

HOUSING COMMITTEE

Meeting held at the Civic Centre, Uxbridge
on Thursday 21 June 2001 at 7.30pm

Councillor Philip Corthorne (Chairman)
*Councillor Jim O'Neill (Vice-Chairman)

Councillors:	Ann Banks	*Mo Khursheed	Mike Usher
	George Cooper	Douglas Mills (substitute)	Andrew Vernazza
	Geoff Courtenay	Anne O'Shea (substitute)	Anthony Way
	Janet Gardner	Cathy Stocker	

Also in Attendance: Councillor Rod Marshall (Standing Order 30 (5))

* Denotes apologies submitted

The Chairman requested that his appreciation of the work of the former Chairman of the Committee, Councillor Andrew Retter, be recorded.

1. APPOINTMENT OF ADVISORY MEMBERS

RESOLVED – That the following advisory members be appointed to the Housing General Sub-Committee

Hayes Area Tenant Board - John Mansfield
Uxbridge Area Tenant Board - Jean White
Yiewsley/West Drayton Area Tenant Board - Beryl Knight
Hillingdon Disabled Tenants and Residents Association - Peter Kemp

2. MINUTES

The Minutes of the meetings held on 15 March and 17 May 2001 were signed by the Chairman as a correct record.

3. URGENT ITEM

The Chairman agreed to take a report concerning the establishment of a Central Lettings Agency joint venture company as urgent for the reasons set out in Minute 16 below.

4. CONSIDERATION OF REPORTS IN PUBLIC AND PRIVATE

The Committee confirmed that all business would be conducted in public.

5. SECTION 106 OF LOCAL GOVERNMENT FINANCE ACT 1992

The Sub-Committee was informed that the Borough Treasurer considered that no items on the agenda fell within the requirements of the Section 106 of the Local Government Finance Act 1992.

6. MINUTES OF HOUSING GENERAL SUB-COMMITTEE

The Minutes of the Housing General Sub-Committee held on 1 May and 31 May 2001 were noted.

RESOLUTIONS AND REPORTS

7. HOUSING REVENUE ACCOUNT BUDGET 2001/02 - UPDATE

The Committee considered a report detailing changes to the Housing Revenue Account budget position since the annual budget and rents were set at the February meeting.

It was reported that the Estates Clean Up Campaign programme was expected to be completed by December.

RESOLVED – That the revised Housing Revenue Budget Account budget for 2001/02, as set out in the report, be noted.

8. HOUSING GENERAL FUND SERVICES BUDGET 2001/02 - UPDATE

The Committee considered a report setting out the latest Housing General Fund revenue budget position for 2001/02 based on the Cash Limit allocated to Housing for its General Fund services by Council on 8 March 2001.

It was reported that, at this stage of the year, there was potential for significant variation on the main housing budgets of homelessness and benefits.

The current position regarding the use of consultants, agency staff and overtime was reported for information.

A member suggested that the new members of the Committee might wish to visit some of the properties used for temporary accommodation and the Colne Park Caravan Site. Officers agreed to arrange such visits.

RESOLVED – 1. That the current budget position and the pressures on it be noted.

2. That the current position regarding the use of Consultants, Agency staff etc as set out in Appendix A to the report be noted.

9. HOUSING CAPITAL PROGRAMME

The Committee considered a report which gave details of the provisional outturn for the Housing capital programme for 2000/01 and the latest position for 2001/02.

RESOLVED – 1. That the provisional outturn for the Housing capital programme for 2000/01 and the current position for 2001/02, as set out in this report, be noted.

2. That £8,000 be transferred from the LASHG Budget for 2001/02, to works to the Colne Park travellers site, to part fund the building of fire walls, as described in the report.

10. HOUSING STRATEGY AND BUSINESS PLAN 2002/03 - 2004/05

The Committee considered a report which set out the broad strategic objectives for the Housing Service. Those objectives were the basis of the Personal Performance Plan of the Corporate Director of Housing Services. They were then translated into strategic, management and operational objectives for the whole of the Service through individual performance plans. Those objectives would also be incorporated within the Business Plan for the Housing Revenue Account.

The objectives also formed the core of the Housing Strategy Statement which was currently being drafted for submission to the Government Office for London by 31 July 2001. An outline of the content of the statement was provided as an Appendix to the report.

It was agreed that officers should investigate strategies to reflect the changing needs of tenants aged over 50.

RESOLVED – 1. That the strategic objectives set out in the report be endorsed.

2. That officers investigate further strategies to reflect the changing needs of tenants aged over 50 complementing further the range of strategies and initiatives already being pursued.

11. HOUSING SERVICE ACTION PLAN 2000/01 - REVIEW

Members of the Committee had been provided with a copy of the draft Housing Service Performance Review Book 2000/01. The Committee considered a report summarising the key issues and drawing attention to the implications for the Housing Service Action Plan.

RESOLVED – 1. That the summary of performance and the implications for the Housing Action Plan be noted.

2. That the revised Best Value performance plans set out in Appendix 1 be noted.

12. OPTIONS FOR THE PROCUREMENT OF HOUSING ADVICE SERVICES

During the Best Value review of Homelessness and the Housing Register, one of the items within the action plan was to investigate further the procurement options for the provision of Housing Advice Services.

The Committee considered a report advising members of the outcome of those considerations and which recommended the partnership approach as the option which officers believed would enhance the level of services provided.

It was noted that in January 2001, a new service for single people aged between 16 and 25 opened. It was run by Project 2041 called the 'Navigator Centre' and was undertaking the Council's duty to provide advice and assistance to this age group.

It was agreed that Project 2041 should be invited to give a presentation at a future meeting.

- RESOLVED** – 1. That the options for procurement be noted.
2. That continued negotiations with prospective partners to provide advice services through a partnership arrangement be endorsed.
3. That Project 2041 be invited to give a presentation at a future meeting of Housing Committee.

13. ETHNIC MONITORING AND HOUSING ALLOCATIONS REVIEW

The Committee considered the fourth report on the outcome of ethnic monitoring of the Housing Register and of the people rehoused into Council and Housing Association properties since 1990 when data began to be collected.

The report showed a decrease in the number of applicants providing details of their ethnic background. Further encouragement would be given to applicants to provide information for the annual review.

The report reviewed the most significant aspects of the Housing Register and homelessness from initial application to decision making with regard to the allocation of resources and updated the Committee on the allocation review.

RESOLVED – That the following be noted:

1. The content of the report;
2. That officers will report annually on the outcome of equal opportunity, black and minority ethnic monitoring;
3. That Officers will review and implement ways to encourage more applicants to complete the ethnic monitoring section of their application forms.

4. That future reports will contain more information relating to Black and Minority Ethnic households e.g. Income and disability;

5. The new timescale for the allocation review.

14. HOMELESSNESS STATISTICS

Further to the resolution of the Council at its meeting held on 15 July 1999 the Committee considered statistical information relating to:

- (a) The numbers of acceptances into temporary accommodation;
- (b) The numbers in temporary accommodation.

RESOLVED – 1. That the report be noted.

2. That the Chairman and Party Leads and the Borough's 3 MPs be asked to write to the Minister for Local Government and the Regions to request additional support for Hillingdon to tackle the problems of homelessness.

15. E – SERVICES – FRAMEWORK FOR TARGETS, MILESTONES AND RESOURCES

At its meeting held on 22 March 2001, Policy Committee considered a report on e - services and resolved that Service Committees should receive quarterly reports on progress in delivering e - service targets.

The Committee considered the first of these reports which demonstrated that Housing Services had been proactive in embracing the potential for modernisation that electronic service delivery offered.

RESOLVED – 1. That Housing Services approach to e - Services be noted.

2. That the specific proposals outlined in this report be approved.

16. WEST LONDON PILOT FOR CHOICE BASED LETTINGS – CENTRAL LETTINGS AGENCY

Further to Minute 9 of the meeting held on 14 December 2000, The Committee considered a report which provided an overview of the organisational arrangements of the West London pilot for the choice based lettings, to be known as the Central Lettings Agency (CLA). It explained the status of the organisation, its interaction with each local authority and the connections between members of the CLA. It provided guidance on fiduciary and regulatory issues, especially the procurement of services. It provided an overview of the

timetable and the role that local authorities were expected to play within the Pilot project.

A similar report was being submitted to the Committee or Cabinet process in each of the five participating boroughs and the Management Boards of the partners RSLs.

RESOLVED – 1. That the London Borough of Hillingdon joins with its partners to form the Central Lettings Agency joint venture company.

2. That, subject to consultation with the Whips, the Chairman of Housing be delegated to represent the Council on the Board of Directors.

3. That the provision for a representative deputy be pursued during the completion of the partnership agreement

4. That it be noted that progress of the pilot project will be reported at each Committee cycle.

(The Chairman agreed to accept this item as urgent as work on the legal documents to establish the Central Lettings Agency (CLA) joint venture company was in its final stages. The timetable for the project was agreed by Government as a pre-requisite for the bid. To ensure compliance the partners needed to agree the legal and organisational structure before the end of July and this was the last Committee before that date.)

The meeting closed at 9.25 p.m.

WEST LONDON PILOT FOR CHOICE BASED LETTINGS - CENTRAL LETTINGS AGENCY

ITEM 10

*Contact Officer: Dorothy West
Telephone: 01895 440175*

REASON FOR URGENCY

Work on the legal documents to establish the Central Lettings Agency (CLA) joint venture company is in its final stages. The timetable for the project was agreed by Government as a pre-requisite for the bid. To ensure compliance the partners need to agree the legal and organisational structure before the end of July. As this is the last Committee before that date the Chairman has been asked to accept this as urgent.

SUMMARY

This report provides an overview of the organisational arrangements of the West London pilot for the choice based lettings, to be known as the Central Lettings Agency (CLA). It explains the status of the organisation, its interaction with each local authority and the connections between members of the CLA. It provides guidance on fiduciary and regulatory issues, especially the procurement of services. It provides an overview of the timetable and the role that local authorities are expected to play within the Pilot project.

A similar report is being submitted to the Committee or Cabinet process in each of the five participating boroughs and the Management Boards of the partners RSLs.

RECOMMENDATIONS

That the Committee:

- 1. Agrees that the London Borough of Hillingdon joins with its partners to form the Central Lettings Agency joint venture company.**
- 2. That the Chairman of Housing is delegated to represent the Council on the Board of Directors.**
- 3. Notes that progress of the pilot project will be reported at each Committee cycle.**

BACKGROUND

PART I – MEMBERS & PUBLIC (INCLUDING THE PRESS)

1 The Committee approved participation in the pilot on the 14 December 2000. Officers from the five participating local authorities and the RSL partners have been working on proposals for the structure of the CLA, the legal documents, management arrangements and detailed operational proposals. A summary of the work to date on the operational proposals are set out in *Appendix One*.

2 The Committee is asked to approve participation of the London Borough of Hillingdon in the company described below. The establishment of a company to manage the letting of accommodation for the west London boroughs and other partners will be something of a first. If successful the pilot scheme will probably be followed by other authorities. It is vital that both the Members and officers fully appreciate the responsibilities that will arise from the establishment of the company.

WHAT IS THE PILOT?

3 The West London Partnership (the London Boroughs of Brent, Ealing, Harrow, Hillingdon and Hounslow) have been successful in obtaining support from Government to pilot the introduction of an open lettings systems, whereby internal and external applicants can exercise a personal choice in the properties to which they apply to be housed.

4 The bid commits each Borough to explore the operation of choice based lettings within its properties, and to examine how cross borough applications could be facilitated by such a system. It envisages a smooth transition from the existing systems to the choice based approach, with variations being fully tested before they are confirmed as new practice. Although it will be open to each Borough to develop its own version of the choice system, it is anticipated that a common system will be developed wherever possible.

5 Within the bid, signed off by each borough, there is commitment to trial options and to test their practical application, both within the member Borough and across the partnership. This requires clarity over the decision making process and the ability to co-ordinate action across the West London Partnership (the Partnership). This is discussed further below.

STATUS

6 The CLA has been created to provide a mechanism to deliver the Pilot and enable each of the partner Boroughs to move towards a choice based lettings system. Consideration has been given to the best method of delivery, within the constraints of the bidding process, and it is recommended that the CLA should be established as a joint venture company between the partner Boroughs, interested Registered Social Landlords and private sector organisations, who have or can support the Pilot. It will exist for the life of the Pilot and will be able to employ its own staff, procure services, and enter into contracts in its own right. This will give the CLA the ability to act as an

autonomous organisation to deliver the individual and collective objectives of the partner Boroughs.

STRUCTURE

7 It is proposed to create the CLA as a Company Limited by Guarantee. This would operate as a standard company, but the liability of members would be limited by a £10 guarantee. What this means is that in the unlikely event that the company got into difficulties, then each partner Borough's liability would be limited to the £10 guarantee.

8 This is a standard vehicle, used by local authorities and RSLs to deliver joint ventures. It is a tried and tested format, and one that will be acceptable to Government.

9 Local Authorities have a number of specific powers to promote and participate in companies. For this project, the power which is appropriate for the type of company proposed here, is section 58 of the Housing Associations Act 1985. Although the West London Partnership would not be a Housing Association in the common usage of that term, the definition used in that Act simply requires it to be an organisation established for the purpose of, or amongst whose Objects or powers are included those of managing housing accommodation which does not trade for profit.

CONTROL

10 The CLA will be controlled through the partner Boroughs and will operate within a set of objectives agreed by them. The partner Boroughs will hold 70% of the membership with the rest being reserved for the RSLs and other partners. The partner Boroughs will have the ability to exercise control over the operation of the CLA through their membership rights and the ability to veto proposals that they do not agree with.

11 It is proposed to exercise control through a number of mechanisms:

- **Objectives**

The CLA will operate within a set of objectives agreed by the partner Boroughs. Draft objectives have been drawn up by representatives from each partner. The CLA will not be able to act outside of these, as such action would be ultra vires.

- **Memorandum and Articles of Association**

These are effectively the rules that govern the operation of the CLA, they are the standard system used to govern the operation of companies. They have

been drafted by Trowers and Hamlins who are acting jointly for the partners on the establishment of the CLA. The documents will be the subject of detailed discussion with each partner Borough's legal department and formal approval by each Borough before they are adopted.

- **Membership agreement**

This document sets out, in straightforward terms, the rules for the operation of the CLA and the relationship between the partner Boroughs. It also protects the authorities against the Company forcing it to undertake any actions in breach of its own powers or policies. It is a live document that can be varied with the joint agreement of the members, without the need for formal approval through a Special General Meeting. This document will cover how new members are brought into the CLA, and the arrangements where one of the partners may wish to consider withdrawing, etc.

BOARD OF DIRECTORS

12 It is proposed to establish a Board of Directors undertaking the role of a scrutiny panel. The Board will comprise of a councillor from each of the partner Boroughs and Board Members from the RSLs. An Operational Board, comprised of officers from the partners, will report to the Board of Directors.

13 It is envisaged that the Board of Directors will meet 4-6 times per year and have specific tasks to discharge. For example approval of the business plan, the budget, the priorities for the CLA and the speed of the roll out of the cross borough lettings. The Board of Directors will receive reports from the Operational Board and the Director of the CLA on the operation of the Pilot and the delivery of the objectives.

14 The Operational Board will consist of officer representatives from each of the partners. Currently Hillingdon is represented by the Assistant Director (Strategy and Support Services). It will be responsible for driving the Pilot forward and resolving differences between the partners. It is envisaged that it will meet 6-8 times a year, ensuring the overall development of the Pilot. It will receive progress reports from each of the 5 work groups, established to develop the Pilot. It will supervise the work of the CLA Director and appraise his/her performance. It will determine the cost of the service and the charges to members. It will decide on the rules for admittance of new members and the charges that they should pay. It will supervise the procurement of services and establish standing orders and financial regulations for the CLA.

VOTING RIGHTS

15 Both the Directors and Operational Boards will operate to give the partner Boroughs an in built majority, ensuring that the CLA cannot develop services that run contrary to the Boroughs' objectives.

PART I – MEMBERS & PUBLIC (INCLUDING THE PRESS)

REMUNERATION

16 Board members will not be paid but will receive travel and other reasonable expenses.

PROCUREMENT OF SERVICES AND THE OPERATION OF THE CLA.

17 Although each Borough's share in the CLA is less than 20%, it is possible that the view could be taken that, collectively, the Boroughs can influence the operation of the CLA. If this was the case, then it is arguable that the costs of the CLA would count against each Borough's capital and/or revenue expenditure. Therefore, it is proposed to apply for the Secretary of State to exempt the CLA from the controlled and influenced company regulations. It is assumed that this application will be successful, given the limited scope of the CLA. If the exemption is not agreed the project will have to be reviewed.

18 In terms of procurement, it is proposed that the CLA establish its own procedures for the procurement of services. This will enable it to move at speed to the procurement of services and recognises the potential complexity of trying to find a compromise between the different systems that operate within each of the partners. Adopting this approach would remove the CLA from the rigors of the Public Procurement Directive and speed up the overall process and reduce costs.

19 The CLA will, however, be subject to scrutiny from a variety of sources, in addition to the Board of Directors. It will appoint its own auditors, be reviewed by consultants appointed by Government and have its activities reviewed by the Audit Commission.

PROBITY

20 The proposed governance structure provides for the necessary division of responsibilities and builds in significant checks and balances. The CLA will be the subject of scrutiny by the partners, Government and the Audit Commission.

MEMBERSHIP

21 The existing members will have the ability to determine how and when new members should be admitted. Current membership comprises of the 5 London Boroughs, 4 RSLs, being, Paradigm, 1066, Paddington Churches HA and - Ealing Family HA, and commercial partners. Other RSLs supported the bid, but did not want to participate beyond a small financial contribution at that stage.

22 Any later entries into membership will need to commit to meeting their share of the development costs and bearing a proportionate share of future costs.

LEGAL IMPLICATIONS

23 There are no significant concerns about the legal documentation although there are some outstanding matters, relating to the day to day working of the company, that officers are working to resolve. It is largely a matter for the Committee to weigh up the advantages and disadvantages of establishing the company, appreciating the responsibilities that will arise. It is also important that the Council's representatives plays a full role in the company's affairs to maximise the benefits for the Council.

24 *The agreement will ensure that the local authorities combined retain a majority on the Board. However, it is vital that members appreciate that there is the potential for the Board of the CLA to pass resolutions that are not consistent with the objectives of member authorities. In those circumstances the Business Agreement does contain provision for that member not to comply with the resolution, providing an impact report is provided with 14 days of the Board resolution. For example where:*

- 1. *adherence to the resolution would require the council to make a significant amendment to its internal lettings policy in a manner which is not approved [by Hillingdon]***
- 2. *adherence to the resolution would cause the council to be in breach of relevant provisions of the Local Government & Housing Act 1989 or the Local Authorities (Companies order) 1995, see paragraph 27 below.***
- 3. *the resolution would increase the contribution made to the Company by [Hillingdon]***
- 4. *adherence to the resolution would cause the council to act ultra vires.***

Legal Powers

25 The Council has power under Section 58 of the Housing Association Act 1985 "to promote the formation or extension of a housing association". The term "Housing Association" is defined in Section 1 of the Act as "a society, body of trustees or company which is established for the purpose of, or amongst other objects or powers are included those of, providing, constructing, improving or managing, or facilitating or encouraging the construction or improvement of housing accommodation, and which does not trade for profit".

26 Section 58 therefore gives the Council power to establish a company to let local authority accommodation provided that it does not trade for profit.

Section 58 continues to even though the Housing Act 1996 repealed most of the Housing Association Act 1985.

27 Once a local authority sets up a company, the provisions of Part V of the Local Government and Housing Act 1989 apply. These place onerous requirements on the local company with regard to capital finance and the conduct of business. However, an application has been made to Government for the CLA to be exempt from the provisions of the 1989 Act. If this application is not successful the legal and financial basis of the company will be reconsidered. Therefore it is not necessary to give any further legal advice on the Act at this stage.

Liability of the Council and its Officers

28 The CLA will be a company limited by guarantee. If it is wound up the Council's liability is limited to £10, set out in the Memorandum of Association. However, the liability of the Council appointed Director (Chairman of Housing) can be more than £10 in the following circumstances:

1. If the company is wound up and it appears to the Court that any business of the company has been carried on with intent to defraud creditors or for any fraudulent purpose, the Court can order any party to such conduct to "make contributions to the company's assets as the Court thinks proper." This arises under Section 213 of the Insolvency Act 1986 - fraudulent trading.
2. If the company is wound up and it appears to the Court that before the commencement of the winding up a director of the company "knew or ought to have concluded that there was no reasonable prospect that the company would avoid going into insolvent liquidation and the [director] failed to take every step with a view to minimising the potential loss to creditors as he ought to have taken, the Court can order the director to "make any contribution to the assets of the company as the Court thinks proper." This liability arises under Section 214 of the Insolvency Act 1986 - wrongful trading.

29 It is important to note that case law - *Burgoine v London Borough of Waltham Forrest* 1996 - provides that the contractual indemnity from the Council on which officers and Members can usually rely if they are sued in the performance of their duties, will not apply to fraudulent or wrongful trading or other misconduct. In such circumstances the director of the Company appointed by the Council will be personally liable for any losses.

30 In addition there are numerous offences that can be committed by directors of companies under the Companies Act 1985 and other related legislation. If the Committee agrees the recommendations, the delegated Member and officers will be given training on these matters.

PART I – MEMBERS & PUBLIC (INCLUDING THE PRESS)

RESOURCE IMPLICATIONS

Government Grant

31 The Government has awarded £1.1million in grant over the two year life of the pilot. These funds supplement resources currently deployed by the partner boroughs in delivering a lettings service. The grant is intended to meet most of the additional costs of the pilot.

32 The CLA must account for expenditure and demonstrate that the objectives of the pilot are fulfilled. The pilot may result in the wider adoption of choice based lettings. There will not be a requirement to repay the grant where the options of the pilot are fully tested.

Business Plan

33 There is a detailed business plan is being developed for Year One and an indicative Plan for Year Two. The plan will identify the likely costs and determines the level of resources to be allocated by the partners. Such resources are expected to include the attachment of existing staff engaged in the lettings service to spend some of their time on the pilot. Other resources may be allocated, such as wider administrative and office support, accommodation etc.. The plan will be reviewed in the Autumn.

Delivery

34 The pilot results form substantial work undertaken in the period July 2000 -April 2001, including the Committee's review of the Allocation policy. Significant progress has been made in this period to ensure that the CLA is well placed to deliver the objectives of the pilot. The CLA will have its own director and dedicated staffing resources, supported by officers from each borough and advisors as required.

BACKGROUND PAPERS

Housing Committee Minutes 14 December 2000

Draft legal documents for the Central Letting Agency:

- Articles of Association
- Memorandum of Association
- Members Agreement

APPENDIX 1

CHOICE BASED LETTINGS PILOT SCHEME

Introduction

On 14 December 2000, Members were informed that the Council had joined with other West London Boroughs and registered social landlords to submit a bid to establish a "choice based lettings" pilot scheme, known as the West London Partnership. DETR confirmed that the bid was one of the twenty one that had been successful and granted £1.1 million to the Partnership.

The Pilot

The landlord members of the West London Partnership are the London Boroughs of Brent, Ealing, Harrow, Hillingdon and Hounslow, 1066 Housing Association, Paddington Churches Housing Association, Paradigm Housing Association and Ealing Family Housing Association. The pilot scheme commits each borough to explore the operation of choice based lettings within its properties, and to examine how cross-borough applications could be facilitated by such a system.

Over the period of the two year pilot, members will move away from allocating vacancies to advertising them and enabling those registered as applicants on the housing register and transfer list, to choose a property from those available. By the close of the pilot period, on the basis that the model has been fully tested and works, all vacancies amounting to approximately 6,500 per annum will be advertised.

It is intended to offer vacancies in Hastings, through 1066 Housing Association and in the midlands through Family Care and Housing, to people who live in West London. The potential for further partnerships to increase inter regional mobility are being explored through the LAWN initiative which seeks to develop partnerships on behalf of London boroughs with councils and RSLs who have vacant stock elsewhere in the country. Additional public and private sector landlords will be added as the pilot develops to increase choice for residents in West London. The promotion of lower demand areas will be supported by local employment and community information, provided by the recipient landlords.

A Central Letting Agency (CLA) will undertake administration of the advertisement and matching service, working on behalf of pilot members and others as the scheme develops. The CLA will maintain a central database of applicants that will be disaggregated to provide the equivalent of a housing register for each borough and registered social landlord. It will operate the choice based letting pilot for each landlord and collaboratively the partnership

will explore how they can develop consistent systems that will standardise access to housing services across West London. The pilot will explore the potential for cross borough boundary lettings, and this will initially examine the feasibility of such an approach with one bedroom properties.

Working in Partnership

A Steering Group of representatives from each of the partners worked together to prepare the bid. The CLA will be created to provide a mechanism to deliver the pilot and to enable each of the partners to move towards a Choice Based Lettings System. Consideration has been given to the best method of delivery and it is recommended that the CLA should be established as a joint venture between the partner boroughs, the registered social landlords and representatives from relevant independent organisations. It will exist for the life of the pilot and it will be able to employ its own staff, procure services and enter into contacts in its own right. This will give the CLA the ability to act as an autonomous organisation to deliver the individual and collective objectives of the partners.

Since notification that the bid had been successful, the Steering Group has established officer project teams involving all of the partners to prepare the way in which the choice based letting system will work. They will be working over the forthcoming months with the intention of commencing operation of the CLA early in 2002. Early meetings of the project teams have identified a number of key issues that partners need to address:

a) Replacing the "Points Scheme" with Bands

The introduction of a choice based lettings scheme will require the amendment of any points based systems used by all of the boroughs and registered social landlords to establish the level of "housing need" for applicants (not applicable in Hillingdon). Although there are common threads, each partner currently uses a different scheme. Each partner will need to agree a new "banding system", that can demonstrate priority need has been taken into account. It will be possible to operate with each borough having its own banding structure. Each individual band will need to be sufficiently wide enough to avoid the problems that occur with the current points system, where applicants "chase points" to increase their chances of being offered a home.

There will clearly need to be a band(s) that comprises "emergency" cases and there will also need to be a band(s) that contains those applicants with very little or no housing need. For cross boundary lettings to be tested thoroughly within the pilot, it will be necessary for boroughs to establish so far as possible, common bandings and some degree of compromise may be required by all partners. A future report will be made to Members once the development work on the proposed bandings has been completed.

b) Cross Boundary Lettings

Discussions in the project teams have identified that guidance will be required from each of the boroughs on how to deal with the cross boundary lettings issue. Each Council's current policy is to give priority to those on its own Housing Register and it will be necessary within the development of the pilot to open up choice to applicants from elsewhere. The success of the cross boundary lettings depends upon creating common policies and practices and the project teams are exploring all of the different approaches currently used by the boroughs.

Initially, each borough could consider offering a percentage of all vacancies to applicants from other borough Housing Registers. Although this may seem radical, it should be appreciated that applicants from this borough will have their own choice extended and may wish to move out of the borough. Safeguards could be introduced into the arrangements. For example, it could be agreed that cross boundary lettings will be encouraged, provided that no one borough becomes a net importer over a fixed period of time. Cross boundary lettings could also be restricted to a "like for like" or reciprocal basis. All boroughs achieve a reasonable balance of "in and out" lettings, therefore achieving approximately the same number of net lettings as would have been achieved through the individual lettings scheme. Members are asked to indicate their views on this issue.

c) Eligibility

It will be necessary to agree rules that determine the eligibility of applicants to be able to use the choice based lettings scheme. For example, each borough takes a common, but slightly different approach to deal with tenants that have applied for a transfer, but who have rent arrears. Special arrangements need to be developed to deal with homeless cases that have failed to choose a home within a reasonable time.

Some degree of compromise may be required by all partners to make the scheme successful. A future report will be made to Members once development work on the proposed bandings has been completed.

Conclusion

The establishment of the CLA will provide a range of benefits to the Authority, including:

- The ability to test the implication of Choice Based Lettings before general application as signalled in the Green Paper.
- The opportunity to influence the approach taken by DETR in its future application

- The potential to widen choice for residents of West London by formal links with Social landlords in lower demand areas.
- The potential for the removal of the administrative burden of operating a housing register and a transfer list, as these services will be provided by the CLA.
- The opportunity to gather real data on the demand for social housing, enabling the authority to plan for future investment.
- The opportunity to test a number of options within the pilot before committing to any significant changes.
- The potential to work with other social landlords and partner bodies, building on their experience of creating a CLA.
- The potential to address the Best Value agenda regarding competition and challenge, for example, joint procurement, joint working, private/public partnership.