

**Report to:** Housing Executive – 19<sup>th</sup> July 2007

**Written by:** Steve Macer – Estate Manager

**Presented by:** Margaret Geary, SD – Health, Housing & Social Care

**SUBJECT:** Choice Based Lettings

## **1. Purpose of Report**

- 1.1. In the light of evidence generated by the recent review of Housing Voids and Allocations Systems in the City to recommend approval for withdrawal from the South Hampshire choice-based lettings scheme to seek support for the introduction of an alternative scheme offering an informed choice to applicants. The alternative scheme will be more transparent and more informative, thus providing greater certainty to applicants. It will also minimise void periods and thus reduce costs.
- 1.2. To seek support for the reduction in size of the current Housing Register by the removal, upon agreement with the applicant, of names of those unlikely to be awarded housing by the City Council.
- 1.3. To seek approval for the development of an informed choice scheme.

## **2. Recommendations**

- 2.1. That the Executive approves a decision to revise and improve its own allocations scheme in light of the recent review of voids and withdraw from the South Hampshire Choice Based Lettings (CBL) Scheme.
- 2.2. That approval be given to reducing the register for Local Authority and Registered Social Landlords' homes in the City, whilst retaining information about other housing needs in the City.

## **3. Background**

- 3.1. In 2005 the City Council was awarded a government grant of 100K to establish a sub-regional choice based lettings scheme in partnership with Havant, East Hampshire and Winchester Councils. The scheme was to have been based on advertising vacant council and housing association properties each fortnight. Applicants seeking housing would be invited to submit expressions of interest or 'bids' via an automated system.

In all lettings schemes – choice-based lettings and our current scheme – at some stage a decision is made on which applicant should be offered properties coming empty. This is done on the basis of the highest points. In the Governments CBL Scheme the decision is made only from those "bidding" for the property following advertising.

- 3.2. Although progress had been made on the CBL project during 2006, officers took the decision to suspend the progress of the project pending the outcome of the 'systems thinking' review of voids and allocations which began in January 2007.
- 3.3. The Intervention Team concluded that Choice Based Lettings would build-in prescribed time-scales, prevent us from making savings, and add in additional costs to the voids and allocations process. The estimated savings and potential costs are described in section 7 of this report. Officers were satisfied that it would not be in the City Council's interest to implement a choice-based lettings scheme based on advertising since it could not provide a sufficiently responsible level of service.
- 3.4. Discussions have been held with our partner local authorities and with the Department for Communities and Local Government so that they are aware that the City Council may not proceed with the South East Hampshire scheme. In the event of this happening it has been agreed in principle that the City Council should transfer the grant it has received towards the management of the scheme, none of which has been spent, to Winchester City Council, which would take over the project management. In the course of these discussions officers have stressed that a formal decision on Portsmouth's withdrawal could only be made by elected members.
- 3.5. At present when applicants approach the directorate for assistance with their housing needs they are assessed and their application is held on a housing register. The current housing stock holds approximately 10,000 applications. PCC housing stock availability is approximately 1300 per year. The addition of registered social landlord property does not dramatically alter the fact that demand far out-strips our capability to respond. Officers have identified that the current size and complexity of the housing register is a major barrier to redesigning Portsmouth's alternative to CBL.
- 3.6. At present officers with responsibility to establish whether there is a duty to house the applicant are not able to advise them about the likely waiting times for property, so applicants are left hoping to receive an offer at some undefined time in the future. This forces applicants to chase their applications thus leading to demands on officers' time. Furthermore many of our applicants are persuaded to express an interest in more than one housing area in order to improve their chances of being made an offer.
- 3.7. As a result of the review, it was demonstrated that the Housing Register contains approximately 4000 applicants who have been assessed as being adequately housed according to the Council's criteria and thus do not have a realistic chance of ever being made an

offer of a property. Officers are however maintaining these applicants' records and dealing with their enquiries.

3.8. With the approval of the Executive Member for Housing, a pilot scheme was begun on 18<sup>th</sup> April 2007 whereby all customers assessed as adequately housed were telephoned and advised that following a re-appraisal of their situation the City Council would not be able to make them an offer of a property. They were informed that we proposed removing them from the housing register. At the date of writing this report, 878 applicants had been contacted in this way. The majority have received the information without objection, many expressing appreciation of the open approach. Only one letter of complaint has been received to date. 30% had solved their housing issues for themselves and had already moved.

#### **4. Proposed Changes**

##### **Choice based lettings**

4.1. Giving Portsmouth applicants an informed choice is made possible by matching our knowledge of what the customer is seeking with details of the availability of stock in that area. An analysis of the current Housing Register needs to be undertaken to allow us to understand what demand there is for the various property types and housing areas. This information can then be matched to our current stock availability. It should be noted that as a result of the Systems Thinking Review our stock turn-over is predictable. Using this data the applicant can be given information on the likely waiting time for the type of home they are seeking. In the re-design work carried out as part of the review it has proved possible to bring the applicant to view a property before the previous tenant leaves together with the contractors responsible for repair and refurbishment of the property. By doing this, the applicant can influence the level of repair and superfluous refurbishment can be eliminated. Applicants can also move in as soon as the previous tenant leaves and rent loss can be reduced.

The objectives of this approach are to:

- a) Provide applicants with information about how long they may need to wait for their chosen property type, thus giving them a greater opportunity to select the area and property most suitable for their needs (i.e. an informed choice).
- b) Minimise the number of offer refusals generated through applicants being registered for areas they do not want.
- c) Eliminate the additional annual running costs of a choice based lettings scheme.

- d) Maximise rental income by reducing the length of time housing stock stands empty awaiting the next tenant.

### **Housing Register**

- 4.2. The current size of the housing register and the complicated banding system used to classify applicants' priority is a major barrier to the achievement of proper choice in the allocations process.
- 4.3. The remainder of the housing register applicants who are currently assessed as being adequately housed who were unable to be contacted by telephone need to be contacted in writing and informed of the proposal to remove their name from the register. This letter must explain the reasons for this action and offer the applicant an opportunity to speak to someone about the decision. At the same time, all new applicants who are assessed as being adequately housed according to the Council's criteria must be told that they cannot be placed on the Housing Register. These applicants will however receive both advice and assistance in addressing their housing needs by other means.
- 4.4. The remaining applications will be reviewed once property availability information has been obtained. Some of these applicants may need to be removed from the housing register if the property type they are waiting for would not become available until a limited and defined time-scale. If appropriate they will be advised and assisted to seek other forms of housing than the Local Authority can provide.

The objectives of this approach are to:

- a) Reduce the housing register, bringing it closer to a size more appropriate to the current social housing availability.
- b) Reduce the amount of staff time associated with maintaining applications where there is no hope of an offer being made.
- c) Prevent new applications from people who are currently adequately housed.
- d) Provide opportunity to understand better what demand there is for our various property types and areas amongst the remaining applicants.

A separate record will be kept of those people who cannot be included on the register but are seeking advice about housing. This information will continue to provide an indication of housing need in the City and staff within the Housing Options team will be in a position to offer advice about appropriate alternative to social housing.

## **5. Risks to be Managed**

### **Housing Register**

- 5.1. There is a risk that some applicants might not have informed us of changes in their personal circumstances. This might mean that they could be removed from the register in error. This risk can be managed by not deleting the customer's record. The letter informing them of the proposal for their removal will inform them that, if they contact us about their new circumstances, these will be taken into account. If this results in a priority for housing their application will remain on the register.
- 5.2. Some applicants might be reasonably unhappy that after years of waiting in vain they are being removed from the register. PCC tenants with very low priority who have been waiting to be moved into another property may feel they have no options. This is understandable but our trial has shown that most people welcome a clear and unequivocal statement of their situation. If a complaint should occur it can be managed by reassessing their case, taking into account any new circumstances. If their priority does not change maintaining a clear and consistent response is the best way to deal with the situation.
- 5.3. During the trial described in 3.8 tenants affected by these changes were also contacted. Although some were understandably annoyed these tenants were in a very small minority and in most cases people were happy to be re-registered for a mutual exchange with other tenants in similar circumstances. Such circumstances can be managed by offering to register the tenant for mutual exchanges. It is important to note, however, that this will only affect those tenants who are adequately housed with no priority status for transfer. Priority cases such as medical need or overcrowding will not be affected.
- 5.4. There is a risk that after the letters are dispatched the service may have a increase in calls and enquiries. This can be managed by sending a sample of letters out first and gauging the response similar to the telephone trial mentioned in 3.8. The volume of letters dispatched can be gradually increased depending on the reaction experienced. About 35% will have already been dealt with by telephone before the remainder are sent letters.

### **Potential Benefits**

- The implementation of the new system will ensure that all applicants and tenants receive a consistently good service of advice and assistance and that it will provide most applicants with a superior service than at present.

- Portsmouth City Council applicants will receive a considered and clear response when they apply for housing. Applicants will not be required to choose multiple areas and property types to increase their chances of being housed.
- After assessing their needs for housing, applicants will be able to discuss their choice of area and property type in relation to their need and in the knowledge of the length of time they might expect to wait for their preferred option.
- Applicants will be able to refine their choice to match their circumstances.
- If the applicant is not eligible to be housed because of insufficient priority we will be able to provide them with a clear assessment and advise them of alternatives at the outset.
- Approving the recommendations of this report will not adversely affect the existing advice service.

Tenants moving into or out of PCC property will receive a service designed both to address their perceived needs and to match their circumstances at the time.

## **6. Financial Implications**

### **Choice based lettings**

- 6.1. The 100k (of which PCC is entitled to £25k) regional choice fund grant, none of which has been spent, would, if these proposals are acceptable, be transferred to Winchester City Council who will take over the project management of the scheme on behalf of the partners wishing to continue with the regional scheme.
- 6.2. The Directorate will save an estimated ongoing annual cost of £368,640. By contrast implementing CBL will not help us reduce void times and their associated costs. The kind of costs which could be perpetuated are estimated as:
  - 6.2.1 Rent loss of 1 week to inspect the property and prepare for publication £82,160.
  - 6.2.2 Rent loss of 2 weeks whilst publication is in circulation £164,320.
  - 6.2.3 Rent loss of 1 week whilst arranging viewing £82,160
  - 6.2.4 Outsourcing contract for IT £15,000
  - 6.2.5 Publishing costs £25,000.

In researching what happens in other authorities around CBL officers found some areas where there had been a lot of work done to try to reduce delays and void costs by carrying out some of the work before

existing tenants left but even with this level of re-shaping void periods continue to be an issue in the CBL schemes.

6.3. The redesigned voids process currently being rolled out in all area housing offices is set to make a saving on the cost of lost revenue. Lost revenue is currently estimated at £360k per year based on the reported current void period performance of 3.91 weeks for short term voids and 8.63 weeks for long term voids. We save £154k annually by reducing our void period. The new process is 'lean' and should remove £50k in wasteful activities undertaken by staff. This is an estimated annual reinvestment saving of £204k. Officers have already identified further potential savings caused by the limitations in the current housing IT system. These savings and future savings will not be possible if the South Hampshire Choice Based Lettings Scheme is adopted. The costs detailed in 6.2 will be perpetuated.

No additional staff resources will be required to implement the initiative.

### **Housing Register**

6.4. The cost of writing to the 4000 adequately housed applicants is estimated to be £1.2k. However this activity will be covered by the staff costs savings detailed in 6.2.

No additional staff resources will be required to implement the initiative.

## **7. Conclusion**

7.1. The existing scheme is inadequate since many people are constantly enquiring about progress of their application because of an unrealistic expectation of what they are likely to receive. We need to give people a more realistic expectation.

7.2. There is a predictable flow of void properties within our housing stock and using this information will enable us to provide realistic expectation and choice.

7.3. The CBL advertising system traps rent loss and has additional cost implications and limits applicant choice elsewhere in the process.

7.4. An alternative approach will be able to offer applicants and tenants a genuine choice whilst avoiding the need to incur costs of the advertising and bidding process.

7.5. The size of the current housing register needs to be reduced providing an opportunity to be open and realistic in dealing with existing and potential applicants while at the same time more effectively matching supply with demand.

**8. Signing off the report**

**Signed.....**  
**Margaret Geary, Strategic Director – Health, Housing & Social Care**

**Dated.....**

**9. Approval to the Recommendations**

The recommendations set out above were approved / approved as amended / deferred / rejected by the Executive Member for Housing, Health and Social Care on .....

**Signed.....**  
**Councillor Hugh Mason**

RMG628  
Updated 11 July 2007