemes
- Written and oral evidence from Julia Kett, Tees Valley Sub-regional CBL Co-ordinator in order to examine the work of the sub-regional partnership
- Initial consultation with Council tenants and staff, led by Tristar Homes
- Attendance at meetings by representatives of SBC Housing Services and Tristar Homes in order to facilitate discussion on how Stockton could respond to issues raised as the review progressed

### Written Material

4.3 A summary of the key documents considered by the Committee is as follows:

- Factsheet for Members: Allocation of Council Housing, SBC Housing Options
- *Sustainable Communities: Homes for All – A Strategy for Choice Based Lettings*, Office of Deputy Prime Minister
- *How to Choose Choice: Lessons from the first year of the ODPM's CBL Pilot Schemes*, ODPM
- *Implementing and Developing Choice-Based Lettings: A guide to key issues*, ODPM
- Briefing Papers produced by the Housing Quality Network
- Minutes of meetings and newsletter from Tees Valley Sub-regional Partnership
- *Monitoring the Longer-Term Impact of Choice-Based Lettings*, Department for Communities and Local Government
- *Tees Valley Sub Regional Choice Based Lettings Scheme: Feasibility Study*
- *Allocation of Accommodation: Choice Based Lettings – Code of Guidance*, DCLG. Consultation paper – however, the Committee was advised that it would be unlikely for there to be any substantive changes to the content.

4.4 Reference was also made to Erimus Housing current and draft amended CBL policies, and the lettings policy of Your Choice Homes.

4.5 At the mid-point of the review it was agreed that two pieces of work would be produced for the Committee's consideration.



4.6 The Housing Options Manager in conjunction with the scrutiny team produced a document demonstrating the options that were available to the Committee in terms of a CBL policy for Stockton. This document set out:

- The discretionary areas of policy
- Relevant extracts from Stockton's current allocations policy
- Evidence from Erimus Homechoice
- Evidence from Your Choice Homes
- Recommendations from Housing Options Manager (in line with the relevant extracts from the DCLG's proposed Code of Guidance)

4.7 Alongside this, Tristar Homes produced a document outlining the options available in terms of implementing a CBL policy. This set out various options for delivery with associated costs.

4.8 These two documents were then used to formulate the recommendations of the Committee.

**Evidence received from Caroline Wood (Housing Options Manager – SBC) and Tim Monkhouse (Housing Services Manager – Tristar Homes)**

4.9 This consisted of a presentation and discussion to set the subject into context and to inform decisions made relating to the scope and project plan.

4.10 The Committee were informed that by late 2006, 90 local authorities were operating CBL schemes, and that this equated to 20% of all housing authority lettings.

4.11 There are a number of key principles common to all CBL schemes and these include:

- The advertising of properties
- The provision of housing market and property information in order to enable customers to make informed choices. This includes labelling a property
- The initiative being taken by the customer through the process of making a 'bid' for homes (ie. expressing a preference)
- The ranking of bids according to published and transparent policies
- The provision of feedback and 'prospects' on demand to ensure that customers can see that the system is fair and transparent
- No penalties to be applied for refusal of properties

4.12 Notwithstanding the existence of Government targets, it was the view of both Housing Services and Tristar Homes that the choice-based lettings agenda offers numerous advantages for both tenants and applicants for social housing. These potential benefits are summarised as follows:

- Simplicity and increased transparency. Current system is cumbersome and driven by officer decisions
- Efficiency savings
- Reductions in void times and consequent loss of rent

- Reductions in tenancy turnover
  - CBL promotes empowerment as process is driven by homeseekers themselves
  - CBL can be packaged as a wider housing options programme
  - A better understanding of where people want to live than is allowed for under the current system
- 4.13 The Committee noted that there is still an element of control within a CBL system. Local lettings plans can be introduced in order to attract customers of a particular description; for example, property adverts can be labelled in order to specify who is entitled to bid for a property.
- 4.14 Property labels can be attached in order to make best use of housing stock; for example, only families may be entitled to bid for 3-bedroom houses. Property labels can also be used to give effect to local lettings plans. These plans can be implemented, after due consultation, in order to attract people of a particular description into a certain area and to encourage balanced and sustainable communities; for example, to lower the proportion of older children/young adults on an estate.
- 4.15 Although CBL had the potential to encourage the participation of a wider range of housing providers, through the involvement of private landlords for instance, it was made clear that on its own CBL should not be seen as a solution to the lack of social housing provision.

#### **Evidence recieved from Chris Joynes (Assistant Director - Erimus Housing)**

- 4.16 The Committee undertook the planned site visit to Erimus Housing in October, and combined this with speaking to Chris Joynes, Assistant Director. Members were able to take the opportunity to witness the operation of a CBL property shop in operation, and also to observe the work of the team of staff who were located in the back office area. Members were provided with copies of marketing material, including customer information packs; the Homechoice website was demonstrated by staff from Erimus, and Members were able to gain an understanding of how customers bid for property.
- 4.17 'Homechoice' is the brand name for the CBL scheme in Middlesbrough. At the time of the Committee's visit, the scheme had been in operation for 10 months. Allocations have been centralised using a 'one-stop shop' approach. A Property Shop has been established and is situated in central Middlesbrough near the main shopping precinct.

#### 4.18 Erimus Homechoice Property Shop, Middlesbrough



4.19 The Homechoice property shop has the appearance of an estate agent, with adverts placed in the window and a bright, airy appearance. It took a considerable amount of time to first find a suitable town-centre location, and then to refurbish the premises. The CBL team are based alongside the homeless and housing options teams.

4.20 The CBL team consists of 6 full-time members of staff working at an operational level, including one member of staff that specialises in vulnerable applicants accessing the scheme.

4.21 The Committee found that Homechoice used various marketing methods. Adverts are placed in the Evening Gazette property section, the Homechoice website and in the Homechoice property shop. A list of empty properties is available on request from Homechoice and the area housing offices. This list is also posted to vulnerable customers every fortnight e.g. people that are elderly and/or housebound. The properties are advertised alongside local information that help customers form an informed opinion; for example, information on local schools and amenities.

#### 4.22 Adverts in Homechoice Property Shop window



- 4.23 Applicants are encouraged to consider properties across the whole of Middlesbrough. Bids can be placed through the website or by a bidding coupon. Once received, the number of bids and their ranking is displayed in 'real time' on the Homechoice website and so people can see exactly where their bid is placed at any time. When first developing the website, Erimus listened to customer feedback when producing the electronic system.
- 4.24 Erimus Homechoice operates a banding system in order to differentiate between customers with different housing needs. Further details of this and the bidding process are set out in the policy details in Appendix 4.
- 4.25 Erimus' web-based ICT system is supplied by Comino, who also supply Erimus Housing's housing management system, Saffron. The initial cost to set up the system amounted to £20,000. After a workable system was developed, it was then presented to residents to gain their approval, as part of a consultation exercise.
- 4.26 The Committee found that Homechoice was also advertising 50% of other available RSL properties eg Endeavour, Accent are advertised through the CBL scheme. There are also moves to involve the private sector. This brings the benefits of a wider choice of housing for customers, and landlords gain from a wider client base and verification checks on applicants. A sub regional seminar with private landlords was arranged for early 2007.
- 4.27 Middlesbrough Council contracted out its homeless and housing advice function to Erimus in 2004. They provide funding for 5 homelessness officers. Plans exist to merge the homeless and CBL teams. The aim is to prevent homelessness by presenting people with a range of options and for one staff member to deal with a problem from the beginning to resolution. There is an emphasis on prevention and now each homelessness officer is dealing with 18 cases.
- 4.28 Shelter and the Housing Corporation approve of Erimus' work and hold it as an example of best practice. Erimus also work alongside the Shield Project in Middlesbrough. This project aims to reduce anti-social behaviour in the private rented sector and so help to stem the re-housing cycle.
- 4.29 The registration process is designed to flag up any potentially vulnerable customers. On both the paper-based and web-based versions of the registration form there are 'trigger questions' that allow the team to highlight potential issues. Support agencies have been trained to use CBL in order to help support people when they make bids.
- 4.30 The Committee noted that Erimus run a Disabled Person's Housing Service (DPHS) alongside the general CBL scheme. Applicants indicating special needs are directed for assessment by the DPHS; they are then either given support before being allowed to bid on the CBL scheme, or are directly matched to suitable supported accommodation or adapted properties.
- 4.31 The aim is to provide a one-stop shop for those with special needs. (Other support exists for people with drug induced problems, however there is an

officer within the CBL team who is trained and able to provide signposting in this respect.) The team at Homechoice is able to look at a range of options and pin point the best accommodation available, including the provision of supported housing.

- 4.32 When developing CBL, staff from Erimus gathered extensive evidence of best practice from elsewhere. Although modelled heavily on Bradford's version, it is a bespoke system for Middlesbrough. The development stage took around 12 months and involved 5 officers. This stage in the process was very resource intensive.
- 4.33 The Committee noted the consultation process that Erimus Housing had undertaken before Homechoice became operational. In the lead up to the launch of the scheme, all related agencies were contacted in order to alert customers about the new system. It was also acknowledged that Erimus has had to make significant efforts in changing the culture of the organisation away from the 'old', office-led method of operating, towards a more customer-focussed approach.
- 4.34 The Committee found that Erimus Housing had carried out a data cleansing exercise of the Housing Register a couple of months prior to the implementation of CBL. This involved sending letters to people on the Register to decide whether or not they would like to be part of the new CBL scheme. As a result of this exercise, the number of people registered reduced to 4,500 but this figure has now increased to 11,500. Homechoice engaged in significant marketing activity in order to raise awareness of the scheme and this helps explain the rise in the numbers of people applying to join the scheme, e.g. development of a web based system to reach a wider audience. However, it should also be borne in mind that the recent rise in inflation and interest rates could have resulted in more customers turning to social housing as they cannot afford to purchase or rent a property in the private sector. Approximately 9000 members are 'active' and bidding for properties.
- 4.35 The Committee noted that Homechoice conduct monthly customer satisfaction surveys. At the time of the Committee visit, the latest results showed 81% rating the scheme and the service they have received from staff as being 'very good' or 'excellent'.
- 4.36 On the old system of allocation there was no intelligence on 'dormant' clients, but now it is possible to see how often customers are taking advantage of the CBL system to bid for a house. Erimus were able to conduct a survey of non-active members. Reasons given for not 'bidding' included the lack of suitable properties but also 36% of respondents, mainly elderly, stated that they were unsure of the system. Although the system is web based, there is a provision for people to contact the office in person or by telephone to submit a bid on a property they are interested in. Using the results of the survey, Homechoice approached Age Concern to raise awareness of the scheme and to identify other routes to carry out training sessions with elderly people on how to access the scheme and the methods they can use to bid on available properties.
- 4.37 The Committee found that, so far, Erimus have not had any reported problems in terms of CBL allocations. The team works closely with the estate officers in order to highlight potential problems. If void properties are identified as being a potential source of anti-social behaviour (ASB), there is an option not to

advertise it through the CBL scheme, and to use direct letting management to provide tenants. For example, if there were a mainly private street with an empty 'Erimus' house and the possibility of a problem tenant, Erimus would listen to the estate information and make a judgement call on whether to advertise the property by CBL.

- 4.38 The Committee noted that Erimus Housing is a Registered Social Landlord and was created following the Large Scale Voluntary Transfer of Middlesbrough's council housing. It was acknowledged that Erimus would therefore have access to a wider range of funding streams than those available to Tristar Homes, and that this needed to be factored into the decision-making when looking at the delivery of a scheme in Stockton.

### **Evidence from John Urwin (Manager - Your Choices Homes) and Barbara Healy (Your Choice Homes Co-ordinator - Your Homes Newcastle)**

- 4.39 The Committee visited the CBL scheme in operation in Newcastle, Your Choice Homes (YCH), in November. YCH operate a property shop situated in the city centre. Members were provided with copies of information for customers and were afforded the opportunity to look around the premises.
- 4.40 The Committee found Your Homes Newcastle administers the CBL scheme on behalf of Newcastle Council and the partner landlords. The Council control the allocations policy. Your Choice Homes was set up during a period of falling demand for council housing and with many voids. At present Your Homes Newcastle manage 32000 properties, the 10 year projection stands at 28000.
- 4.41 YCH decided to opt for a 'property shop' in a city-centre location. This involved moving the central office in the Civic Centre to the new location, and this helps to offset some of the cost. Once located, the premises were refurbished at a cost of £100,000, and there is a yearly rent of £60,000. It was acknowledged that Board members and officers needed convincing that these amounts of money (plus the potential marketing expenditure) were worth spending, and that longer term savings were likely. As there were not many pilot schemes at the time, it was necessary to make assumptions about the potential of choice based lettings. Ongoing marketing costs work out at approximately £3/4 per property advert.
- 4.42 These assumptions were justified within the first year of operation. Although initially re-let times increased as empty properties came back into circulation, this has since stabilised, and rent arrears fell by £1million. Other benefits that have since become apparent include an increased number of lettings, less voids and increased length of tenancies. The decrease in rent arrears has been ascribed to the improved verification of customers; this all helps to increase confidence in the system.
- 4.43 YCH initiated a two year consultation effort (including a 6-month pilot scheme) in the lead up to the launch of the scheme. This involved all stakeholders. An advisory group was set up to fulfil a dual role – consultation with existing and potential tenants. Your Homes Newcastle wrote out to all customers as part of this, and staff at housing offices etc were instructed to 'spread the message'.

- 4.44 All potential sources of information for the public were informed of the implications of CBL. For instance, doctors were brought into the process in order for them to be able to explain to people that applying for a low-level medical condition in order to 'get points' would not help them under the new system and to re-direct them to a housing office. It was necessary to make sure that everyone was providing the same type of information. A consultation strategy was produced in which each role was clarified.
- 4.45 Interaction with customers has continued since the scheme started; people are asked to fill out a survey every time they register and when they make a house move. YCH are looking at ways to reduce under-occupancy. An incentive scheme is being formulated to persuade people to move eg money towards moving costs, added preference under the scheme. There is a commitment to visit all tenants at least once a year; YCH aim to broach the subject during such visits to gauge reaction.
- 4.46 The property shop acts as the main marketing tool for YCH. Advertising of properties also takes place through the Evening Chronicle, local housing offices, partner RSL offices and voluntary sector organisations. The scheme is also web-based, information can be accessed and bids placed at the various kiosks dotted around the city (maintained by the Council) and all public access computers eg in libraries, as well as at home.
- 4.47 YCH decided to create a new brand in order to help create the image of a lettings agency rather than of a method of council house allocation. The City Council logo was not used in order to give equal weighting for all partners.
- 4.48 YCH Property Shop, Newcastle City Centre



- 4.49 The Committee found that when it first opened, the Property Shop attracted interest from all types of customer groups. People who would normally not necessarily have shown any interest in council housing were attracted to the scheme thinking it was any other lettings agency and were not put off when informed it was council housing. Customer behaviour is very similar to that expected in an estate agent, with the interest firmly on the properties available.
- 4.50 YCH received 3000 calls in their first week alone. Properties in high demand areas can attract up to 500 bids. To cope with demand, staff increased from 6 to 13. YCH regularly deal with 700 customers a week and aim to provide the same level of service at all locations: property shop, local housing office, partner landlords. Face to face and telephone contact is available as YCH feel

that a fully automated (ie. Internet-based) system does not provide for all customer needs. However, the website is the main point of contact for most people.

- 4.51 As part of the registration process, YCH carry out a verification check for personal identification, history of previous tenancies, and personal background, including crime and anti-social behaviour. There is a second stage of verification at the point of offer. Even if an ASBO etc turns up on a person's record, evidence of improving behaviour is acceptable. A code of guidance is used against which people's records are checked.
- 4.52 The Committee found that YCH operate a weekly bidding cycle and in order to provide for those in housing need, YCH apply time limited 'priority status' upon those in urgent need. Details of YCH policy can be found at Appendix 4, where they are included alongside the equivalent details from Erimus.
- 4.53 YCH operates a weekly bidding cycle. They feel that due to the amount of accommodation that they have, the weekly cycle makes sense in terms of re-let times. YCH have the view that moving to a daily cycle would depend very much on the advertising medium. Although it would be possible with a purely web-based system, any attempt to continue to advertise in the local paper for example would lead to a large increase in marketing costs. Also, a web-only system could lead to excluding certain sections of the community, without IT access and/or confidence with computers.
- 4.54 During registration process, YCH assess whether customers need a sponsor to help them through the process. The aim is to create strong links with the voluntary/community sector and to draw them into the process.
- 4.55 Although YCH are pleased that some properties can attract up to 500 bids, this does leave the possibility of 499 disappointed customers who still need housing. YCH believe that a housing options approach needs to be in place in order to step in at this point in order to prevent people from going down the homeless route. At present, the Council run a nearby housing advice centre; discussions have taken place regarding a one-stop shop approach but no decision has been taken as yet. Demand for social housing has risen and in particular there is a shortage of family accommodation. YCH regularly receive 400 bids for one 3 bedroom house.
- 4.56 The Committee found that Your Choice Homes are responding positively to the need to include partner housing providers. YCH involves the properties of 10 Registered Social Landlords and work is ongoing to ensure that 100% of RSL properties are advertised within the CBL scheme.
- 4.57 An accreditation scheme is in place for Private Landlords already and now a Private Landlord Forum has been incorporated into the process. There is a recognised need to get empty properties back into circulation. YCH are to provide investment in order to do this, and then YCH will act as their letting agent.
- 4.58 It is recognised that due to the nature of the housing market, landlords increasingly see their properties as a capital investment; therefore, they need reassurance that any investment will be protected before they join any CBL scheme. YCH aim to provide such assurance, for example re. anti-social



behaviour, by providing an effective verification check on the backgrounds of potential tenants.

- 4.59 Councils and housing providers are in the position to be able to provide information on sustainable areas in order for landlords to make an informed choice on where to invest in, and then rent out, properties. Wider involvement of private landlords would provide another element towards a fully comprehensive housing options approach. Private landlords have shown a willingness to provide 2-year tenancies if they can gain the reassurance they need. YCH are looking at rent guarantee schemes to help facilitate the process if it comes to fruition.
- 4.60 The Committee noted that YCH are also examining the possibility of entering into a sub-regional scheme; their potential partners are Sunderland, North Tyneside, South Tyneside and Gateshead. Talks are centred on making a bid in 2007 for money from the Government's development fund. A fully-inclusive housing options approach may emanate from this.

#### **Evidence from Julia Kett (Tees Valley Choice-Based Lettings Co-ordinator - Tees Valley Sub-regional Partnership)**

- 4.61 The Committee heard that the sub-regional partnership was created following a bid for central government grant funding in 2005. The ODPM made available £105,000 for the development of a sub-regional scheme in the Tees Valley with a view to implementation in 2008. Each partner made further, individual contributions totalling £45,000.
- 4.62 The Committee were informed that the following organisations made up the partnership:
- Middlesbrough Borough Council
  - Erimus Housing
  - Stockton-on-Tees Borough Council
  - Tristar Homes
  - Redcar and Cleveland Borough Council
  - Hartlepool Borough Council
  - Housing Hartlepool
  - Coast and Country Housing
  - Darlington Borough Council
- 4.63 A steering group was set up and included representatives from the traditional RSL sector. In April 2006, Julia Kett was appointed as Sub-Regional Co-ordinator to work on behalf of the Tees Valley CBL Partnership.
- 4.64 Discussions had been ongoing throughout the year and the process had reached the stage of reviewing the potential for further progress. A comprehensive Feasibility Study had been produced to fulfil this purpose and had been distributed for consultation.
- 4.65 Members were informed that in the original bid submission to the Government it was stated that the Tees Valley scheme would proceed with a view to developing a common housing register and allocations policy. It was also noted

that if partners withdrew from the scheme, it is possible that the Government may withdraw some of the funding originally allocated.

- 4.66 It is possible to develop a common housing register and over-arching policy through consultation with each of the partners. It follows that if a common lettings policy was adopted, there must also be a common policy for 'suspending' applicants from the general CBL scheme for serious unacceptable behaviour. Local circumstances could be catered for through the development of local lettings plans; these shape the pattern of lettings within a specific, neighbourhood level area.
- 4.67 It would be possible to develop a sub-regional scheme purely on the base of shared IT procurement and with each authority operating individual policies. However, this would increase barriers to easy understanding of the scheme and would add considerable cost to the IT system.
- 4.68 The Committee were informed that with a sub-regional scheme would involve the procurement of an IT system. The likely central host for the system would be Erimus Homechoice as it is the only scheme currently in operation. However, it would be accessible by all partners, who would have the ability to upload property adverts and apply local criteria as and when required. It was possible to develop a system that would contain an over-arching policy but would have the facility to give effect to local lettings plans.
- 4.69 The Committee found that the projected cost of this IT system was £120,000. The Partnership had planned to investigate joint procurement with the Durham sub-regional partnership; the Northern Housing Consortium (NHC) had been in contact with a view to acting as a procurement conduit for both schemes. However, the Durham scheme needed to progress their scheme in January and Mrs Kett advised that the Tees Valley would therefore proceed alone if approval was forthcoming. It is still possible the NHC would act as the conduit for the Tees Valley alone.
- 4.70 A breakdown of the Sub-Regional financial situation can be found at Appendix 3. The Committee were informed that if approval was given for the sub-regional scheme, the estimated shortfall of £23,152 has already been built into the Housing Revenue Account for 2007-08. This would cover the projected cost of the necessary IT system.
- 4.71 The Committee had noted the operation of Erimus Housing's Disabled Person's Housing Service when the site visit to Erimus Homechoice took place. Further detail was forthcoming as part of the Feasibility Study and it was stated that the sub-regional partnership is exploring the possibility of developing this service through the sub-regional agenda. It was noted that Erimus' scheme is accredited by the National Disabled Persons' Housing Service.
- 4.72 The Committee heard that the sub-regional agenda was progressing at a rapid pace and it was probable that the governing bodies (Boards/Cabinets) of the partner authorities would be asked to give approval for full commitment to membership of a sub-regional scheme early in 2007.
- 4.73 The Committee were informed that when developing a CBL scheme it was important to refer to key documents. In particular, a recently published research paper produced by the DCLG, *Monitoring the Longer-term Impact of Choice*

*Based Lettings.* This document had been previously distributed for Members' attention and the main findings from this are summarised as follows:

- In general, applicants prefer CBL to the traditional approach
- Most lettings go to those with high needs
- Demand has risen, including demand for less popular areas
- BME lets have increased and more dispersed patterns of lettings
- Statutory homeless households have improved housing prospects
- Improvements in performance / more cost effective
- Improvements in tenancy sustainment
- Improvements in relet times – although 'already efficient' landlords are less likely to see any improvements
- Decline in refusal rates
- CBL costs more to administer, though mainly attributable to set up costs, which can be offset by savings accrued from improved housing management performance
- More work needs to be carried out with voluntary groups to ensure potentially disadvantaged groups are safeguarded

4.74 Since the Committee met with Julia Kett, the partners had had chance to discuss the contents of the Feasibility Study. The process is now at the point of awaiting approval from the various Boards/Cabinets for full commitment to the sub-regional scheme; if approval is forthcoming, procurement of an appropriate IT system can commence.

4.75 It became apparent that consensus opinion within the partnership was for each authority to retain individual control over front and back office functions ie. staffing and delivery of scheme in their area.

4.76 In January 2007, the Code of Guidance for Choice Based Lettings was issued for consultation by the Government.

4.77 The proposed Code of Guidance re-iterates the Government's desire to see CBL schemes operate on a sub-regional and regional level. It makes clear that there should be flexibility for regional partners to decide on the type of scheme they want; authorities may wish to retain their own individual allocation policy within a wider framework of operational support, or a single sub-regional scheme may be adopted. If individual policies are retained, it is strongly recommended that cross-boundary moves are facilitated.

4.78 Notwithstanding this, authorities are encouraged to look at the option of having a common policy across the sub-region in order to provide greater efficiencies, transparency and choice. If this option was taken the same allocation criteria must be applied across the sub-region, and if someone applies to the scheme they should be treated as applying to all the partner authorities.

## **Respect Agenda**

4.79 During deliberations on the content of a CBL Policy, the Committee considered the wider implications of housing allocations. Unacceptable behaviour can

result in an applicant being 'suspended' from CBL schemes for a defined period.

- 4.80 As with any allocations policy, a CBL scheme has to comply with Part 6 of the 1996 Housing Act as amended by the Homelessness Act 2002. This removed the power for housing authorities to implement blanket exclusions of certain categories of applicants. In its place, authorities have the power to decide on whether individual applicants are unsuitable to be tenants as a result of serious unacceptable behaviour.
- 4.81 During the course of discussions on the content of Erimus' Suspension Policy (Appendix 2), it became clear that Housing Services were considering a response to the Respect Agenda; specifically, the need to enable problematic households to modify their behaviour. The Committee found that Housing Options service believed that it was important to work in conjunction with partnering agencies and service providers to tackle issues in the 'round' to make sure that tenancies can be maintained.
- 4.82 The Committee supported the intention of Housing Services to outline how Stockton will respond to the Respect Agenda with regard to assisting and enabling problematic households to modify behaviour and successfully integrate into the community who may otherwise have been prevented from accessing accommodation.

## Consultation

4.83 Tristar Homes have undertaken the following consultation activities:

- Discussion with the Customer Liaison Group

The concept of CBL has been discussed at two meetings of this group. Erimus Housing have been represented at these meetings in order to give the operational perspective.

- Discussions with the Allocations Focus Group

Detailed discussions around the implementation of a scheme centred on the need to have a more efficient transparent way of running the allocations service.

Tristar report that initial views of customers are broadly positive and participants understood the difference between the current and proposed systems. Members of the Customer Liaison Group commented on how the lettings system seemed much fairer than the current method of allocations.

- Staff consultation

All allocations and voids staff have had 3 training sessions on the principles of choice-based lettings. Visits to existing schemes have taken place and it is intended that staff should be fully briefed if it is the intention to move to CBL, in order to provide answers to the questions that will inevitably arise from customers

- 4.84 Tristar plan to work with all stakeholders throughout the implementation stage if approval for the scheme is received.
- 4.85 The Committee noted that further events are planned for the near future. In particular, it is intended to hold 3 customer information events in April 2007; Stockton, Thornaby and Billingham are the proposed venues.

## 5.0 Conclusions

- 5.1 The Committee found that choice-based lettings was rapidly becoming the accepted method of allocating council housing nationwide. Government targets state that all authorities should have schemes in place by 2010. National research has shown that CBL has the capacity to deliver real benefits such as improved tenancy sustainment; however, housing authorities must work to ensure vulnerable groups are not excluded from the process.
- 5.2 The schemes already in operation in our region show high levels of customer satisfaction; by using a new, customer focused approach to lettings these schemes have stimulated renewed interest in social housing. Where problems arise, for instance through the lack of understanding surrounding the bidding process, it has been shown that it is possible to resolve these issues
- 5.3 The Committee concluded that choice-based lettings had advantages over the current method of allocating social housing in Stockton Borough and has the potential to deliver real benefits to residents; it represents a shift towards a much more customer focussed approach.
- 5.4 The Committee found that existing schemes in the North-East had undertaken considerable amounts of preparation in order to prepare for the introduction of choice based lettings. This included widespread consultation with key stakeholders; a key element of this was to make sure that vulnerable groups were provided for. This was a key finding of the Committee and should be referred to during work on delivering a scheme in Stockton.
- 5.5 It became clear that choice-based lettings is significantly different from the current officer-led allocations method. Existing schemes have had to make substantial efforts to maximise customer-awareness of the new way of working. The Committee found that a comprehensive consultation process would need to be in place during the period leading up to and actual delivery of any CBL scheme.
- 5.6 During the course of the review, it became clear that due to the timescales of the Tees Valley Sub-regional project, Cabinet would be required to make a decision in March 2007 on whether to give approval for Stockton's full commitment to membership of the sub-regional scheme. The Committee recognise the additional benefits likely to be achieved through membership of a Tees Valley sub-regional scheme, and conclude that Stockton should give full commitment to the project.
- 5.7 The Committee recognised that the Tees Valley partnership had looked at all the options for implementing a sub-regional scheme; however the Committee agrees with the original bid submission and that a sub-regional scheme should be developed on the basis of a common housing register and a common allocations policy. This would aid the drive towards simplicity and ease of use, and enable customers to access a wider range of housing, but would also have financial benefits by ensuring complexity in the IT system is kept to a minimum.
- 5.8 The Committee has had the opportunity to set out the elements it wants to see in a CBL policy. Erimus' policy has in the main been adopted, with due reference to the recently proposed Code of Guidance. If all sub-regional

partners agree to implement a common policy it is recognised that a process of consultation and negotiation will need to take place if all partners agree to implement a common policy.

- 5.9 It was found that it was advantageous to include other housing providers in CBL schemes, including private landlords and other registered social landlords, and that this can be achieved through membership of the sub-regional scheme.
- 5.10 The Committee recognise the consensus opinion between partners that the delivery of the scheme should remain the responsibility of the individual authorities. During the course of the review, the Committee has examined best practice from existing schemes and believe the preferred option for Stockton Borough would be the creation of a one-stop shop approach. However, it is further recognised that a detailed study of the available options needs to be undertaken, and that this should include all financial implications and have due regard to the current and future shape of Council service provision, including the Access to Services Strategy.
- 5.11 The Committee supported the intention of Housing Services to outline how Stockton will respond to the Respect Agenda with regard to assisting and enabling problematic households to modify their behaviour and successfully integrate into the community who may otherwise have been prevented from accessing accommodation.