

# LONDON BOROUGH OF BRENT

## MEETING OF THE EXECUTIVE

16<sup>th</sup> AUGUST 2004

### FROM THE DIRECTOR OF HOUSING SERVICES

FORWARD PLAN REF: HSG/04-05/33

NAME OF WARD(S)  
ALL

REPORT TITLE: Choice Based Lettings – ‘Giving People Choice’

Above  Below

For: Information

Confidential Line

## 1. Summary

- 1.1 This additional report was requested by Members to monitor how the Choice Based Letting scheme was operating now that it has been running for over one year to all applicants. In is now possible to give more detail on the workings of the scheme and in particular the action that has been taken to support vulnerable clients. While such a large scheme will continue to evolve and develop it is clear that there have been a number of improvements put in place to make Locata more accessible.
- 1.2 On 23<sup>rd</sup> June 2003 the Executive agreed to adopt the choice based lettings system as the means to allocate social housing in the Borough. Previously, on 2<sup>nd</sup> December 2002, the Executive agreed to extend the Choice Based Lettings pilot from one-bedroom properties to all bedroom sizes. This followed the decision on 13<sup>th</sup> February 2002, where the Public Services Deciding Committee approved recommendations to implement the choice based approach on a pilot basis. This process moves away from a conventional system of allocating vacancies in Council and Housing Association housing stocks to advertising vacancies, much like an Estate Agent.

## 2. Recommendations

- 2.1 Members are asked to: -
  - 2.1.1 Note the developments of the Choice Based Lettings system.
  - 2.1.2 Agree for officers to continue to be involved in the improvements outlined in 7.6.
  - 2.1.3 Note how officers continue to work with issues as they relate to vulnerable households as set out in 7.8

- 2.1.4 Agree the continued monitoring of the scheme as outlined in 6 and to continue to monitor the factors reported in 7.7 and 7.8.

### **3. Financial Implications**

- 3.1 There is an ongoing cost of being part of this scheme, which amounts to £105k annually. The grant of £1.1m from the Office of the Deputy Prime Minister (ODPM) for the pilot over the last two years was used to develop and implement the system, but was not used for operational purposes. This was because the Partners appreciated that the scheme would have been unsustainable if the grant was used in this way due to the short-term nature of it. The operations of the scheme, since grant funding ceased on 31<sup>st</sup> March 2003 has been by way of contributions solely from the partner organisations and this is how the scheme will be taken forward. The operational costs are contained within Housing's base budget.
- 3.2 Locata (Housing Services) Ltd is a company limited by guarantee and part of its constitution states that any partner organisation wishing to withdraw from the scheme must give one year's written notice and must pay the equivalent of the annual Membership Fee as an exit fee. If Members were to reverse the decision to endorse the scheme as the permanent allocations route for Brent residents, the authority would have to pay for this year, 2004/5 (as this would be the notice period) plus the exit fee and part of the year for 2005/6, dependent on when notice is given. As this year's fee has already been paid, this would be approximately £134k for the year 2004/5. This sum could be covered within current budget provision.

### **4. Staffing Implications**

- 4.1 There are no direct staffing issues within this report.

### **5. Legal Implications**

- 5.1 Part VI of the Housing Act 1996 as originally passed required all allocations by local housing authorities to be made from their housing register and in accordance with a published allocations scheme. There are a number of provisions in the 1996 Act requiring certain categories of applicants to be given "reasonable" or "additional" preference.
- 5.2 The Housing Green Paper "Quality and Choice – a decent home for all", published in April 2000, proposed a change in emphasis from allocation of stock by local housing authorities towards choice by applicants from properties available. The Paper proposed defining priority with a broad brush by allocation into broad "bands", by contrast with the then standard fine-grained points based schemes, to facilitate this change. Consequent upon that Green Paper, the Government made funds available to authorities to pilot such banded, "choice-based" letting schemes. Brent, in partnership with the four other West London Boroughs and three Housing Associations, successfully bid to participate in one such trial, called "Locata"; see previous reports to the Public Services Deciding Committee and the Executive. Consultants employed by the Partnership advised on all aspects of the scheme, including in particular the banding scheme to be adopted; external solicitors and Counsel were instructed, and their advice largely accepted.

- 5.3 In January 2003 the provisions of the Homelessness Act 2002 relating to allocations of local authority housing were brought into force. This amended the provisions of Part VI of the 1996 Act. The principal changes effected by the new Act are abolition of the requirement to keep a housing register, replacement of the categories of “reasonable preference”, codification of the power to exclude undesirable tenants, consolidation of the transfer and allocations schemes to existing tenants and the introduction of various new information and appeal rights. In particular, there are amendments permitting an authority to allocate by a choice-based lettings scheme and requiring an allocations scheme to set out the authority’s policy on offering choice and the ability to express preference.
- 5.4 The revised Allocation Code of Guidance, which came into force simultaneously with the amendments to Part VI of the 1996 Act, encourages the adoption of schemes offering increased choice, and broad brush assignment of priority. There is no legal requirement to operate a choice-based scheme (although there is a requirement to operate a scheme of some form and government has clearly made having an element of choice a priority) but the law now allows such a scheme which members have already endorsed.
- 5.5 The Locata banding scheme, approved by the Public Services Deciding Committee and extended to all bed sizes by the Executive on 2<sup>nd</sup> December 2002, reflects the amendments introduced by the Homelessness Act 2002 although introduced before those amendments came into force.
- 5.6 When Locata (Housing Services Ltd) was established in February 2002 the members (the five Local Authorities and three Registered Social Landlords) of the Company recognised that the Company would have to plan investment and expenditure on a long-term basis. Consequently by participating in the Company each member was, by implication, committing to this expenditure and that it would be inequitable to permit a member to withdraw from the Company without contributing to these costs. Clause 11 of the Members Agreement governs Withdrawal from the Company. A party proposing to withdraw must:
1. Give 12 months written notice of its intention to withdraw from the Company;
  2. Pay the Exit Fee specified by the Company in the Business Plan and
  3. Comply with any other conditions, which the Company may agree in a General meeting.
- 5.8 The setting of the Exit Fee is designed to ensure that the withdrawing party bears a fair proportion of the costs incurred by the Company.
- 5.9 As a local authority controlled/influenced company any borrowings of the company could count against the Council’s capital and/or revenue expenditure. As previously reported where a transaction has a potential impact financially that is not contained within its resources, officers will report back to the Executive. The Council had requested an exemption from this requirement under Part V of the Local Government and Housing Act 1989 from the ODPM but this has been refused. Officers cannot envisage wanting to borrow against Council assets.

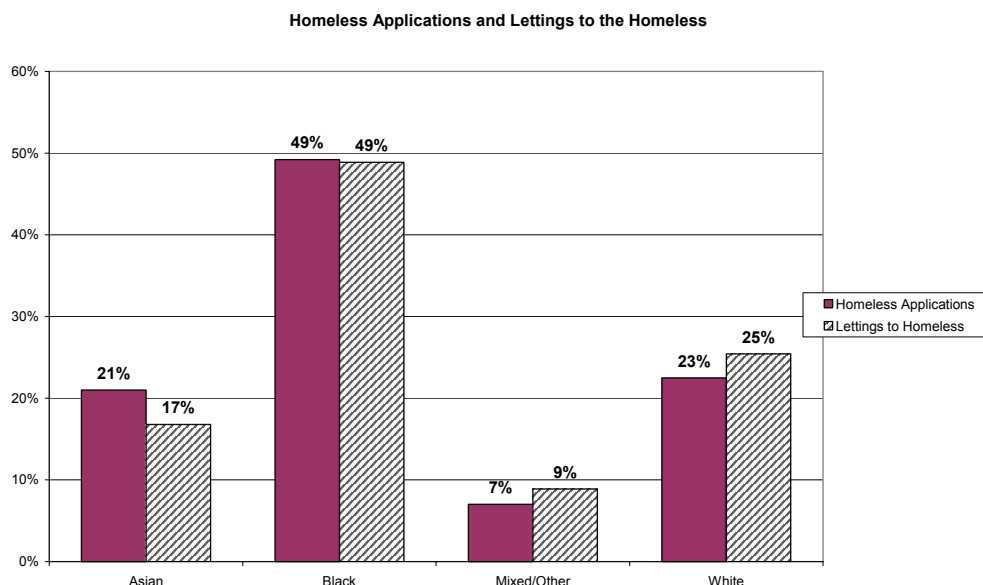
5.10 The Council and all other member Councils are protected through the Members' agreement against any transactions that the company may undertake which would require the Councils to provide credit cover. The types of transaction have been set out in previous reports.

## 6. Equalities Issues

6.1 The issue was whether switching to the Locata scheme disadvantaged households from different ethnic backgrounds. The conclusion of this report is that it does not, as broadly the proportion of households being housed prior to the system going live is similar to those being housed after go live date.

6.2 In terms of the active participation of members from different ethnic backgrounds information is now available which shows that Brent members of Locata are the second most active among all of the Boroughs. The most active ethnic groups in Brent are those from a mixed background, followed by Black, then Asian and finally White.

6.3 As part of the Equality Impact assessment the Housing Resource Centre carried out an investigation into the impact of Assessment of households through the Councils Allocation Scheme. This was referred to in the Supply and Demand report that Councillors agreed in March 2004. The conclusion from this research was that statistically the lettings to applicants was in line with their ethnic origin. Analysis was carried out using the chi-square test which demonstrated that lettings were in line with expectations. The following table covering 2002/03 outlines some of this data.



6.4 There will be continued monitoring in this area so that any adverse trends can be identified early and action taken to redress any difficulties. A further report on Allocations is planned for this year on the Allocations process as part of the Equality Impact Assessment.

## **7. Detail**

### **7.1 Mobility Across West London**

- 7.1.1 One of the suggested benefits of the scheme before it began was that there would be greater opportunity for people to move across the Borough boundaries to other areas in West London. Before the choice scheme was implemented requests between Boroughs in West London for assistance were rarely agreed as each borough had their own priorities and demands. Sometimes this caused great disadvantage for families as by moving a few miles across to another borough they were be able to receive or give support to a relative.
- 7.1.2 From an analysis of the movement of households across the boroughs it is clear that Brent residents have been particularly successful in moving around the region. Since the scheme began over one hundred Brent residents have moved through the cross partner page with twenty-eight moving to Ealing, twenty-nine to Hillingdon, fourteen to Hounslow, ten to Harrow, fifteen to EFHA and sixteen to PCHA. Some of the moves have been of particular benefit to the Council. Seven of the tenants that have moved were under occupying family sized accommodation in the Borough and this has now been released and can be offered to families who need larger property.
- 7.1.3 As part of each boroughs' commitment to mobility, 10% of the properties that are advertised are put into the cross Borough section of the Locata Home magazine. These properties are selected at random by Locata. Over time the moves in and out of each borough should be equal. However, some boroughs are putting in additional properties on top of the 10% requirement. These may be properties such as sheltered accommodation where they may have less demand in their borough. Brent has gained an additional thirty -two lettings through our applicants accepting property that other boroughs have voluntarily placed in the cross Borough section. This is a valuable additional resource to the borough in a time of great housing need.

### **7.2 New Technology**

- 7.2.1 A further benefit suggested at the start of the choice based lettings process was that it would open up the use of new technology in the Rehousing process. Under the previous system applicants had no easy access to their details or to evaluate how the lettings process worked. They can now use new technology to make their bids for property and to examine the properties that are available. This leads to a more open and transparent system with power and information in the hands of the customer.
- 7.2.2 In terms of the experience for Brent residents most bids are now made using the website, followed by phone bidding, then coupons and lastly text bidding. There has been a slight increase in phone bidding over time and a reduction in the use of coupons. Compared with all applicants in the West London area Brent residents use the phone bidding service more than others, while website bidding is the same as the average for the area.

	All Partners Editions 51-57	Brent Editions 51-57	All Partners Editions 45-57	Brent Editions 45-57
Website	49%	49%	46%	46%
Phone	28%	32%	30%	35%
Coupon	14%	12%	14%	12%
Text	7%	7%	7%	6%
Staff	2%	1%	2%	1%

7.2.3 There have been further developments of the information technology services available to applicants who are using Locata. For example the website is now more secure. It is also possible to receive on the site direct information regarding the success of an applicants bids. By entering their application number an applicant can see how many bids were made for a property that they bid for and which band the successful bidder was in and how long they had waited. This places information and power back into the hands of the individual. They have access to the same information that the Council can see and are able to adjust their bidding to increase their chances of an offer.

7.2.4 The website has also been used to improve information to ethnic groups. The scheme guide to Locata is now available in sixteen different languages namely Albanian, Arabic, Armenian, Azeri, Chinese, Farsi, Gujarat, Hindi, Pashto, Polish, Punjabi, Russian Somali, Thai, Tamil and Urdu.

### 7.3 Growth of Locata

7.3.1 There has been continued interest in the Locata system from other Housing Associations and Councils. This has led to four new Housing Associations agreeing to join the scheme as full partners later this year. These are Stadium, Acton, Shepherds Bush and Thames Valley Housing Associations. In addition the London Borough of Hammersmith and Fulham have confirmed their commitment to join the scheme. These new partners will open up further opportunities for movement around West London and strengthen the joint working of housing providers in the area.

7.3.1 Locata has also been developing new initiatives to extend choice into other housing options. This is important as the lack of supply of accommodation when measured against the demand for housing means that different options have to be used to help as many residents as possible move to better housing. A pilot scheme to help those that want to move out of London is being developed, with Leeds being the first area from where properties are likely to be advertised. A mutual exchange scheme will shortly be available to Brent tenants which will help them to match their housing need with another tenant. Homeownership options are being advertised in the fortnightly magazine to help those working households. Meetings are taking place with the new nationwide mobility scheme (HEMS) to see how Locata can link in with the opportunities that will become available. Improvements with the adverts are continuing, with the next stage likely to be photographs of the properties to give applicants a clearer idea of the type of property that is available.

7.3.2 The Locata scheme is also now being used to monitor the progress of new build schemes across the region. As schemes are agreed they are loaded onto the Locata system and then adverts and nominations can be generated directly from Locata. This will allow the Housing Association to receive their nomination more quickly. In addition the Council will be better able to monitor the progress of schemes under development and to ensure that every nomination is accounted for and can be scrutinized into the future. This development was achieved thanks to additional funding received from an e-government bid of £100,000 which was available to develop the Locata system in this way.

## 7.4 Customer Feedback

7.4.1 As part of the ongoing evaluation of the scheme surveys have been carried out to establish customer perception of the scheme and how it could be improved. In addition work is currently being carried out by independent academics to further measure the effectiveness of the scheme.

7.4.2 Survey details were sent out to 10,500 applicants across West London and there was a response rate of 30%. There was a higher response on the ethnicity and vulnerability issues. The survey covered four main areas; Registration & Assessment, Ethnicity & Vulnerability, General Scheme Accessibility and the Locata free sheet. Some statistics on the returns are outlined below.

Survey Title	Sent	Returned	Percentage
Registration and Assessment	2,000	309	15.45%
Ethnicity & Vulnerability	2,081	911	43.78%
Web (Returns Only)	0	183	
Telephone	1,965	638	32.47%
Text	1,969	651	33.06%
Locata HOME	2,935	696	23.71%
<b>Average Totals</b>	<b>10,950</b>	<b>3,388</b>	<b>30.09%</b>

7.4.3 There was a general agreement across all aspects of the scheme that it was better or the same as the previous scheme with a rating of 69%. The overall rating was a significant improvement on the previous survey in 2002/03, which indicates growing understanding and appreciation of the scheme. The ratings are outlined below. As regards to the Brent applicants, 79% said that it was easy to find out about Locata, which was above the West London average of 76% and 86% said that the forms were easy to complete which was again above the average of 82%. It is important that research and customer feedback continues in this area so that improvements can be made to the scheme.

Survey Title	Better or the Same
Registration and Assessment	89%
Ethnicity & Vulnerability	70%
Web (Returns Only)	53%
Telephone	68%
Text	69%
Locata HOME	67%
<b>Average Totals</b>	<b>69%</b>

## **7.5 Continued Support and Monitoring**

- 7.5.1 A concern that has been expressed about the change in the Allocations process was how would the borough ensure that vulnerable households could have access to the scheme? We know that in Brent there are vulnerable people who will need support and assistance to use the scheme. Also, there are others who will never be able to bid for a property and that the borough will have to provide support and assistance in this area.
- 7.5.2 The first strand in the strategy to ensure that vulnerable groups are assisted involves education and outreach work. A great deal of effort has been made to meet with and provide information to support groups and vulnerable clients. There is a continuing programme of education and meetings with a large variety of organisations. For example recently officers have met with groups supporting those with TB, Somalian carers, HIV and Aids, 16 and 17 year olds in supported housing, BME Housing Associations, disabled applicants and those with hearing difficulties. In the future we will be meeting with those involved in move on out of supported housing, as well as a West London meeting with BME Housing Associations. Additional printed information is also being provided to Social Services staff and disabled applicants to help improve understanding of the scheme.
- 7.5.3 At the same time the Housing Resource Centre is providing a range of services to help people have access to the scheme. The Contact Centre is available to give advice and assistance to help people make their bids. This can include checking that a bid has been registered and giving feedback on the success of the bid. The Contact Centre also provides a Locata advice service in the reception for people to come in and discuss their use of the scheme. For those that are more vulnerable we are able to make bids on their behalf. The client will provide us with details of the type of property that they are looking for and the Contact Centre will review the magazine and place an appropriate bid. We also arranged an open afternoon for elderly residents in hotel accommodation where they were able to come in when reception was normally closed and discuss how we could help them to be rehoused. Finally, for those clients who are unable to use the scheme at all or where the Council has a particular need to move a family it is possible to agree a direct offer, subject to the applicant having a high enough priority. Examples where this facility might be used include where a decant might be urgently required, where a vulnerable homeless household is coming to the end of their lease and have not been bidding or where there is a particular sensitivity regarding a letting.
- 7.5.4 The aim of these support mechanisms is to ensure that all applicants have equal access to the scheme and are able to be considered for housing. This support is underpinned by monitoring where the Council is able to review cases who have not been bidding or who have stopped bidding. This applies in particular to those in the higher bands. For example all applicants in band A, who had not been bidding regularly, were contacted to establish why they were not bidding and was to establish whether any assistance was needed. For some under occupying tenants the answer was that they had not seen the type of property that they wanted.



7.5.5 Research has also been carried out into why people have made ineligible bids. At present the proportion runs at about 16% of bids. The main reasons are bidding on the wrong page, for the wrong size and on the wrong list. Proposals have been made to reduce the level of ineligible bidding and we are now working to reduce this level and to provide feedback to clients. Action that could be taken includes writing to those making a high proportion of ineligible bids, providing advice in the free sheet to outline how to avoid ineligible bids and using the technology to prevent such bids. In terms of the activity of Brent members using the scheme they are above average in terms of the bids made and are the second most active borough in the sub region.

## 7.6 Getting Moving

7.6.1 More information is now available concerning who is moving through Locata. There are a number of interesting factors which have become apparent. In terms of the banding of those that have been most successful in being rehoused through Locata are those in band B, then bands A, C and D. Although it should be borne in mind that there are very few applicants in band A. In Brent those in band A account for less than 2% of the total. This means that those in band A will be able to move more quickly as this band is reserved for the highest priority cases. It is also possible to compare the successful banding of Brent applicants with those across all of the boroughs. In general there are a higher proportion of applicants in band A rehoused in Brent than in other boroughs. This indicates that these highest need cases are being active in bidding and are moving more quickly into alternative accommodation. The figures outlining rehousing by banding are shown below.

<b>BANDING</b>	<b>Rehoused all Partners</b>	<b>Rehoused Brent</b>	<b>Registered all Partners</b>	<b>Registered Brent</b>
<b>A</b>	20%	28%	2%	2%
<b>B</b>	50%	48%	6%	5%
<b>C</b>	27%	23%	50%	61%
<b>D</b>	3%	1%	42%	32%

7.6.2 The demand figures shown above show that Brent has a higher proportion of its applicants in band C than is generally the case across the sub region and fewer applicants with low need in band D. This indicates that Brent has a higher proportion of applicants with general housing difficulties such as overcrowding, homelessness and medical problems than is the case across the sub region.

7.6.3 The introduction of choice has meant that the Council has less control over who will be moved to a particular property. There is a more natural movement of applicants depending on who chooses a particular area. This has meant that there are differences in the lettings picture this year compared with last year. For example there has been a 36% increase in the number of council tenant transfers taking place compared with the same period last year.

7.6.4 Three other groups that have achieved more lettings than would have been expected through the traditional allocation system are those homeless clients with the highest medical priority who have achieved 95% more lettings (in particular into 4 bedroom property). Secondly people who need move-on from hostel accommodation have achieved 13% above the expected target. Finally, the Housing Register has been more active achieving 52% above the expected level. There may be added advantages to increased rehosings from these last two groups in that applicants in both these areas can often become homeless. By rehousing these clients earlier it should mean that less households will become homeless. The latest figures for cases accepted as homeless may support this idea as now around 37% of homeless approaches are accepted compared to last years figure of 44%. There were some groups who received less lettings than expected last year. These include some homeless households and intra estate transfer cases. Officers are taking action to target these groups for example by advertising property just for tenants within the South Kilburn area and by reviewing the banding of longer waiting homeless households.

## **8.0 Conclusion**

8.1 The Locata choice based lettings scheme is now more established within Brent. Customers and staff are more aware of the scheme. Survey information has demonstrated that most people are in agreement with the choice ethos and are using the scheme effectively. Research also shows that all parts of the community are being housed using Locata. Clearly, there is a need to continue to monitor the use of the scheme and to take action to reach any groups finding it difficult to access the scheme, but our evidence shows this to be minimal.

8.1.1 The expansion and further development of the scheme across West London are positive signs that a variety of organisations are seeing the benefits of extending choice. There are other benefits to this in terms of joint working within West London and continued harmonisation of allocation schemes and ways of working.

8.1.2 The continued growth of choice is in line with the Government's agenda on choice. The Locata system was considered by the Audit Commission in the review of the Housing Resource Centre in July 2002 when two stars were awarded. In addition in a review, in June 2004, of L B Hillingdon's choice based lettings service the Audit Commission again awarded two stars with excellent prospects for improvement. Finally the extension of choice mirrors the aim of the Housing Department to help people into a decent home of their choice. It is part of the overall vision for the Housing Service in Brent.

## 9. Background Information

### Public Services Deciding Committee

Choice in Allocations – West London Pilot Lettings Scheme (8<sup>th</sup> May 2001)  
Choice Based Lettings Pilot Scheme (31<sup>st</sup> July 2001)  
Choice Based Lettings Scheme (16<sup>th</sup> January 2002)  
Choice Based Lettings (13<sup>th</sup> February 2002)

### Executive

Choice – ‘the next step.’ (2<sup>nd</sup> December 2002)  
Supply & Demand and Temporary Accommodation (28<sup>th</sup> April 2003)

### DTLR

Housing Green Paper ‘Quality and Choice: A decent home for all’ (April 2000)

### Other Documents

Locata Performance Report (April – March 2002/3)  
Locata Customer Survey 2004  
Equality Impact Assessment March 2004  
Choice Based Lettings Service LB Hillingdon Audit Commission June 2004

Any person wishing to inspect the above papers should contact:

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