

1. Managing reasonable preference

- 1.1 All lettings systems must take account of relative need. This is enshrined in legislation. The law requires that 'reasonable preference' should be given to applicants with particular needs. The lettings system must ensure that such applicants be in a preferential position with regard to applicants without preference. The choice based pilots ensure the application of reasonable preference in a variety of different ways.
- 1.2 The Newham system is the simplest and easiest to explain and understand. Newham has, effectively, only two categories of applicant. Those with a reasonable preference, and those with both a reasonable preference and an urgent need to be rehoused. There is obviously a third category which is those applicants who would like to have a council or RSL home but who do not fall into a reasonable preference category. While these cases may be on the system they are excluded from bidding. There is provision for making offers to non 'RP' cases but only where there are no other bidders. The urgent category is very tightly drawn and only applies in those cases where the applicant simply cannot live in their current home. This may be because of medical problems made worse by the home, or where a household is suffering harassment and simply cannot continue in their home because of the imminent danger of violence. In urgent cases direct offers are made, and a one offer only policy generally applies. Urgent cases, can, of course, also use the bidding system. The bidding system in Newham thus applies to all applicants or transfer cases falling into a reasonable preference category, and only those applicants or transfer cases.
- 1.3 The London Borough of Redbridge operates a variation of the above system. In the Redbridge system there are essentially two categories of applicant, as in the Newham system. The difference is that instead of an 'urgent' group Redbridge has an 'additional preference' group. However, in practice the additional preference group is an 'urgent' group with a different name. As in the Newham system 'additional preference' is very tightly drawn. A further, and perhaps more important difference, is that applicants falling into the 'additional' preference' group are only made direct offers in exceptional circumstances. In general 'additional preference' applicants use the bidding system. At the close of bidding those applicants with 'additional preference' are ranked above applicants with reasonable preference or with no preference, irrespective of length of waiting time. Waiting time then applies to those applicants in the 'AP' category.
- 1.4 The west London consortium, (the London boroughs of Hillingdon, Hounslow, Harrow, Ealing and Brent) (called Locata) operates a variation where applicants are placed in one of four 'priority bands'. These bands correspond roughly to urgency of need, in effect the previous points system has been converted in to a set of broad bands. Bidders for a property are automatically ranked by band, that is, a bidder from a higher band will always outbid a bidder from a lower band irrespective of waiting time, as in the Redbridge system. Only when the band ranking has been done does waiting time apply. The west London scheme has also retained a paper based application. Applicants can send in a coupon to make a bid.

- 1.5 The Camden system has added advertisements and bidding to the existing points based allocation system. All Camden applicants are awarded needs points by officers as in the traditional points system. When properties are advertised applicants bid in the usual choice based fashion but the system ranks applicants by their points level, waiting time will only have a determinant effect when more than one applicant for a property has the same level of points. Currently the Camden system only applies to property on two housing areas, in the rest of Camden the traditional allocation system still applies.

2. Homelessness

- 2.1 When Choice Based Lettings was being introduced some two years ago the issue which caused the most anxiety for the those pilot authorities in high demand areas was the management of homelessness. There was a general concern that the system should not have a negative effect on the authorities ability to manage the rehousing of homeless households.
- 2.2 Different council's have managed the rehousing of homeless households in different ways. In Newham the vast majority of applicants accepted as homeless are placed in leased temporary accommodation, from where they can bid for properties using their waiting time.
- 2.3 In the west London system homeless households are placed in one of the top three bands depending on the urgency of their circumstances. Households in satisfactory leased accommodation are placed in the third band. In cases where a household in B&B or hostel accommodation fails to make a successful bid within 40 weeks then a direct 'one reasonable offer' policy comes into effect.
- 2.4 In Camden homelessness generally attracts a high level of points, but, depending on where the homeless household is housed, and the pressure to ensure a move, the points level increases with time. In all cases authorities monitor very closely the effects on homelessness in order to ensure that costs are effectively managed. So far the experience of the London pilots is that Choice Based Lettings has not had a detrimental effect on homelessness and there is some evidence that it is having a positive effect.

3. The Pros and Cons of the Policy Variations

- 3.1 The great advantage of the Newham system is its simplicity and transparency. In Newham every property that is advertised will be offered by length of waiting time and length of waiting time only. Those households who have an urgent need of rehousing will get a direct offer and the property they are offered will not be advertised and will not therefore be available for bidding. The Newham system avoids almost completely the problem of 'leapfrogging', when an applicant bids for a property then he/she can be sure that if they have been waiting the longest of all the bidders then they will get first refusal. The disadvantage is that there is a proportion of properties (currently around 20% of allocations) which are not available for bidding. Also the Newham system makes no attempt to make finely graded judgements of need and this could be seen as disadvantageous to some needs groups. On the other hand, from another perspective, this can be seen as an advantage. It reduces to an absolute minimum the problem of 'points chasing'. The 'urgent' category is very clear so it is virtually impossible to add

'incrementally' to need until you become an 'urgent' case. You can either live in your home or you can't.

- 3.2 The Redbridge variation has the advantage of keeping all properties in the bidding system, but at the cost of losing transparency. Some bidders do not have to rely only on waiting time.
- 3.3 The Locata system again keeps all the properties in the bidding system, but the broad banding opens the way for 'band' chasing. Hillingdon, for example, has a Social Welfare Panel for hearing 're-banding' appeals. And, of course, it may not be waiting time that counts so there is a loss of transparency in comparison with the Newham system.
- 3.4 Camden has the advantage of enabling finely graded need awards and making allocations accordingly, but at the cost of keeping a large amount of the control over who gets what with officers rather than with applicants. With the corollary that the system is hardly more transparent than the old allocation system and points chasing must continue.
- 3.5 If Barking and Dagenham were to pursue the Camden model there would be minimal policy changes required, the current points system could be grafted onto the existing ELLC choice system. However, there would be very little increase in transparency for the applicant, a continuation of points chasing and little opportunity for cost reductions. The Camden model is not recommended.
- 3.6 The Locata system of 4 bands does reduce points chasing and is a system where all properties are advertised, however, officers are still involved in allocating to bands and so 'band chasing' can develop. The system is necessarily less transparent than the Newham system because 'leapfrogging' can still occur. The Locata system offers few policy or practical advantages in comparison with either the Newham system or the Redbridge system.

Summary of Pros and Cons

Newham

Pros: Transparent, efficiency savings, easily understood, no 'leapfrogging', close to existing B&D culture.

Cons: initial losers need transitional protection, more substantial system change, more direct offers.

Redbridge

Pros: fewer direct offers, savings

Cons: less transparent, less easily understood

Locata

Pros: fewer direct offers, savings

Cons: open to 'band' chasing, less transparent, less easily understood

Camden

Pros: little system change

Cons: more control with officers, non-transparent, no savings, points chasing continues.