

Leicester  
City Council

**WARDS AFFECTED  
ALL WARDS**

## **FORWARD TIMETABLE OF CONSULTATION AND MEETINGS:**

**CABINET**

**7 NOVEMBER 2005**

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### **CHOICE BASED LETTINGS**

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#### **Report of the Corporate Director of Housing**

#### **1. Purpose of Report**

1.1 The purpose of this report is:

- a) To inform Members of the Government's agenda to encourage all local housing authorities to operate choice based lettings systems (CBL) by 2010.
- b) To describe a proposal to introduce a Choice Based Lettings scheme in Leicester.

#### **2. Summary**

- 2.1 Choice based lettings schemes are a way of allocating social housing through giving tenants a greater say over where they live. The schemes allows people to apply for advertised social housing vacancies, often in the local press or through an interactive website. Applicants can see the full range of available properties and apply for any home for which they are eligible. The successful applicant is the person with the highest priority for the property which they have bid for.
- 2.2 Choice Based Lettings have become very popular with both landlords and tenants in areas that have introduced the scheme because they are seen as more 'open' about how the Council lets its properties. However, they are a more expensive way of letting and arrangements must be made to ensure vulnerable groups are not disadvantaged by the system. They do not, of course, increase the number of affordable homes available to rent.
- 2.3 The Government is committed to choice based lettings (CBL). The following targets were set in Spring 2002:

- 25% of local authorities should have a CBL system by the end of 2005; and
- 100% of local authorities should have a CBL system by the end of 2010.

The Deputy Prime Minister's 5 year housing plan, '*Sustainable Communities: Homes For All*' sets out the Government's plans for taking forward their Choice Based Lettings (CBL) policy. The 5-year plan states: '***Those who need help with their housing should have choice about where there live***'. We want ALL local authorities to operate choice based systems by 2010 and we will support them to achieve this aim'. 'We are keen that choice based lettings systems should operate sub-regionally or regionally'.

- 2.4 The ODPM is providing £4 million over three years to support the development of regional and sub regional choice based lettings scheme in England. The funding is available by means of a bidding process and all housing authorities in the region are invited to bid by the 7 October 2005. The Corporate Director of Housing is discussing a joint bid to the ODPM with Leicestershire Districts and RSLs and a verbal update will be given at the meeting. Successful schemes must involve at least 3 local authority districts and larger schemes will be prioritized.

### 3. Housing Scrutiny

- 3.1 The Housing Scrutiny Committee considered this report on 20 October 2005 and agreed the recommendations at Section 4.

### 4. Recommendations to Cabinet

- 1) To delegate to the Corporate Director of Housing, in consultation with the Cabinet Link for Housing, the arrangements for pursuing a joint bid with District Councils or RSLs for ODPM finance.
- 2) That a Choice Based Lettings Scheme be supported in principle, subject to a successful ODPM, the position to be reviewed when the outcome of the bid is known.

### 5. Financial Implications – Danny McGrath x6822

- 5.1 The cost of introducing a Choice Based lettings scheme are estimated as follows:

Set up costs	£195,000
Annual costs (net)	£65,000 p.a.

- 5.2 Any net cost would need to be met from the General Fund. There is no provision in the current budgets for these costs. They would have to be met from:
- a) Successful bid for ODPM funding
  - b) Cuts within existing budgets
  - c) A growth item in future years budgets
  - d) A combination of the above

**6. Legal Implications – Joanna Bunting x6450**

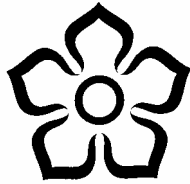
6.1 The allocations scheme must be framed so as to give reasonable preference to certain categories of applicants (generally these are applicants with urgent housing needs). This issue is further addressed in the appendices to this report. Any Choice Based Lettings scheme must be monitored to ensure that there is no unintended distortion in respect of choice in terms of race equality. As stated in the report, an EIA is required.

**7. Report Author/Officer to contact:**

Ann Branson Service Director Renewal & Options  
Vijay Desor Head of Housing Options Service  
David Taylor Landlord Services Manager  
Nicola Hobbs Registration, Support and Development Manager

**DECISION STATUS**

<b>Key Decision</b>	Yes
<b>Reason</b>	Significant effect on one or more wards
<b>Appeared in Forward Plan</b>	Yes
<b>Executive or Council Decision</b>	Executive (Cabinet)



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### **CHOICE BASED LETTINGS**

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## **SUPPORTING INFORMATION**

### **1. Report**

#### **1.1 Background & Context**

1.2 Central Government is committed to developing choice based lettings (CBL) in housing and has set a target of having a CBL scheme in every local authority by 2010. It is also keen to see CBL having a greater impact on community cohesion, tackling homelessness, race equality and e-government agendas.

1.3 The Government is making available £4 million to fund new regional and sub-regional CBL schemes. The money will be available over 3 years (2005-2008). This will enable local authorities and their partners to develop plans to set up CBL schemes. Bids are invited for schemes for funding for this year and must be submitted by 7 October 2005 at the latest. Successful schemes must involve at least 3 local authority districts and larger schemes will be prioritised.

1.4 Leicester has met with local districts and RSLs to discuss a joint bid for a sub regional CBL scheme and some have shown to be interested.

#### **2. ODPM Framework and targets**

2.1 The Deputy Prime Minister's 5 year housing plan, 'Sustainable Communities: Homes for All,' published in January 2005, sets out the government's plans for taking forward its CBL policy.

Earlier this year, the ODPM published targets for moving towards greater choice:

- 25% of local authorities are required to have CBL systems by the end of 2005; and
- 100% of local authorities are required to have CBL systems by 2010.

The aim is to have in place a nationwide system of choice by 2010.

In the 5 Year plan, it states: **‘those who need help with their housing should have choice about where there live’..we want ALL local authorities to operate choice based systems by 2010 and we will support them to achieve this aim..We are keen that choice based lettings systems should operate sub- regionally or regionally’**

- 2.2 The Government's view is that ideally they wish to see a single comprehensive approach in place that covers all local authority stock in an area, and wherever possible the social rented sector. Furthermore, government is keen that CBL systems should operate sub-regionally or regionally, recognising that housing markets do not follow local authority boundaries.

### **3. What is meant by Choice- Based lettings (CBL)**

- 3.1 Choice based lettings schemes are a way of allocating social housing through giving tenants a greater say over where they live. The schemes allows people to apply for advertised social housing vacancies, often in the local press or a brochure or through an interactive website. Applicants can see the full range of available properties and apply for any home for which they are eligible. The successful applicant is the person with the highest priority for the property which they have bid for.
- 3.2 CBL provides a greater opportunity for applicants to input their needs and preferences into the process by enabling them to have a greater role in deciding where they wish to live and when they want to move. It is, however, still based on meeting housing needs. Balance is required between choice and needs.
- 3.3 Principles of CBL
- 3.4 A system of CBL should embrace certain principles. For example it should be inclusive and enable all households to exercise a greater degree of choice compared to traditional, allocations systems. These principles involve important challenges in designing the system to meet local requirements. The general principles and proposals for introducing these principles are summarized in Table 1 and set out in full in Appendices 4 to 10 where proposals are made on the assumption that a Choice Based Lettings Scheme is approved

**Table 1. Proposal for a Leicester City Council Choice Based Lettings Scheme**

<b>Allocation Process</b>	<b>Is it a process currently undertaken?</b>	<b>Who undertakes the function under the current allocations process: ?</b>	<b>Recommended choice based lettings scheme</b>	<b>Estimated cost Implications</b>	<b>Appendix for further details</b>
Operating and managing a Housing Register	Yes	Housing Options	No Change as part of introducing CBL		Appendix 1
Identifying the priority order of applicants on the Housing Register	Yes	Housing Options	Points to remain with further work undertaken to simplify the points system.	A simplified points process may lead to financial efficiencies by reducing the amount of time and resource for inputting applications and maintaining the register.	Appendix 2
Identifying the void properties.	Yes	Housing Management Housing Associations HomeCome	No change for Housing Management. Housing Associations will log onto the CBL scheme web page to input details of their empty stock for nomination purposes.	With Housing Associations inputting empty homes directly into the CBL system there may be an efficiency saving in administering the nominations process.	Appendix 3

<b>Allocation Process</b>	<b>Is it a process currently undertaken?</b>	<b>Who undertakes the function under the current allocations process: ?</b>	<b>Recommended choice based lettings scheme</b>	<b>Estimated Cost Implications</b>	<b>Appendix for further details</b>
<p>Labelling the void property for marketing.</p>	<p>No</p>	<p>New Function</p>	<p>Relevant information to enable a housing applicant to make an informed choice, eg Recommended the following labels:</p> <ul style="list-style-type: none"> <li>• Street Name</li> <li>• Area of city</li> <li>• Rent / service charge costs</li> <li>• Property type</li> <li>• No. Bedrooms</li> <li>• Occupancy criteria</li> <li>• Any special features</li> <li>• Any restrictions</li> <li>• Floor level and if a lift is available.</li> <li>• Amount of decorating allowance.</li> <li>• Heating type.</li> </ul> <p>A range of symbols and colours will be used to assist vulnerable people and those who do not speak English as a first language.</p>	<p>Staff will be needed to design and to input void and labelling details to produce the property marketing information .</p>	<p>Appendix 4</p>

Allocation Process	Is it a process currently undertaken?	Who undertakes the function under the current allocations process: ?	Recommended choice based lettings scheme	Cost Implications	Appendix for further details
Marketing the void property	No	New Function	<p>Properties are advertised on a dedicated web page.</p> <p>Properties are advertised weekly in a Leicester City Council produced newspaper.</p> <p>Further work is undertaken to find ways of generating an income from the newspaper i.e. advertising.</p>	<p>Weekly production of in house newspaper to advertise is expected to be £60,000 per annum.</p> <p>In time some income may be generated from advertisements placed in the newspaper. (no estimate)</p> <p>Create website £10,000.</p> <p>Staff time will be needed to administer the advertising process.</p>	Appendix 5



Allocation Process	Is it a process currently undertaken?	Who undertakes the function under the current allocations process: ?	Recommended choice based lettings scheme	Estimated cost Implications	Appendix for further details
Receiving Bids	No	New Function	<p>Bids are to be received in two ways:</p> <ul style="list-style-type: none"> <li>• By an automated telephone system</li> <li>• On-line through the web page.</li> </ul> <p>Anyone who struggles to use the automated system will be transferred to an advisor to assist. The automated line can help those who do not speak English as a first language.</p> <p>Key workers who support vulnerable people will be giving training and information on the bidding process.</p> <p>Each applicant will be able to make 3 bids per week in preference order.</p> <p>Applicants will have 7 days from the publication of the adverts to respond.</p> <p>Further work will be undertaken to develop text messaging as a bidding option.</p>	<p>£50,000 to set up an automated calls line.</p> <p>£10,000 to increase the capacity of the call handling system.</p> <p>Staff time to administer bid process.</p> <p>£5,000 to print and deliver new bidding guidance to all current applicants (included in implementation costs for scheme change over). Ongoing £4,000 per year to print guidance notes for new applicants.</p>	Appendix 6

<b>Allocation Process</b>	<b>Is it a process currently undertaken?</b>	<b>Who undertakes the function under the current allocations process: ?</b>	<b>Recommended choice based lettings scheme</b>	<b>Estimated Cost Implications</b>	<b>Appendix for further details</b>
Matching void to bidding applicants to make an offer of accommodation. Verification of applicants eligibility	Yes	Housing Management  Housing Options (nominations team)  HomeCome	A shortlist of bidding applicants will be produced. Applicants will be placed in points order to reflect housing needs.  Provisionally the top 3 applicants will be asked to view the property and the applicant with the highest priority who accepts the property will become the tenant.	A reduce in the number of offers made / declined. This will result in an estimated saving of £30,000 in staff time. This will be offset against additional staff duties required for the advertising, labeling and bidding processes.	Appendix 7
Feedback on letting process	Yes	Accommodation Guides Housing Options	Feedback will be given though the web page and the advertising newspaper.  Feedback will be given 2 weeks after the advert cycle closes.  The feedback will include: <ul style="list-style-type: none"> <li>• Advert number.</li> <li>• Property Details</li> <li>• Property type and area</li> <li>• Number of bids made.</li> <li>• The number of points the property was let on.</li> </ul>	Feedback costs are included in marketing costs.  Officer time is required to configure the ICT system to produce feedback statistics. This will come from existing resources and from the saving of Officer time on no longer producing Accommodation Guides.	Appendix 8

Allocation Process	Is it a process currently undertaken?	Who undertakes the function under the current allocations process: ?	Recommended choice based lettings scheme	Estimated Cost Implications	Appendix for further details
Assisting vulnerable applicants	Yes	Housing Options  Housing Management  RSLs  Other key workers and support agencies.	<ul style="list-style-type: none"> <li>• Key documents are to be translated.</li> <li>• Use of symbols for marketing and guidance.</li> <li>• Training key workers in assisting applicants.</li> <li>• Specific advertising for adapted and supported housing.</li> <li>• Accessible web site.</li> <li>• Regularly run reports on vulnerable applicants who are not bidding and offer extra support.</li> <li>• Ensure vulnerable applicants are successfully making bids by active monitoring.</li> </ul>	<p>Set up costs of translating documents and preparing symbols - £50,000</p> <p>The remaining work will be met from existing resources or resources already identified elsewhere for the scheme.</p>	Appendix 9
Housing Options Advice	Yes	Housing Options  Housing Management  Other Key workers and support agencies	Certain applicants are unlikely to have successful bids. Comprehensive housing options advice included in the advertising newspaper will assist these applicants, to include staying put schemes, low cost ownership, mutual exchanges and private rented.	Within existing resources. Included in advertising costs above.	Appendix 10

## 5. Equal opportunities.

5.1 Details of the scheme for vulnerable applicants are considered in Table 1 and Appendix 9. The CBL scheme will be subject to a full equality impact assessment before implementation.

## 6. Implementation

### 6.1 ICT.

6.2 The housing department has already purchased an IT system capable of operating a CBL approach. The CBL system forms part of the IBS integrated housing system – Open Housing. Whilst the system has been purchased support will be needed from IBS to implement and configure the system to meet Leicester’s requirements. This will lead to consultancy charges.

6.2 The choice based lettings system will help to administer the marketing, bidding and short-listing processes. The choice based lettings system will also interface with the web page to enable efficient online bidding and marketing of empty properties.

### 6.3 Staffing

6.4 Staffing costs are estimated in this report but will be subject to a formal review, looking at structure, job descriptions and grading.

6.5 It may be possible that some staff roles are changed in the implementation of a CBL scheme. The possible review of staff roles would be dealt with under usual staff consultation procedures.

## 7. ESTIMATED COSTS AND SAVINGS

7.1 Estimated annual revenue impact.

<b>Allocation Process</b>	<b>Estimated Additional Cost per annum</b>	<b>Potential savings per annum</b>
Identifying voids	None	Small amount of staff time in nominations team (Housing Options)
Staff Costs:	£30k (Labeling the property receiving bids Arranging newspaper production)	£30k (Staff time making declined offers)
Marketing Newspaper & Bidding Guides	£65,000	
Total	<b>£95,000</b>	<b>£30,000</b>
<b>Net Costs per annum</b>	<b>£65,000</b>	

7.2 Implementation Costs:

<b>Implementation Activity</b>	<b>Anticipated Cost</b>
Create Choice Based Lettings web site	£ 10,000
Setting up system for automated phone bidding	£ 50,000
Increase call capacity on call handling system	£ 10,000
IT Fees for setting up choice based lettings system	£ 30,000
Translation costs (advice leaflets)	£ 50,000
Marketing of scheme change over	£ 25,000
Contingency	£ 20,000
<b>Total</b>	<b>£195,000</b>

7.3 From the tables above it can be seen there will be an additional ongoing revenue cost of £65,000 per annum to operate choice based lettings.

7.4 Potential saving in current staff time for making offers will be offset by the additional staff requirements for the administering of the advertising, labeling and bidding processes.

7.5 The set up costs will be £195,000 and do not include the time that existing officers will need to put into delivering the project. . It may be possible to recoup some of this money from the joint bid to the ODPM.

**8. Financial Implications – Danny McGrath x6822**

8.1 There is no provision in current budgets for the costs of introducing and running a Choice Based Lettings scheme. The costs are estimated as follows:

Set up costs           £195,000  
Annual costs (net)   £65,000 p.a.

8.2 If the proposals are to proceed, the necessary funding would have to come from:

- a. Successful bid for ODPM funding
- b. Cuts within existing budgets
- c. A growth item in future years budgets
- d. A combination of the above

**9. Legal Implications – Joanna Bunting x6450**

9.1 The allocations scheme must be framed so as to give reasonable preference to certain categories of applicants (generally these are applicants with urgent housing needs). This issue is further addressed in the appendices to this report. Any Choice Based Lettings scheme must be monitored to ensure that there is no unintended distortion in respect of choice in terms of race equality. As stated in the report, an EIA is required.

## 10. Other Implications

OTHER IMPLICATIONS	YES/NO	Paragraph Within Supporting information	References
Equal Opportunities	Yes	Table1. Appendix 9	
Policy	No		
Sustainable and Environmental	No		
Crime and Disorder	No		
Human Rights Act	No		
Elderly/People on Low Income	Yes	Table 1. Appendix 9	

## 11. Background Papers – Local Government Act 1972

Implementing and Developing Choice Based Lettings, A guide to Key Issues. ODPM 2005.

Housing Act 1996

Homelessness Act 2002

Sustainable Communities: Homes for All, ODPM 2005

## 12. Consultations

- 12.1 Full consultation will be undertaken on the proposed scheme with up to 80 different partner organisations identified as Stakeholders in the Housing Options and Management services, also with Housing Register applicants and tenants. Results of the consultation exercise will be discussed with the Cabinet Link for Housing and used to inform the final scheme if a CBL scheme is introduced..

## 13. Report Authors

Ann Branson Service Director Renewal & Options

Vijay Desor Head of Housing Options Service

David Taylor Landlord Services Manager

Nicola Hobbs Registration, Support and Development Manager

## Appendix 1

### 1. Operating and managing a Housing Register:

- 1.1 The legal requirements for a Local Authority to hold a Housing Register were removed in the Homelessness Act 2002 in order to facilitate CBL schemes. However there remains a legal requirement for Local Authorities to have a scheme for allocating homes and assessing the reasonable preference of applicants for these homes.
- 1.2 It would be impossible to assess applicants eligibility and need for housing after they have bid for a home, as there would be no way of determining who was the successful applicant for the home. Therefore in order to run a CBL scheme we must keep a housing register of people who have registered an interest in applying for homes, which are eligible and have had their housing need assessed.
- 1.3 In Leicester there are many housing registers: the main Council one which is used to offer Council homes and 50 % of all RSL homes plus individual ones for each RSL in the City, who each retain 50% of their own stock for their own register. It is possible to operate the CBL scheme with a common housing register however currently there is no agreement between Leicester City Council and the RSLs based in Leicester to have a common housing register. This could be a future development but will need careful negotiation with partners.

### 2. Proposal:

- 2.1 **The Council keeps a housing register, which will determine the eligibility and housing need of applicants before they bid for homes. Applicants must have a live housing register application with Leicester city Council in order to participate in bidding in the CBL scheme.**

## Appendix 2

### 1. Deciding the Priority order of applicants

1.1 Selection criteria determine the way in which applicants are prioritised under a CBL scheme. The approaches fall into three main categories:

- Points Systems
- Banding
- Priority Card System

1.2 Whatever selection criteria is used it must still meet the legislative requirements for allocating homes set out in the Housing Act 1996. Thus whilst giving applicants a choice in their accommodation we must continue to give reasonable preference to those with the most urgent housing need. This means that any applicants for advertised homes must have had their housing need assessed and identify those in greatest housing need, giving reasonable preference to those who fall within the prescriptive groups.

1.3 What this means in practice is that it would not be possible to use CBL scheme without still running a Housing Register in order to assess applicants needs before they apply for homes, thus when they apply those with the highest need receive more preference to receive the offer.

#### 1.4 Points Systems

1.5 Points systems are often considered the fairest way in which to assess applicants housing need as they can cover a range of housing needs, make allowances for multiple housing needs in one household and fulfill all the legal requirements for our duties in assessing housing need. The wider the range of points available the fairer and easier it becomes to determine between competing households with different level of need. However when a range of points is available they can often be seen as over complex and difficult for applicants to understand.

1.6 Leicester currently uses a points scheme to determine reasonable preference with a wide range of points available. This scheme has been assessed as meeting the needs of our legal requirements and meeting equality outcomes.

#### 1.7 Banding Systems

1.8 Banding, as its name implies consists of establishing a number of bands or groups that reflect different broad levels of need, properties may be advertised with a label indicating that priority will be given to households in particular bands. Within each band prioritization is normally determined by time on the housing register.

1.9 Banding systems have been criticized for not being able to make multiple needs assessments of one household and have been open to legal challenges about their ability to assess complex housing need adequately.



## **1.10 Priority Card system**

- 1.11 With priority card system applicants with urgent needs are given a priority card, which gives them precedence over other applicants. The priority card is issued for a limited period and if no suitable property is advertised in that time period the validity of the card is extended. Also if no bids have been made against suitable properties the card may be withdrawn or bids made on the applicants behalf.
- 1.12 Again priority card systems do not account for multiples levels of complex need and have been open to legal challenges on meeting legislative duties.

## **2.0 Proposal**

- 2.1 The current points system is retained for assessing reasonable preference on the Housing Register. As a future project officers will look into ways of simplifying the points based system. This work could be programmed in the next financial year.**

## **Appendix 3**

### **1. Identifying the void property:**

- 1.1 The legal requirements relating to the ending of tenancies are unchanged by choice based lettings. The Council will be notified of forthcoming voids in exactly the same way as it does presently.
- 1.2 As well as the Council's own stock it will also market RSL properties that the authority has nomination rights for. This is where the Council houses an applicant from the Council's housing register into a RSL owned property. Choice Based Lettings could lead to a change in the way that the Council is notified of these empty RSL homes so that it can find an applicant for the RSL to offer the home to.
- 1.3 It is possible to operate the Choice Based Lettings scheme without changing the way in which RSLs notify the Council of available empty properties for nominating to. The Council would then input these properties onto the IT system for advertising.
- 1.4 The choice based lettings system the Council has purchased allows for RSLs to directly input their own vacant properties straight into the system for advert production. Taking this approach would deliver efficiency savings for the council, as it would remove the duplication of the RSL preparing and sending the information to the council only for the authority to then prepare and input the information into the system.

### **2. Proposal:**

- 2.1 The Council negotiates with RSLs that they input nomination properties directly into the choice based lettings IT system.**

## Appendix 4

### 1. Labelling Marketed Properties

- 1.1 Property labelling is an important part of the marketing process and is used to describe the criteria, which are applied to adverts, in order for housing applicants to make an informed choice about which properties to choose to apply for.
  - 1.2 The range of information that can be included in an advert is wide. However, the more information provided will lead to larger adverts and higher marketing costs. Therefore it is important to reach a good balance between providing reasonable amounts of information without impacting adversely on marketing costs.
  - 1.3 A range of labelling symbols and colours will be used when producing the adverts. This had two main benefits.
    - Symbols and colours will help vulnerable people understand the adverts – especially those with literacy issues or where their first language is not English.
    - Symbols and colours will ensure any adverts are kept to a manageable size thus keeping costs to a minimum.
  - 1.4 It is recommended that the following labels are used to market vacant homes:
    - Area of the city
    - Street name
    - Rent and service charge costs
    - Property type
    - Number of bedrooms
    - Occupancy criteria
    - Any special features i.e. adaptations
    - Any restrictions i.e. pet bans or age restriction.
    - Floor level and if a lift is available.
    - Amount of decorating allowance to be awarded.
    - Heating type
    - The number of points required on average to secure the property.
  - 1.5 Most of these labeling criteria have already been set under the existing lettings process. Therefore it would not be necessary to change the eligibility criteria but it would be necessary to ensure each individual property criteria is made clear in any marketing exercise. This will be done automatically by the IT system that produces the adverts.
  - 1.6 There will need to be initial work to copy the eligibility criteria into the relevant system tables and will be done within existing resources. As labelling is a new function to existing the existing lettings scheme dedicated staff resources will need to be made available to manage the labelling and marketing process.
- 2.0 Proposal**
- 2.1 The approach outlined above is adopted for labelling void properties.**

## Appendix 5

### 1. Marketing the Void Property

1.1 Introducing the marketing of empty homes would be a new process in the procedure for letting empty homes. Unlike the current process whereby a list of all applicants on the housing register who are eligible is produced, the marketing concept is that empty homes are marketed to housing register applicants who then actively express an interest in particular homes. The home is then matched to the applicant with the highest level of need who **expressed an interest in the property**. When deciding how to market empty homes a number of key issues need to be considered:

- Advertising of empty homes would be an additional activity and will significantly add to the cost of providing the lettings service if offsetting efficiencies cannot be made. Different methods of marketing properties will cost varying amounts.
- Methods of advertising properties need to be adequate so not to disadvantage vulnerable applicants. For example an applicant with low literacy skills may find it difficult to understand or respond to written marketing methods. However, it must be noted that current methods of offering properties are by writing. If carefully implemented choice based lettings offers an opportunity to improve the lettings service to vulnerable applicants.
- Different methods of advertising are likely to appeal to the needs of the diverse range of people registered for housing. More than one method of marketing properties will be required to ensure the widest range of people are aware of the empty homes available for letting. For example only a small % of applicants will have regular internet access so on-line marketing alone would be insufficient or advertising in council and commercial premises alone would disadvantage applicants who would find it difficult to get to these selected premises.
- When marketing properties it will be necessary to decide how to set the eligibility criteria and details about the property or 'labelling'

1.2 There are wide ranges of ways in which a newly void property can be marketed. Some common ways are:

- Mailings to all on the housing register.
- Mailings of specialised property types to eligible housing applicants on the housing register e.g. adapted homes.
- Leaflets.
- Online - web pages.
- Estate agent style window displays in Council owned premises e.g. Housing offices and libraries.
- Estate agent style window displays in commercial premises e.g. supermarkets etc.
- With statutory agencies such as Social Care and Health.

- Other agencies including the voluntary sector e.g. floating support services and other advice and support groups.
- Publications that are produced externally such as the Leicester Mercury or Metro newspapers in which adverts can be placed
- Internally produced publications such as the LINK magazine in which adverts can be placed
- Producing a dedicated free newspaper for advertising which is made available from council and other outlets.
- Dedicated housing advisors.
- Recorded telephone messages.
- Text messaging.

1.3 To implement all of the above ways of marketing would be cost prohibitive. Officers have contacted similar large Local Authorities and Arms Length Management Organisations to Leicester. The organisations contacted have comparable stock size and significant ethnic communities. The organisations highlighted that advertising online and in the local newspaper was the most effective and popular with housing applicants.

## **2.0 Frequency of marketing:**

2.1 The frequency and timescales for marketing properties is a critical issue because getting this wrong can significantly impact on the Councils performance indicators and its ability to maximise income to the Housing Revenue Account (HRA). It is estimated every day saved on the average re-let time for an empty property is worth £13,000 in extra income to the HRA.

2.2 The current allocations process is geared to minimising time lost during the lettings process. Within 4 days an empty home is matched to a person on the Councils housing register. In March 2005 the ODPM recognised that there was a concern the CBL could lead to a loss in efficiency in empty home re-let times. However, the ODPM is clear that discipline imposed by a strict advertising cycle should mean no loss in efficiency.

2.3 Leicester City Council has significantly improved efficiency in re-letting properties during the last 12 months and has reduced re-let times from an average of 49 days to 27 days. Early CBL allocation schemes adopted fortnightly advertising cycles – Harborough District Council was the first authority wide scheme and has average re-let times in excess of 60 days. The ODPM suggest that weekly marketing cycles can ensure that there are not delays.

2.4 A fortnightly cycle of advertising has the potential to add up to 7 days on the average re-let time costing the HRA an estimated £91,000 per annum.

2.5 There are implications of adopting a weekly cycle rather than fortnightly:

- The costs of marketing empty homes for letting will be more.
- It is unlikely that bidding applicants will know the outcome of current bids before the next cycle of marketing begins. This could lead to unnecessary bidding.
- The organisation and running of the marketing process will have to be tightly managed.

2.6 The table below outlines how similar authorities to Leicester City Council operate:

Housing Authority	Advertising cycle	Weekly number of Voids	Annual Cost of Newspaper advertising.	Most effective methods of marketing
Bradford	Fortnightly	77	20,000 pa	Internet & Local Newspaper
Camden	Weekly	30	67,000 pa	Internet & Local Newspaper
Bolton	Weekly	40	52,000 pa	Local Newspaper

**Leicester City Council would on average have 40 empty properties to market each week. This would be sufficient to operate weekly cycles.**

2.7 Initial investigations have shown newspaper advertising to be very expensive in Leicester compared to other areas of the Country. The main city newspaper has quoted between £400,000 and £500,000 per annum - up to 10 times the cost incurred by other similar authorities. Therefore it is likely that it will be more cost effective for the Council to produce its own weekly advertising newspaper.

2.8 The in house newspaper is estimated to cost £60,000 for 50 weeks per year including the distribution to 50 outlets. The newspaper would be made available at Leicester City Council service points including libraries, customer service points, housing options centre, housing offices and housing benefit office.

2.9 Advertising all homes on the Web page would mean that the information is available to any one with access to the Internet, which includes all customers using the Internet in libraries and statutory and voluntary agencies with Internet access. This means the information can be downloaded and printed for customers if a newspaper is unavailable, however it is important to have newspapers printed and available for customers to take without needing to ask staff.

2.10 Setting up and designing the web page would be met from existing resources but purchasing a new domain name would cost around £250.

2.11 The launch of a choice based lettings scheme will require additional methods of marketing and will have financial implications. It will be important to ensure that housing applicants are aware of any changes to the lettings process and that they understand how any new system operated. There will also be additional costs for marketing and preparing guidance in other languages and formats e.g. large print or Braille. The estimated cost of translating key documents is £50,000.

**3.0 Proposal:**

- 3.1 That void properties are advertised weekly on a dedicated web page and in a Leicester City Council newspaper, distributed to council service points.**
- 3.2 Further work is undertaken to find ways of generating income from the advertising newspaper.**

## Appendix 6

### 1.0 Receiving Bids

1.1 Once empty homes have been marketed housing register applicants 'bid' for homes they're interested in and where they met the eligibility criteria. As with marketing this is an additional process to the existing lettings procedure. There are a variety of ways in which applicants could 'bid' but the most common are highlighted below:

- By completing a 'bidding voucher' and posting it to the Housing Department.
- By completing a 'bidding voucher' and personally handing into a Housing Department service point such as a Neighbourhood Housing Office of the Housing Options Centre.
- By telephoning a dedicated 'bidding' phone line.
- By registering an interest on the Internet.

Other ways of bidding using newer technology such as text messaging are also being developed.

The experience of Bradford, Bolton, Southampton and Leicester Housing Association is that the most common ways of receiving bids is through the Internet, by telephone and completing bidding vouchers.

- 1.2 There would need to be some restriction placed on the number of bids submitted by an applicant each week. Allowing unlimited bidding will lead to some applicants placing blanket bids for all properties increasing administration costs of the system. The ethos of choice based lettings is helping housing applicants to be able to make informed choices about their preferences in where they live. Restricting the number of bids each week would encourage applicants to think realistically about their housing choices before making bids.
- 1.3 Housing applicants would be asked to place their bids in order of personal preference. So if an applicant makes 3 bids they would place them in preference of 1,2 and 3. If one or more of the bids were successful the applicant would be offered the highest preference property.
- 1.4 The bidding process would be time limited. Each applicant would have seven days to submit his or her bids. The cut off for bid submission is required so the next advertising cycle can commence and offers can be made on vacant properties.
- 1.5 Vulnerable people seeking a new home will receive assistance in bidding from support workers, other key workers and housing advisors. Relevant employees will receive comprehensive training prior to the commencement of a choice based lettings scheme.
- 1.6 Bolton advertises properties on a weekly basis and has a similar number of available homes each week to that of Leicester. Bolton receives 2000 bids each week.



- 1.7 As with marketing the way in which bids are received will determine the cost of the choice based lettings scheme. Receiving bids by telephone and online are the most accessible and cost effective way of facilitating the 'bidding' process. Southampton City Council operates an automated phone line for responding to property adverts. The phone line operates in a similar way to Leicester City Councils existing automated payment line. Introducing an automated phone line would require some development work with an ICT software supplier. At this stage the cost is unknown but would be in the region of £50,000.
- 1.8 It is believed however the automated phone line would be more efficient to run than staff taking bids over the phone. If the assumption that Leicester will receive a similar number of bids to Southampton and that it would take 5 minutes to process each bid the estimated staffing cost of staff receiving bids over the phone would be £100,000 per annum.
- 1.8 Facilitating online bidding through the choice based lettings website is already possible using the integrated system already purchased by the Housing Department. Officer time will be needed to set this up and can be met from existing resources.
- 1.9 Allowing paper based bidding by post or at council service point's increases the cost of the choice based lettings and increases the chance of late arriving or misplaced bids. This could lead to complaints and challenges resulting in dissatisfied customers. Also giving this function to service points is likely to add to the time it takes to deal with other general enquires because of the increased demand on employees time. Instead online access and courtesy phones will be made available to facilitate bidding for those who do not have access to these mediums already.

## **2.0 Proposal:**

- 2.1 Bids are received by an automated telephone system and through the choice based lettings web page.**
- 2.2 Applicants are permitted to submit up to 3 bids per cycle.**
- 2.3 Training is developed to assist key workers in support vulnerable applicants to make bids.**

## Appendix 7

### 1.0 Offering void properties to bidding applicants

- 1.1 The process of making an offer to a housing register applicant would be largely unchanged under choice based lettings. As this report has highlighted the principle difference is the process of matching a suitable applicant to a property.
- 1.2 Once a property has been marketed and the deadline for responding passed a list of applicants who expressed an interest in a particular property is produced. This list will order the applicants in line with their assessed housing need i.e. points order. This principle of prioritisation is no different to the current lettings process.
- 1.3 It is proposed that the top three applicants are invited to view the property and the applicant with the highest level of points and wishes to accept the property is made the formal offer. In the unusual event none of the top three wishes to accept the property the process will continue down the shortlist until it is exhausted. If none of the bidding applicants wish to accept the property it would need to be advertised again. It is not anticipated this will happen very often if at all.
- 1.4 As with the current lettings process once receiving the offer of accommodation the applicant can choose to accept or decline the offer. In a 12-month period of the current lettings system from July 2004 to June 2005 1666 offers were declined (excluding nominations). The reasons for declining offers is outlined in the table below:

**Number of offers declined from July 2004  
to June 2005**

<b>Reasons for refusal</b>	<b>Grand total</b>
<b>Refused: area lacks facilities</b>	<b>36</b>
<b>Refused: changed mind on area</b>	<b>259</b>
<b>Refused: decided now only wants Hsg Ass</b>	<b>1</b>
<b>Refused: due to harassment on viewing</b>	<b>7</b>
<b>Refused: environment unsuitable</b>	<b>136</b>
<b>Refused: no longer wants housing</b>	<b>115</b>
<b>Refused: on access or mobility grounds</b>	<b>77</b>
<b>Refused: property aspects unsuitable</b>	<b>246</b>
<b>Refused: Prp Type not Req'd; Relaxed Elig</b>	<b>3</b>
<b>Refused: unknown reason (under invest)</b>	<b>68</b>
<b>Treated as refusal as no reply received</b>	<b>718</b>
<b>Total Council Offers refused</b>	<b>1666</b>
<b>RSL Offers refused</b>	<b>410</b>

The most common reasons for declining an offer are 'no reply' or a change of mind on the area of choice. A further 410 nomination offers to housing associations were declined. It can be assumed that under CBL people would not have made bids for these properties.

1.3 If an offer is declined it leads to extra work being generated for the allocating officer:

- The offer will have to be removed on the IT system.
- If the reason for declining was 'no reply' or it was the second time a reasonable offer was made the applicants points will change and a letter sent out to inform them of this.
- The property will have to be offered again.

If the property is ready to let at the point of being declined this re-offering process extends the time the property is empty and increases the amount of void rental loss incurred by the authority. Extended re-let times also negatively impact on the Councils Best Value Performance Indicators.

1.6 The table below outlines the estimated cost of dealing with declined offers:

Cost of re-offering 2076 empty homes	£20,000
Cost of removing 2076 declined offers	£5,000
Cost of reducing priority of 650 applicants	£3,000
<b>Cost of withdrawn offers</b>	<b>£2,000</b>
<b>Estimated Total</b>	<b>£30,000</b>

Implementing choice based lettings works on the basis of applicants applying for properties where they prefer to live. This should significantly reduce the number of declined offers and subsequent reoffering saving up to £28,000 per year.

1.7 Following a successful offer the applicant signs a tenancy agreement and moves into their new home.

## 2.0 Proposal:

2.1 The offering process outlined above is adopted making an estimated £30,000 efficiency saving that can offset additional marketing costs.

## **Appendix 8**

### **1.0 Lettings process feedback.**

- 1.1 Once the matching and offering process had been successfully completed feedback on successful lettings is an important aspect of choice based lettings. It ensures that applicants and other stakeholders can see that the system is transparent and fair. Feedback is also an important part of the 'bidding' process as applicants need up-to-date information on recent lettings so they can make informed choices about which, if any, properties to bid for. For example, if an applicant had 200 points and they could see that properties in a certain area of the city consistently were let for 400+ points they would know that it was highly unlikely they would have a successful bid in that area.
- 1.2 Feedback on lettings is currently available through Accommodation Guides published quarterly. These give applicants a summary of the lettings information for council offers and housing association nomination for the previous 3 months and include figures on number of property types that were let, per area on the highest and lowest points levels they were let on.
- 1.3 These guides would be replaced in the CBL scheme and usually feedback of previous lets is advertised along with the current marketed properties. The cost of advertising feedback is included in the cost of the Leicester City Council newspaper. The officer responsible for labelling and marketing the properties would undertake preparing the feedback information. Information would be fed back two weeks after the property was originally advertised.
- 1.4 Most choice based lettings schemes feedback the following information:
  - Advert number of property
  - The property details.
  - The number of bids received for the property.
  - The number of points the property was let for.
- 1.5 Experience from other choice based lettings projects show that customer satisfaction is higher with this type of lettings process when compared to traditional methods. The feedback process leading to greater transparency and understanding of choice based lettings systems is a key contributor.

### **2.0 Proposal:**

- 2.1 **Feedback is given on successful lets as outlined in paragraph 1.3 above.**

## Appendix 9

### 1. Assisting Vulnerable Applicants

- 1.2 Any CBL scheme must be developed in a way, which takes into account the needs of vulnerable groups, including homeless households.
- 1.3 Evaluation of the CBL pilots shows that one of the weakest elements was the provision of support to vulnerable and excluded households. Many vulnerable people may have difficulties in participating in CBL schemes for a variety of reasons. There are a number of groups who are recognised as being vulnerable because they have acknowledged housing support and / or social care requirements such as older people, homeless households, people with learning difficulties, people with mental health problems, people with mobility problems and people suffering domestic violence
- 1.1 There are also however needs of groups who may have difficulty in participating in a CBL scheme including for example people with drug or alcohol problems, travellers or ex offenders.
- 1.2 From a CBL scheme perspective households may be excluded from participating if for example they are:
  - Unaware of information about the property/ neighbourhoods
  - Unable to make use of the bidding/ response mechanism to adverts
  - are lacking the support to exercise a choice and adopt a realistic home hunting strategy
- 1.3 Other inequalities may be created through a CBL system for example a reliance on paper based information may disadvantage people who have literacy problems and those who do not have English as their first language. Systems that predominately use ICT may exclude people who do not have access to the technology available.

All sections of the CBL scheme have been considered to ensure they meet the needs of vulnerable clients. Ways in which this can be done include:

- Advertising housing with support packages
- Individual feedback to vulnerable applicants on bidding
- Specific feedback on lettings of adapted or sheltered homes
- Info on number of adapted homes
- Policy on and resources for adapting homes
- Labelling properties with degree of adaptations
- Location of facilities/ health centres
- Reserving homes for certain applicant types
- Ensure preference given to those in greatest housing need
- Provide information and responses in a form that best suits vulnerable groups
- Help in making choices/ submitting responses
- Links to other housing and support options

- Pro active approach for targeting support on vulnerable household who are not responding to adverts

**2.0 Proposal:**

- 2.1 Housing Register, Housing Allocation and CBL scheme guidance is translated into 8 community languages and available as a down load from the Web Site for customers or staff.**
- 2.2 Symbols are used wherever possible in labelling properties and in the CBL scheme user guide and in advertising the home.**
- 2.3 Adapted properties and supported homes are specially advertised and restricted to eligible applicants.**
- 2.4 Bidding assistance is made available for vulnerable clients through training existing volunteers and statutory advice workers to assist applicants.**
- 2.5 Web site and bidding options available are as accessible to those with disabilities or other vulnerabilities.**
- 2.6 Monitoring of vulnerable applicants not making bids and offer of extra support where necessary.**

## **Appendix 10**

### **1. Housing Options:**

- 1.1 In Leicester the Housing Options Service deals with both the Housing Register and assisting vulnerable and homeless clients therefore they will be available to offer an advice and training service to other agencies on CBL scheme and assist vulnerable applicants they are working with in the CBL scheme.
- 1.2 It is advisable that other housing options should be described to people as part of the CBL scheme and these options should include options for both moving to another home and staying in current home perhaps through additional support, adaptations or home improvements.
- 1.3 These housing options will be available for advice sheets to assist applicants in other options rather than just bidding for a home, particularly when they may have made a number of unsuccessful bids and are looking into alternatives. Different housing options can be given out as part of the advertising process and on the Web site.
- 1.4 Other housing options include private rented properties which can be advertised on the CBL scheme as an additional option for clients, mutual exchanges for social housing tenants and low cost home ownership schemes in the district.

### **2. Proposals:**

- 2.1 **The weekly newspaper and the web site will describe other housing options involving moving without an allocation and staying put: owner occupation, private rented, mutual exchanges, social rented, shared ownership, rent deposit guarantee schemes, home care, temporary accommodation, adapted housing and adaptations, tenancy support, housing register and home improvements.**
- 2.2 **Home Come homes to be offered through the CBL scheme.**
- 2.3 **At a later stage accreditation for private landlords to buy into advertising scheme could be explored.**
- 2.4 **Web link between the CBL home page and the Homes Uk web page for mutual exchanges.**
- 2.5 **Advertise low cost home ownership schemes on the website.**

## Appendix 11.

Choice- Based Lettings Principles	Moving Principles to Practice
<b>Applicant Initiative</b>	<ul style="list-style-type: none"> <li>• Advertising all available social rented properties</li> <li>• Enable applicants to respond to adverts</li> <li>• Feedback to applicants on response and lettings outcomes</li> </ul>
<b>Social Housing Market Info</b>	<ul style="list-style-type: none"> <li>• Location and type of social rented stock</li> <li>• Popularity of areas and type of stock and likely availability of property type and areas</li> <li>• Marketing social housing</li> <li>• Feedback on successful lettings</li> </ul>
<b>Property and Neighborhood Information</b>	<ul style="list-style-type: none"> <li>• Nature of info on advertised properties e.g. rent, location, physical features, council tax band etc</li> <li>• Neighbourhood Information e.g. schools, health facilities and public transport</li> </ul>
<b>Labeling and selection Criteria</b>	<ul style="list-style-type: none"> <li>• Labeling of Advertisements e.g.               <ul style="list-style-type: none"> <li>- Matching property type to household type</li> <li>- Local lettings criteria</li> </ul> </li> <li>• ‘Currency’ issue re selection i.e.               <ul style="list-style-type: none"> <li>- Points or</li> <li>- ‘Needs-based’ bands or</li> <li>- Length of time on waiting list and priority card</li> </ul> </li> </ul>
<b>Needs of vulnerable groups including homeless households</b>	<ul style="list-style-type: none"> <li>• Housing advice and support including:               <ul style="list-style-type: none"> <li>- Working with health and social care sectors</li> <li>- Partnerships with voluntary sector organisations</li> </ul> </li> <li>• Adapted Housing register</li> <li>• Linking CBL with health and social care initiatives</li> </ul>
<b>Quality of communications</b>	<ul style="list-style-type: none"> <li>• Paper-based systems e.g. local newspaper/free sheets</li> <li>• Information communications technology (ICT) e.g. websites/emails/text messaging</li> </ul>
<b>Information, advice and support</b>	<ul style="list-style-type: none"> <li>• Information for applicants on the operation of the system</li> <li>• Advice on likelihood of obtaining specific properties</li> <li>• Support in making responses to adverts</li> <li>• Information on other housing options e.g. mutual exchange, shared ownership and the private rented sector</li> </ul>