

Changes to the Housing Options Service

Report of Councillor Ashley Yeates, Cabinet Member Housing and Community



Date:	17th October 2019
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Key Decision?	YES
Local Ward Members	All, as applies to the whole of Lichfield district.

**Community,
Housing and
Health
(Overview &
Scrutiny)
Committee**

1. Executive Summary

- 1.1 This report sets out proposals to change the way in which the housing register and our allocations scheme are administered following notification from Bromford that they are no longer willing to manage the housing register on our behalf when they withdraw from the Homes Direct choice based lettings scheme in 2020.
- 1.2 As a result of this we are proposing to operate the allocations scheme in-house and run our own choice based lettings system (CBL). Several changes are therefore proposed to how the housing options team work and new staff will be needed to deal with the additional workload this will bring; this report outlines these changes and seeks support for the new arrangements. The report also outlines minor changes that are needed to the Allocation scheme for social housing that was agreed by Cabinet last year.

2. Recommendations

- 2.1 That Members consider, comment and recommend to Cabinet for approval the proposed new arrangements for the administration of the housing register and allocation scheme for social housing.

3. Background

3.1 At the meeting on 12th September 2018 Members of this committee considered and recommended for approval by Cabinet a draft allocations scheme and proposals to move away from the current choice based lettings system Homes Direct to a new housing register and allocations system which would continue to be run on the council's behalf by Bromford. The scheme was subsequently approved by Cabinet on 9th October 2018¹.

3.2 As outlined in the previous report, the current choice based lettings system, Homes Direct, no longer met our requirements and therefore Bromford had agreed to develop a new bespoke system as part of the development of a new in house IT system that would cover the whole of their business. A joint review of the allocations scheme was then completed last year with this proposal in mind.

3.3 Since the approval of the scheme and approach, Bromford have advised the council that due to constraints with the development of their new IT system they are no longer able to continue with this

¹ <https://democracy.lichfielddc.gov.uk/mgChooseDocPack.aspx?ID=234>

proposal and cannot include a specific housing register and CBL scheme for us as part of their software development. Therefore, they will be unable to continue to manage the joint housing register on our behalf once they withdraw from Homes Direct; originally this was the end of 2019 but has now been extended to July 2020.

3.4 Bromford have confirmed that they are still committed to assisting us in the operation of a new system to be able to allocate 75% of their voids under the terms of the Nomination Agreement. However, rather than having another CBL scheme, Bromford have advised us that they intend to operate their own waiting list that they will open periodically to find applicants for the remaining 25% of their lettings that are not covered by our Nomination Agreement. We are currently the only local authority out of 51 that Bromford operate in where they manage a housing register, and the withdrawal from our agreement will mean consistency across their whole operational area.

3.4 The Deed of Covenant and Variation to the housing transfer agreement signed in 2010 when HomeZone² joined the Bromford group, contains several terms, one of which is about the joint housing register:

Choice and Mobility- 'To maintain involvement in the UChoose Lettings Partnership (and any successor choice based lettings scheme) including managing the Joint Housing Register for Lichfield and to enter into national arrangements for housing mobility or home-swapping.'

Due to this long standing commitment, Bromford have pledged financial assistance towards the costs that the District Council will now have to incur in order to set up and operate a new scheme.

3.5 Following Bromford's decision, we started to explore our options and identify other ways of how we can provide nominations to Bromford and the other Registered Providers (RP's) for the social housing that is available to us through our nomination agreements with them.

3.6 The Housing Act 1996 requires local housing authorities (regardless of owning housing stock) to have an allocation scheme in place that determines who is eligible and qualifies for social housing in its area and how priority is determined between applicants. It is not a legal requirement to have a housing register but most councils do have one or maintain a list of applicants that they use to provide nominations to RP's, either directly or through a CBL scheme.

3.7 In exploring our options we have looked at what other councils do and two options exist, firstly to hold a list of applicants from which we send direct nominations to RP's or secondly to operate and manage our own CBL scheme.

3.8 In order to fully consider these two approaches we have taken time to consider the advantages and disadvantages of CBL schemes versus providing nominations and a summary of these is set out in **Appendix A**. Although there are several advantages and disadvantages to each, after considering them we feel that it is more advantageous to maintain a CBL approach at the present time. The main reasons for this are:

- There would be transparency over homes available to rent by the main RP's as they would be advertised in one location. It would also promote tenant mobility with the ability to advertise mutual exchanges
- It will provide us with intelligence on the demand for social rented housing e.g. bidding history showing the popularity of areas and we will be able to obtain reports for all RP's in one place
- It will promote customer choice and encourage the creation of sustainable tenancies and communities as the initiative to apply for a property has to be taken by the customer (or via a housing options officer for those that require support) rather than being the passive recipient of the offer of a property under a nominations only system

² Lichfield District Council transferred its housing stock to Lichfield District housing Association on 24.3.97 following which it changed its name to HomeZone.

- We will have the ability to advertise private rented sector properties in the future if there was demand and also potentially advertise our own properties.

3.9 In order to evaluate systems, we contacted all known providers and had presentations on the software from all key providers. Average annual costs for a system range from £18,350 to £50,000. Fortunately, we have been advised that we can use the governments G-Cloud system from which public sector organisations can buy services without needing to run a full tender or competition procurement process. It lists those services on a publicly accessible portal known as the Digital Marketplace and all the software providers that we are aware of are registered on there.

3.10 We have a homelessness database that was developed by a software company called Housing Partners and they have also now produced housing register software, which sits alongside the homelessness database and can share the same data. It also has a property advertising portal that runs on a CBL basis that we can acquire at the same time for the same cost. We have looked at G-Cloud and this is the cheapest of all providers on there. So as well as being the cheapest it is also the best system for us to use, as it would integrate with our systems for managing homelessness that we have a statutory responsibility for. This software would give us the option to operate our own CBL scheme or change to just provide nominations if we chose to in the future.

3.11 In addition to the cost of purchasing the system, managing the housing register and CBL system in-house will occur several additional costs, predominantly for additional staff. In estimating costs we have looked at the likely number of applicants that we would have on the register with the new allocations scheme and the additional staff time that would be required to verify the additional applicants that would not have been through the homelessness route and we do not have a statutory responsibility for. We have also discussed staffing in similar local authorities, particularly East Lindsey that has also recently taken their housing register back in house and will be using the same Housing Partners software that we propose to.

3.12 We estimate that we will need two additional officers plus additional management time for dealing with appeals to banding and asking for reviews etc, which will need to be factored into the work of the team, to ensure that there is sufficient capacity to cope with the extra work. The estimated annual costs of the council managing the housing register in-house, which includes purchasing the software system and employing an additional two members of staff is approximately £90,000. We currently pay Bromford £7,500 for managing the register and operating the CBL scheme, so under the terms of the Deed of Covenant we have requested that Bromford meet our additional costs.

3.13 The new allocation scheme that we developed last year was done in response to the introduction of the Homelessness Reduction Act (HRA) 2017 that placed a greater emphasis on local authorities to prevent and relieve homelessness. The current allocation scheme³ needed updating to allow the council to discharge its duties under the new legislation and better reflect local priorities. Key changes were made as a result of a review to the priority bands to make them more reflective and realistic about the local housing picture which were agreed by Cabinet last year.

3.14 The new scheme was developed jointly with Bromford on the understanding that they would be administering the scheme on our behalf, however as this is not the case minor changes are needed to it. Although the Cabinet Member has delegated responsibility to agree these changes⁴, for transparency and completeness the proposed new scheme is in **Appendix B**. The main changes have been to introduce a category at the end of Band 1 where applicants previously in the emergency band have been downgraded, and in Band 3 we have added a category for applicants that have refused three suitable offers.

3.15 Section 170 of the Housing Act 1996 places a duty on RP's to cooperate with the local housing authority to offer accommodation to people with a priority under its allocation scheme. For Bromford, the

³ Lichfield Lettings Scheme (2013): <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-advice/Downloads/Lichfield-lettings-scheme.pdf>

⁴ <https://democracy.lichfielddc.gov.uk/mgChooseDocPack.aspx?ID=234>

Transfer Agreement grants the council 75% nominations rights over the transferred stock in perpetuity and we have 100% nomination rights on new homes. We also have nominations agreements with all the main RP's, predominantly 100% nomination rights for new build homes and 50% for relets. The majority of RP's provide more than this as they do not have their own waiting lists. Discussions with all indicate that they would be willing to work with us if we operated a scheme ourselves and we will arrange for the large approved RP's to have a licence to enable them to use the system to advertise their own properties and then run a short list of applicants that bid for each vacancy.

Given the move away from Homes Direct, we were already in the process of reviewing the nomination agreements with the RPs with stock in the district to outline the percentage of vacant homes to be nominated to by the council which we will complete this autumn.

3.16 The housing register has around 1370 applicants registered, however applicants have not had their circumstances verified and we know that not all of these will qualify or have a local connection. The effect of applying the new scheme will be to reduce the numbers on the register to approximately 701 applicants- see **Appendix C**. This is only an estimate as all applicants would need to reregister and some may not do this or may not be able to provide sufficient evidence to complete the verification process stage. Discussions have taken place with Bromford to agree what should happen to those households who are currently on the Housing Register. We have agreed with Bromford that we will work together on contacting all applicants on the current register to make them aware of the change, deal with enquiries and assist to get applicants reregistered on the new system. We will develop a communication plan to ensure that consistent and timely information is available for all those affected and the wider public to make residents aware of the changes.

<p>Alternative Options</p>	<p>To do nothing:</p> <ul style="list-style-type: none"> • this isn't an option as Bromford have confirmed that they are withdrawing from Homes Direct by July 2020 and we need a system to allocate social rented homes to those that we have a statutory responsibility for and others that are eligible under the new allocations scheme. • It is a legal requirement for the local authority to have an allocation scheme in place as a way of prioritising applicants to vacancies in social housing; we could not continue with the existing allocation scheme as this is outdated and does not reflect the council's new duties under the HRA or emerging local priorities. <p>To not have our own CBL scheme and provide nominations:</p> <ul style="list-style-type: none"> • It would not promote customer choice or encourage the creation of sustainable tenancies and communities • We would not have the intelligence on the demand and need for social rented housing that we need to develop and inform our housing strategy, Local Plan policies or use as evidence when consulted on new planning applications • This option may potentially need less staff, however monitoring nomination agreements with RP's and dealing with bandings and refusals of offers would also be time consuming and so it is unlikely that fewer staff would be needed. An IT system would also need to be purchased; the Housing Partners software we would like to purchase to operate a CBL includes 2 modules- Enhanced Housing Register (EHR) and ATLAS and the cost of EHR alone that we would need to provide nominations in accordance with our allocations scheme is the same as acquiring both. <p>To join another scheme rather than having our own:</p>
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- We are unaware of another suitable scheme that we could join. Homes Direct is the CBL scheme that has been used by the majority of RP's in this area. As the largest stock holder, most lettings are done by Bromford who have made the decision to withdraw from it so our options are very limited.

Consultation

Last year we did significant consultation to develop the new allocation scheme including:

- engagement with RP's to shape the proposals, with further consultation on the draft allocation scheme.
- consultation with councillors at two briefing sessions in July, with a key changes documentation sent to all councillors for comment.

We will need to do further consultation with customers and key stakeholders on the revised scheme and end of Homes Direct. We have discussed the new proposals with all the main RP's at our annual review meetings with them this year and so far all have been positive about our proposed approach.

Financial Implications

We currently have a service level agreement with Bromford and pay them £7,500 per annum for managing the housing register and operating Homes Direct on our behalf. Our proposed approach would require purchase of additional modules to supplement our existing web portal at a cost of £16,000 per annum and a one off implementation fee of £7,000. A licence for each RP is £100 pa and we will need to purchase up to 6 licenses for the larger RP's.

In addition there will be the staff costs of administering the CBL system and verifying the details of applicants before they can go on the register that we only do now if they approach us directly. In 2018/19 we verified the information of the equivalent of 319 applicants which is 23% of the 1370 on the register. The number that we expect to be on the housing register after the new allocations scheme is introduced is 701, an increase of 45.5% from 319. We have estimated that we will need a minimum of two members of staff to provide support to the additional applicants, and combined with IT costs our annual costs are estimated to be £89,675 (£358,700 over 4 years-see table below). If our approved annual budget is deducted the additional cost is £328,460 over the 4 years, an average of £82,115 per annum.

Details	2020/21	2021/22	2022/23	2023/24	Total
<u>Set Up Costs</u>					
Implementation Fee	£7,000				£7,000
Sub Total	£7,000	£0	£0	£0	£7,000
<u>Ongoing Costs</u>					
License	£16,000	£16,000	£16,000	£16,000	£64,000
Registered Providers Licenses	£600	£600	£600	£600	£2,400
Staffing	£70,400	£71,000	£71,600	£72,300	£285,300
Sub Total	£87,000	£87,600	£88,200	£88,900	£351,700
Total Cost	£94,000	£87,600	£88,200	£88,900	£358,700
Less : Approved Budget	(£7,560)	(£7,560)	(£7,560)	(£7,560)	(£30,240)
Net Additional Cost	£86,440	£80,040	£80,640	£81,340	£328,460

	<p>Under the terms of the Deed of Covenant we have requested that Bromford cover our additional costs of £82,000 per annum plus an inflationary increase each year on a continuing basis.</p> <p>The cost of not operating a CBL scheme and providing nominations only is potentially a cheaper option, however monitoring nomination agreements with RP's and dealing with refusals of offers would also be time consuming and so it is doubtful that the service could operate with less than 2 additional members of staff. An IT system would still need to be purchased; the Housing Partners software we would like to buy to operate a CBL, includes 2 modules- Enhanced Housing Register (EHR) and ATLAS; the cost of EHR alone is the same so there would be no saving to be made.</p>
Contribution to the Delivery of the Strategic Plan	The Strategic Plan 2016-2020 sets out what we want to achieve in four main themes. The allocations of social rented homes will contribute most significantly towards the themes of 'healthy and safe communities', and 'clean, green and welcoming places to live'.
Equality, Diversity and Human Rights Implications	An Equalities Impact Assessment (EIA) and wider impact assessment have been completed on the allocations scheme to ensure we have met our legal obligations under the Equality Act and actions have been identified to reduce any negative impact where possible. The EIA has assessed how the changes are likely to affect applicants and will shape how we consult with them to minimise and mitigate any negative effect as a consequence of the changes.
Crime & Safety Issues	None identified
GDPR/Privacy Impact Assessment	A GDPR/Privacy Impact Assessment is to be completed.

RISK	Risk Description	How We Manage It	Severity of Risk (RAG)
A	The contract with Homes Direct ends before the new software solution is deployed.	Bromford have confirmed that they will continue with Homes Direct until at least July 2020.	A
B	Volume of additional work from managing the scheme and register in-house is much higher than anticipated meaning that we need to employ additional staff to cope	Continuing dialogue with Bromford over the additional costs and burden on the district council. Staffing structure has been reviewed and we are hoping that enough staff will be employed from the start, however we need to continue to monitor this and be flexible where needed. Although the new system will encourage customers to self-serve and be as automated and intuitive as possible, correspondence, telephone calls and visits to the council offices is likely to increase, particularly in the short term. Support from our customer services (Connects) team is essential to the new system working.	A
C	Reputational risk to the Council if the communication to applicants is not well	Early communications with applicants regarding the changes, especially to current band (A to D) and the need for reapplication. Offer support to transfer to the new system to those who require it. Look at incentives for the move, e.g. continue with original	A

	managed and timed.	application date for those who remain in a similar priority. Wider impact assessment to consider those negatively impacted by the changes with early dialogue with these applicants to minimise impact.	
D	Statutory obligations not met in relation to discharging homeless, prevention and relief duties.	Scheme reflects statutory requirements. Internal expertise within the working group of the legal requirements on the allocation of accommodation and homelessness. Completed document to be checked by the Council's Audit Team.	A
E	Lack of choice exercised by applicants leads to an increase in reviews of the suitability of accommodation or refusals	Only applicable if we moved away from a CBL scheme - need to ensure areas of preference selected by the applicant if looking at direct matching, and a statement on choice/preference is to be included in the final scheme documentation.	G

Background documents:

Lichfield Lettings Scheme (2013): <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-advice/Downloads/Lichfield-lettings-scheme.pdf>

Report on the allocations scheme to Community Housing and Health O&S Committee September 2018
<https://democracy.lichfielddc.gov.uk/ieListDocuments.aspx?CId=143&MId=189&Ver=4>

Lichfield District Housing Strategy 2013-2017 - <https://www.lichfielddc.gov.uk/Residents/Housing/Housing-strategy/Download-our-housing-strategies>

Relevant web links

Homelessness Reduction Act: <http://www.legislation.gov.uk/ukpga/2017/13/contents/enacted>