Allocations and choice in Scotland

Discussion Paper

Hal Pawson, School of the Built Environment, Heriot-Watt University

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October 2002
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# Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive summary</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>1. Introduction</strong></td>
<td>8</td>
</tr>
<tr>
<td>1.1 Background</td>
<td>8</td>
</tr>
<tr>
<td>1.2 Distinguishing bureaucratic and choice-based allocations approaches</td>
<td>9</td>
</tr>
<tr>
<td>1.3 Legal, regulatory and policy framework on allocations and choice</td>
<td>9</td>
</tr>
<tr>
<td>1.4 Content, structure and scope of report</td>
<td>10</td>
</tr>
<tr>
<td><strong>2. Coercion and choice in existing allocations systems</strong></td>
<td>11</td>
</tr>
<tr>
<td>2.1 Chapter scope</td>
<td>11</td>
</tr>
<tr>
<td>2.2 The role of choice</td>
<td>11</td>
</tr>
<tr>
<td>2.3 The role of coercion</td>
<td>13</td>
</tr>
<tr>
<td>2.4 Chapter summary</td>
<td>16</td>
</tr>
<tr>
<td><strong>3. Consumerist reforms of allocations systems</strong></td>
<td>17</td>
</tr>
<tr>
<td>3.1 Chapter scope</td>
<td>17</td>
</tr>
<tr>
<td>3.2 The case for reform</td>
<td>17</td>
</tr>
<tr>
<td>3.3 Limited reforms of bureaucratic allocations systems</td>
<td>19</td>
</tr>
<tr>
<td>3.4 The Delft Model: origins and components</td>
<td>21</td>
</tr>
<tr>
<td>3.5 Chapter summary</td>
<td>23</td>
</tr>
<tr>
<td><strong>4. The development of choice-based Lettings (CBL): Dutch and English Experience</strong></td>
<td>25</td>
</tr>
<tr>
<td>4.1 Chapter scope</td>
<td>25</td>
</tr>
<tr>
<td>4.2 Post-1990 evolution of the Delft Model in the Netherlands</td>
<td>25</td>
</tr>
<tr>
<td>4.3 Impact of Delft-style approaches in the Netherlands</td>
<td>26</td>
</tr>
<tr>
<td>4.4 Transferability of the Delft Model to the British context</td>
<td>26</td>
</tr>
<tr>
<td>4.5 The application of choice-based lettings approaches in England</td>
<td>27</td>
</tr>
<tr>
<td>4.6 Chapter summary</td>
<td>31</td>
</tr>
<tr>
<td><strong>5. Enhancing applicant choice in Scotland: emerging developments</strong></td>
<td>33</td>
</tr>
<tr>
<td>5.1 Chapter scope</td>
<td>33</td>
</tr>
<tr>
<td>5.2 Common Housing Registers</td>
<td>33</td>
</tr>
<tr>
<td>5.3 Other limited reforms to enhance applicant choice</td>
<td>33</td>
</tr>
<tr>
<td>5.4 Development of CBL systems in Scotland</td>
<td>34</td>
</tr>
<tr>
<td>5.5 Chapter summary</td>
<td>38</td>
</tr>
</tbody>
</table>
6. Developing CBL systems in Scotland: issues for consideration

6.1 Chapter scope

6.2 Prioritising applicants under CBL systems

6.3 Implications for vulnerable applicants

6.4 CBL Systems: financial implications for social landlords

6.5 CBL Systems and joint working between social landlords
   (including Common Housing Registers)

6.6 Changing power relations

6.7 Area polarisation

6.8 Chapter summary

7. Taking the debate forward

Appendix 1 postal survey methodology

A1.1 Background and Scope

A1.2 The questionnaires

A1.3 Response rates

A1.4 Analytical framework

Appendix 2 CBL proposals being developed by specific landlords

Appendix 3 The role of waiting time under current allocations policies

References
Executive summary
Introduction and policy context (Chapter 1)

Mainly thanks to its promotion in the DETR 2000 Housing Green Paper, reforming social housing allocations systems to enhance applicant choice has emerged as one of the most topical housing issues at the start of the new millennium. The Green Paper strongly encouraged social landlords to replace complex needs-based allocations systems with simpler, more customer-focused approaches of the type operated by social landlords in the Netherlands (DETR, 2000a). Although this policy pronouncement had no direct relevance to Scotland (formally, the Green Paper was applicable only to England), the debates sparked on this issue have had repercussions north of the border.

Unlike the Westminster administration, however, the Scottish Executive has not promoted choice-based lettings on the Dutch model. And until very recently, none of the official or good practice guidance covering allocations in Scotland (e.g. CIH (1999), SFHA (1999)) explicitly acknowledged the need for applicant choice in the lettings process. Only in 2001 did an official document of this type acknowledge that ‘maximising (applicant) choice’ should be – among others – a guiding principle of an allocations policy. Among the new Performance Standards expectations for all social landlords in Scotland is a requirement that houses should be let in a way that:

‘gives reasonable preference to those in greatest housing need; makes best use of available stock; maximises choice; and helps to sustain communities’. (Communities Scotland, 2001, p. 7)

In its recent guidance on interpreting the Housing (Scotland) Act 2001 the Scottish Executive has adopted a permissive stance on the setting up of choice-based lettings schemes, whilst emphasising the need for such systems to take proper account of housing need (Scottish Executive, 2002).

Nevertheless, whilst debate on the shortcomings of traditional allocations systems has been more muted north of the border, many of the arguments discussed in the English context are highly relevant and there is now growing interest in the issue in Scotland. The purpose of this discussion paper, therefore, is to stimulate and inform this debate. In particular, the paper:

◆ analyses the operation of existing social housing allocations systems in Scotland in terms of the degree of coercion and choice they involve
◆ gauges key stakeholders’ views on the possibility of introducing more applicant-centred allocations policies
◆ reports on the development of choice-based lettings (CBL) approaches in the Netherlands and in England
◆ documents emerging examples of CBL systems being developed by Scottish local authorities and housing associations.

Coercion and choice under existing allocations systems (Chapter 2)

Virtually all social landlords in Scotland continue to operate bureaucratic – as opposed to customer-focused – allocations systems. That is, their procedures involve an administrative rather than applicant-centred process for matching homeseekers and vacancies. Under such systems, the scope for applicant choice is limited to the expression of general preferences on issues such as area and property type; preferences which are expressed at the point of application (and which may, or may not, be updated subsequently).
Most social landlords offer non-homeless applicants the opportunity to express some locational and property type preference, though such views are not always taken into account in making tenancy offers (see Tables 2.1-2.3). In general, and compared with other applicant types, rehousing choices made available to statutory homeless households are relatively constrained. For example, five local authorities deny homeless households the opportunity to opt for a ‘preferred area’ (see Table 2.1). Similarly, whilst more than four fifths of social landlords guarantee to take expressed area preferences into account when allocating homes, only a fifth of local authorities make the same undertaking in the case of homeless households (see Table 2.2).

Most landlords impose limits on the number of tenancy offers an applicant can refuse without penalty (see Table 2.4). Nearly three quarters (73 per cent) of local authorities, for example, restrict waiting list applicants to a maximum of two offers. Housing associations tend to be somewhat less restrictive: just under half (47 per cent) limit offers to waiting list applicants to one or two, whilst nearly a quarter (24 per cent) impose no limits of this kind. Again, homeless households tend to face a relatively coercive regime: most local authorities (69 per cent) allow one tenancy offer only to members of this group.

In terms of the rules on tenancy offer limits, it appears that the coerciveness of allocations policies among Scottish local authorities has remained relatively unchanged over the last decade (see Table 2.5). This contrasts with experience in England where there has been a substantial increase in the proportion of councils operating one offer only policies during this period.

Consumerist reforms of allocations systems (Chapter 3)

The Case for Reform

Particularly where they involve the wholesale replacement of an existing allocations system by a CBL approach, changes boosting applicant choice are likely to be seen by social landlords as inconvenient, expensive and potentially risky. Unless the adoption of such systems becomes a legal requirement, why should local authorities and housing associations contemplate such a step?

The main philosophical argument in favour of replacing the bureaucratic approach to lettings with an applicant-centred approach is that this is consistent with the prevailing mode of service delivery in a modern consumer society. The paternalistic approach implicit in traditional allocations systems has become inconsistent with the experience of social housing customers in other aspects of their lives and with the general imperative of empowering public service consumers. Continuing to operate such systems perpetuates the treatment of social housing applicants as passive supplicants and only compounds the stigmatisation of social housing as an abnormal form of accommodation secured through an abnormal process.

At a more practical level, choice-based approaches are seen as offering the potential for:

- greater transparency from the applicant’s perspective
- enhanced residential stability
- greater managerial efficiency
- drawing in new customers to boost housing demand.

There is widespread support among Scottish housing staff and tenant representatives for a consumerist critique of traditional allocations systems which sees these as being paternalistic, unaccountable and inflexible.
Reforming and replacing bureaucratic allocations systems

In the recent debate on enhancing applicant choice in allocations attention has tended to focus on the CBL or Delft model under which vacancies are openly advertised. However, the advertising model is only one among a number of possible reforms to allocations policies aimed at enhancing applicant choice. More limited reforms within a fundamentally bureaucratic framework include the setting up of Common Housing Registers, as well as measures aimed at better informing applicants’ rehousing choices.

Delft-style reforms are more far-reaching because they involve the replacement of a bureaucratic method of matching applicants and vacancies with a ‘customer-focused’ method. Crucial ingredients of such systems are:

- newly arising social housing vacancies are advertised on a periodic (e.g. fortnightly) cycle
- house hunters apply for specific advertised vacancies, with their circumstances being verified against published eligibility criteria by the landlord
- the relative priority of competing applicants is decided according to easily understood concepts such as age of applicant, waiting time or length of residence
- allocation outcomes are published to indicate the level of demand for each vacancy let and the priority of the successful applicant.

Dutch experience of operating Delft-style/CBL systems (Section 4.2)

In the 12 years since its initial launch, versions of the Delft model have been adopted by 90 per cent of Dutch social landlords. This reflects a generally positive assessment of its virtues by both landlords and homeseekers. At the same time, however, evaluations have revealed a fairly widespread tendency for the submission of invalid applications, which casts some doubt on whether such systems are as transparent and comprehensible as is sometimes believed. Recognition of this problem has inspired a number of system modifications by social landlords. Definitions of emergency cases have also tended to be tightened to avoid the crowding out of those with queue-based (as opposed to needs-based) priority.

The efficiency impact of Delft-style systems in the Netherlands is not clear-cut, though their popularity with landlords suggests it is unlikely that they are widely seen as inefficient.

Important similarities between the Dutch and British housing systems include a comparable tenure structure and tradition of bureaucratic, needs-based social housing allocation. This helps to underpin the case for the Delft model being a suitable candidate for policy transfer. Nevertheless, the housing circumstances of the two countries also contrast significantly – e.g. in terms of Britain’s more residualised social housing, more pronounced market extremes and homelessness legislation.

English experience in operating CBL approaches (Section 4.4)

Until 2002, experience of advertising-based lettings systems in England was confined to the district of Harborough and to a number of mainly metropolitan councils who had developed fast track frameworks as a response to low demand. Since April 2001, however, the spread of such approaches has been kickstarted by the Government’s creation of a £13 million pilot programme involving 27 lead councils selected from over 90 who submitted bids for pilot status. Pilot schemes cover a diverse set of geographical, housing market and organisational contexts across the country. Seventeen of the 27 pilot schemes have now been launched.
Most of the pilots involve vacancy advertising through freesheets, websites and estate-agency style shopfront offices. About a third are limited to a sub-area within a local authority or a particular type of vacancy. The others aspire to be comprehensive across most or all social housing vacancies throughout a council’s territory. Some include the promotion of inter-regional moves from high to lower demand areas. Most have attempted to simplify applicant ranking methods, and to substitute ‘transparent’ queue-based priority in place of needs-based priority at least to some degree. Some, however, retain points systems. Virtually all the pilots include consortiums of landlords – often a council working with local registered social landlords (RSLs), sometimes neighbouring councils working together. In a number of schemes, the main player is the stock transfer RSL.

An official evaluation of the pilot programme has been commissioned and this is publishing periodic progress reports. Early indications emerging from this source suggest that the first wave of schemes:

- have tended to generate increased interest in social housing – as measured by the size of waiting lists
- have seen a greater than anticipated use of the internet as a means of bidding for vacancies
- have seen mixed effects in terms of housing management performance (e.g. in terms of typical relet intervals).

Whilst some non-pilot landlords are awaiting the outcome of the pilot programme before making any moves in this area, there is evidence of substantial numbers developing CBL systems without external financial assistance.

**Enhancing applicant choice in Scotland: emerging developments (Chapter 5)**

Most Scottish local authorities are already developing, or are considering setting up, Common Housing Registers. Many landlords are also open to modifying traditional systems in limited ways in an attempt to reduce the restrictions on applicant choice and to soften rules which effectively coerce homeseekers into accepting tenancies they might prefer to reject.

Increasingly, there is also interest in the more fundamental step involved in switching to a choice-based approach. Two housing associations – Berwickshire and Hjaltland – have launched CBL-style systems in 2002, comprehensive across all their vacancies. The Berwickshire scheme, fairly closely modelled on the Delft approach, is notable partly for the fact that it was set up from scratch in well under a year. Initial indications suggest that the system is popular with applicants and that it has enhanced the association’s existing high level of void management performance.

Around a dozen other social landlords are running small scale pilots and/or planning to launch advertising-based systems in the near future (see Table 5.3). Among local authorities, Edinburgh is probably furthest forward, having operated a ward-level pilot for over a year as a prelude to plans for city-wide roll-out early in 2003. Link HA, the country’s largest RSL, plans to test an advertising-based system across a quarter of its stock with a view to the possible subsequent association-wide expansion of the scheme.

**Developing CBL systems in Scotland: issues for consideration (Chapter 6)**

**Prioritising applicants**

The possibility that CBL systems might involve the wholesale replacement of needs-based prioritisation by queuing systems (e.g. based on waiting time) has raised concerns among some stakeholders. In fact, waiting time is already a component of applicant ranking systems currently used by many local authorities.
(but not RSLs). More importantly, legal requirements mean that allocations systems operated by social landlords in Britain must take considerable account of need. Under the model advocated by the DETR Green Paper, reconciling waiting time and need may be achieved through the use of internally date-ordered needs-related bands.

Rehousing homeless households

Rehousing statutory homeless households could be achieved within a CBL system. However, such a system would need to be carefully designed and managed to allow real choice to applicants, on the one hand, whilst capping temporary accommodation costs, on the other. This latter aspiration would probably need to be achieved through time-limiting an applicant’s priority status. Whilst this would necessarily involve an element of coercion, it may be seen as a worthwhile price for including homeless households within a choice-based system rather than excluding them from it. Designating homeless households and other urgent need applicants as having overriding priority could compromise the realisation of some CBL aspirations if such applicants absorb a large share of lettings.

There is undoubtedly some underlying tension between the rights-based approach inherent in the homelessness legislation and the consumerist dynamic underpinning the CBL model. The recent tendency - apparent in both Scotland and England - towards widening the definition of those owed a statutory rehousing duty only compounds these strains.

Implications for vulnerable applicants

The more active involvement called for from applicants under advertising-based systems could be to the detriment of more vulnerable homeseekers - particularly those with special handicaps such as illiteracy or learning difficulties. This is undoubtedly a potential problem and calls for the provision of additional advice and advocacy services under a CBL-style system. It is to be hoped that resources to fund such services could be diverted from savings generated by scrapping the labour-intensive shortlisting and matching activities intrinsic to bureaucratic allocations approaches. If such savings do not, however, materialise additional resources will be needed.

It is, on the other hand, possible that open advertising of vacancies actually facilitates the active involvement of carers, other family members and advocates in assisting vulnerable people seeking rehousing.

Financial implications for social landlords

 Provision of setup costs through the CBL pilot programme has helped to kickstart the spread of these systems in England. However, the experience of Berwickshire, as well as a growing body of non-pilot landlords operating CBL systems south of the border, suggests that access to such a fund is not necessarily essential in making this switch.

Some landlords switching to a CBL approach are motivated by a belief that existing bureaucratic methods are inefficient and wasteful. Moving to an advertising-based system is expected to generate cost savings. Nevertheless there is a danger that such a move could expose a landlord to some degree of risk in that poorer void management performance could result, inflating rent losses. As yet, the evidence from already-established CBL schemes in Britain is insufficient to make a firm judgement as to which of these scenarios is more likely. Early indications, however, are relatively promising.

CBLs and joint working among social landlords

A social landlord’s decision to adopt a CBL approach could have implications for other landlords operating in the same locality, particularly if a Common Housing Register (CHR) is in operation or in the process of
being set up. Both CBLs and CHRs can be seen as motivated – in part at least – by a consumerist vision of housing services. Conventionally, CHRs are envisaged as systems compatible with the traditional bureaucratic allocations approach. Instead of using their own individual lists, landlords draw on the CHR to shortlist and match suitable applicants. However, there is nothing to prevent a CHR being used as the basis for a choice-based system if the register contains data facilitating the ranking of applicants’ priority. It is also possible to conceive of a scenario where one CHR partner (e.g. the local authority) advertises its vacancies and ranks bidders using CHR data, whilst RSLs retain traditional allocations approaches, drawing shortlists from the register and seeking nominees in the conventional way. Inter-organisational tensions familiar to anyone with experience of setting up a CHR may, however, be somewhat exacerbated if some partners, but not others, decide to break radically with traditional needs-based prioritisation. This could reduce considerably their own applicant information requirements, perhaps generating some frustration with the continued need for exhaustive CHR data collection to meet the requirements of landlords retaining a traditional highly needs-based approach.

**Changing power relations**

Switching to a CBL approach involves a fundamental shift of power – and responsibility – from social landlords to homeseekers. Recognition of this may discourage some social landlords from making such a switch. Certainly, there is a fairly widespread perception among housing staff that many councillors may be inclined to resist any proposals seen as relinquishing council powers in this field.

However, whilst social landlord staff cease to play such a pivotal role in the letting process under a CBL approach, landlords themselves retain important policy levers enabling them to continue to exert influence on how such systems function and the rehousing outcomes they generate. These can include the way that vacancies are labelled. Such labelling may be employed in an effort to achieve social or demographic mix at a block or neighbourhood level, or in line with area-specific or organisation-wide quotas for different categories of applicants (e.g. new tenants versus existing tenants).

**Area polarisation**

Where homeseekers are given the ability to select directly from available vacancies, there is a possibility that contrasts in neighbourhood popularity will be revealed even more starkly than under conventional allocations systems. There are concerns among some social landlords and among tenants groups that this could increase neighbourhood polarisation. To the extent that this might occur in extreme cases, it has to be asked whether the masking of such problems under traditional bureaucratic systems is in fact desirable. In areas where there are extreme oversupply problems, where there is serious neighbourhood disturbance, or where landlords are attempting to relet homes in very poor condition it is certainly possible that the adoption of a CBL approach might make it more difficult for such problems to be ignored. It may be more difficult for landlords to avoid facing up to fundamental choices such as whether to dispose of, demolish or change the use of the stock concerned. In the long run, however, this must surely be seen as a positive rather than a negative outcome.

**Taking the debate forward (Chapter 7)**

In conducting best value service reviews covering allocations, social landlords need to be strongly encouraged to assess whether existing systems adequately empower consumers and, if not, how this could be achieved.

As a means of promoting debate, the Chartered Institute of Housing in Scotland (CIHS) could support the production of a video highlighting the need for reform of allocations policies and highlighting some of the characteristics of CBL systems being set up in Scotland. The presentation could address some of the specific concerns voiced by Scottish social landlords, tenants and other stakeholders on how such systems might operate.
The active support of local authority members for a possible switch to a CBL approach is most likely to be engendered through demonstrating the direct relevance of such systems to tackling familiar problems such as high void rates due to low demand or simply the volume of applicants’ complaints about the capriciousness or incomprehensibility of existing allocations policies.

In coming to a firm stance on the CBL principle, the Scottish Executive may wish to await the outcome of the official evaluation of the English pilot programme (due in Autumn 2003). In the meantime, however, the Executive needs to ensure that the growing interest in CBL systems among social landlords in Scotland can be integrated alongside its existing Common Housing Register development programme.
1. Introduction

1.1 Background

Mainly thanks to its promotion in the DETR 2000 Housing Green Paper, the reform of social housing allocations systems to enhance applicant choice has emerged as one of the most topical issues in the housing world at the start of the new millennium. The Green Paper strongly encouraged social landlords to replace complex needs-based allocations systems with simpler, more customer-focused approaches (DETR, 2000a). More recently, the Housing Corporation has stated an expectation that housing associations in England will ‘seek to offer a choice of home’ to housing applicants (Housing Corporation, 2001). Although these policy pronouncements have no direct relevance to Scotland (formally, the Green Paper’s proposals were applicable only to England), the debates they have sparked on this issue have already had repercussions north of the border.

Much of the inspiration for the current wave of interest in enhancing applicant choice in allocations originates from reforms implemented in the Netherlands during the 1990s. Initially in the city of Delft, and subsequently in most other parts of the country, social landlords replaced closed bureaucratic allocations frameworks with open, applicant-centred systems where most vacancies are advertised. As such approaches have been adapted in Britain, they have been described as choice-based lettings – CBL – systems.

Compounding the Green Paper’s impetus, a £13 million DETR challenge fund led to the designation of 27 CBL pilot local authorities across England in March 2001. Within a two year pilot programme, these authorities – and their RSL partners – are testing a range of techniques aimed at enhancing applicant choice in the lettings process. In addition, many English social landlords are developing their own approaches to widening applicant choice outwith the pilot initiative, with numerous others gearing up for possible change depending on the outcome of these trials.

Closer to home, Shelter Scotland has criticised traditional (bureaucratic) allocations systems on the grounds that these allow too little scope for applicant choice. In our modern consumer society, Shelter argued, the opportunity for exercising real choice in the selection of housing should not be denied to social landlords’ customers simply because of their reliance on non-market housing (Shelter Scotland, 2000). Shelter Scotland favours reforming rather than replacing traditional allocations systems – e.g. through better informing applicants and making multiple offers (see Section 3.3). Partly spurred by Shelter’s critique of existing approaches to allocations, however, a limited number of social landlords in Scotland are progressing plans for more radical change in the form of choice-based lettings systems (see Section 5).

Unlike the Westminster administration, however, the Scottish Executive has not promoted choice-based lettings on the Dutch model. Consequently, debate on the shortcomings of traditional approaches to allocations and the need for consumerist reform has until now been much more muted north of the border. The purpose of this discussion paper, therefore, is to stimulate and inform this debate. In particular, it seeks to:

- analyse the operation of existing social housing allocations systems in Scotland in terms of the degree of coercion and choice they involve
- gauge key stakeholders’ views towards the possibility of introducing more applicant-centred allocations policies
- document emerging examples of choice-based lettings approaches being developed by Scottish local authorities and housing associations.
1.2 Distinguishing bureaucratic and choice-based allocations approaches

Social housing allocations systems as they have developed in Britain over the past few decades are typified by:

- rather complex rules aimed at aligning rehousing priority with applicants’ assessed housing needs and avoiding unlawful discrimination
- a wholly bureaucratic method of matching applicants and vacancies.

Under such systems, people seeking housing in the social rented sector are generally allowed to specify rehousing preferences - e.g. in terms of location and property type sought - in general terms. This information is held by the landlord concerned, and used by staff in selecting applicants seen as suitable for particular vacancies. Having completed an initial application form, applicants themselves play no active part in this process other than to decide whether to accept or reject a rehousing offer generated as a result.

Choice-based approaches, by contrast, open up the rehousing process by advertising vacancies so that people needing housing can select directly from those available. With the essentially top-down traditional method being replaced by a system in which the customer plays an active part, the term ‘allocations’ logically gives way to the more neutral ‘lettings’. Typical components of choice-based lettings (CBL) systems are discussed in more detail in Section 3.4.

It would, however, be a mistake to imagine that switching to a CBL approach represents the only way in which existing allocations policies can be reformed in the interest of greater customer-focus. There are a number of less radical ways of reshaping essentially bureaucratic allocations policies to promote applicant choice and reduce coercion and some examples of these are examined in Section 3.3.

1.3 Legal, regulatory and policy framework on allocations and choice

The traditional expectation that social housing will be allocated according to housing need is reflected in s. 20 of the Housing (Scotland) Act 1987 which sets out a number of ‘reasonable preference’ criteria which should be used by local authorities in prioritising applicants. These criteria refer to overcrowding, to unsatisfactory physical conditions and to homelessness. The specific rehousing duties owed by local authorities to statutory homeless households under the 1987 Act are another aspect of the needs-related legal framework within which social landlords must operate.

Very similar obligations also apply in England and it is accepted by social landlords developing choice-based approaches that these must be configured to respect such requirements.

Under the Housing (Scotland) Act 2001 the reasonable preference rules have been extended to cover RSLs - though this is mainly a matter of requiring by statute what was formerly specified through regulation. Scottish Homes (now Communities Scotland), as regulator, has in any case required housing associations to allocate vacancies to ‘those with high levels of housing need ...’. Regulatory guidance has, nonetheless explicitly accepted that associations’ allocations policies also need to (i) make the best use of available stock, and (ii) assist in the creation and maintenance of balanced and stable communities (Scottish Homes/SFHA, 1999).

Until very recently, however, none of the official or good practice guidance covering allocations in Scotland (e.g. CIH (1999), SFHA (1999)) referred to the desirability of allowing for or promoting applicant choice in the lettings process. An earlier CIHS publication, for example, presented a set of nine
'recommended principles' and six 'core objectives' for any allocations policy, none of which mentioned this issue (Britain and Yanetta, 1997).

Only in 2001 has an official document of this type acknowledged that ‘maximising (applicant) choice’ should be - among others - a guiding principle of an allocations policy. The new Performance Standards document developed by Communities Scotland states that houses should be let in a way that:

‘gives reasonable preference to those in greatest housing need; makes best use of available stock; maximises choice; and helps to sustain communities’. (Communities Scotland, 2001 p. 7)

Although it is far less prominent than the pro-choice views espoused by the DETR and Housing Corporation in England, the inclusion of this phrase in the new Performance Standards is the first explicit central government endorsement of the need for a consumerist element within allocation policies north of the border. This would, however, be consistent with the Executive’s high profile advocacy of Common Housing Registers as a customer-focused approach to social housing lettings (Third and Yanetta, 2000).

More recently, the Scottish Executive has acknowledged the interest of social landlords in choice-based lettings and confirmed that such approaches could be set up in such a way that there is no conflict with a landlord’s legal obligations:

‘When designing a choice-based scheme... social landlords must have mechanisms to ensure that sufficient priority is given to homeless and other applicants in housing need... the [Housing (Scotland) Act 2001] should not act as a significant constraint on the development of choice-based lettings systems if landlords wish to go down this route’. (Scottish Executive, 2002, p.10)

Currently the Executive’s commitment towards the development of more customer-focused rehousing systems continues to be expressed mainly through its advocacy of Common Housing Registers. Around £750,000 is being spent on the promotion of CHRs in Scotland, with these funds being targeted mainly on six pilot authorities in the expectation that the systems being set up in these areas will serve as an example for others. Apart from their potential for enhancing efficiency, CHRs are argued to benefit the consumer through providing a single gateway to social housing within a given area. In fact, CHRs and CBLs are closely related, not only in terms of their underlying dynamic, but also at a practical level. This interconnectedness is explored further in Section 6.5.

1.4 Content, structure and scope of report

This report, commissioned by CIHS and funded by the Scottish Executive, brings together evidence from a number of sources. In particular, it draws on a postal survey of Scottish local authorities and housing associations carried out in early 2002 (see Appendix 1), as well as discussions with key stakeholders and a series of focus group discussions with social landlords and tenant representatives.

After discussing survey evidence on the extent to which applicants are able to exercise choice within traditional allocations systems (Chapter 2), the report examines critiques of existing bureaucratic allocations frameworks and looks at both limited and fundamental reforms to such systems aimed at reducing coercion and promoting choice (Chapter 3).

In Chapter 4 the report traces the evolution of CBL approaches both in the Netherlands and England. It then goes on to look at the recent development of such systems in Scotland. This leads to a discussion in Chapter 6 of some broader issues arising from the adoption of CBL approaches in the British context and how problems might be avoided or resolved. Lastly, we make recommendations on how this debate can be taken forward.
2. Coercion and choice in existing allocations systems

2.1 Chapter scope

Calls for greater choice in housing allocations raise questions as to how far applicants can influence their rehousing outcomes under existing systems. In the Scottish context, such frameworks are virtually all of the traditional or bureaucratic type (see Section 1.2)\(^1\). Drawing on fresh survey evidence relating to these systems, this chapter assesses the extent of coercion and choice they involve. (A more comprehensive assessment of housing allocations policies operated by social landlords in Scotland was carried out by Scott et al. (2001)).

2.2 The role of choice

To those outside the housing profession the DETR’s call for social landlords to adopt choice-based approaches to lettings may have seemed to imply that traditional systems are entirely top-down and deny applicants any say over their rehousing prospects. This would be an inaccurate assessment. In fact, most social landlords allow applicants of all types (including homeless households) to express some preference on the area they want to live in and the type of housing they require (see Table 2.1). In a number of local authorities, however, statutory homeless households do not enjoy this opportunity. Three of the five councils involved are rural in nature, whilst two of them contain smaller cities. It can probably be assumed that the small number of housing associations which do not routinely invite area preferences manage tightly bounded stock which reduces the significance of this issue.

Table 2.1 – Proportion of landlords routinely allowing rehousing applicants to specify rehousing preferences

<table>
<thead>
<tr>
<th>Rehousing group</th>
<th>Preferred area(s)</th>
<th>Preferred property type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LAs</td>
<td>HAs</td>
</tr>
<tr>
<td>Statutory homeless applicants</td>
<td>83</td>
<td>NA</td>
</tr>
<tr>
<td>Waiting list applicants</td>
<td>100</td>
<td>95</td>
</tr>
<tr>
<td>Transfer list applicants</td>
<td>100</td>
<td>97</td>
</tr>
</tbody>
</table>

Source: Postal Survey of LAs and RSLs, 2002. Respondents=28-29 LAs, 60-61 HAs. Note: Table excludes HAs managing fewer than 500 dwellings

Under traditional allocations systems applicants’ rehousing preferences are generally recorded at the time that the application is first submitted, though they may – in some cases – be updated subsequently. Typically, this information – recorded on computerised systems or in case files – bears on the rehousing process in two main ways:

- It influences the rehousing queue in which an application is placed. This refers to the way that applicants are effectively formed up into specific queues for vacancies of various types in various areas.
- It influences the considerations of the housing officer charged with the responsibility of matching suitable high priority applicants to newly arising vacancies.

\(^1\)The only current exception involving a landlord’s entire housing stock relates to Berwickshire HA whose advertising-based system has been operational since January 2002. The survey data discussed in this chapter, therefore, relates to all social landlords (managing more than 250 homes) other than Berwickshire.
However, the significance of the rehousing choices applicants may express within traditional systems can be interpreted only in the context of a fuller understanding of how the policy is implemented. For example:

i. the scale of the area choice framework (i.e. the number/size of areas)

ii. the extent to which applicants are allowed to refine their choices (e.g. whether they are allowed to specify a small, single area or obliged to opt for a number of areas)

iii. whether there is any facility for expressing negative choices (e.g. with respect to certain blocks or streets within a larger preferred area)

iv. whether applicants are given the opportunity to rank area preferences

v. the extent to which the landlord commits itself to honouring specified choices in terms of tenancy offers.

In particular, research evidence demonstrates that practice on v. varies considerably between landlords and between applicant types. For example, less than one local authority in five guarantees to take account of the expressed area preferences of statutory homeless households (see Table 2.2). Property type preferences are generally less likely to be respected for all applicant groups. As shown in Table 2.3(a) and (b), less than two thirds of local authorities and less than half of housing associations guarantee to take account of applicants’ recorded wishes in this respect.

### Table 2.2 - Extent to which expressed area preferences taken into account by local authorities

<table>
<thead>
<tr>
<th></th>
<th>Always</th>
<th>Usually</th>
<th>Sometimes</th>
<th>Rarely</th>
<th>Not applicable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory homeless applicants</td>
<td>18</td>
<td>43</td>
<td>25</td>
<td>7</td>
<td>7</td>
<td>100</td>
</tr>
<tr>
<td>Waiting list applicants</td>
<td>83</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
<tr>
<td>Transfer list applicants</td>
<td>83</td>
<td>17</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Postal Survey of LAs and RSLs, 2002. Respondents=28

In seven local authorities statutory homeless households are restricted in terms of the types of property they may be offered. In three of these areas homeless households are eligible only for flats rather than houses. In another, houses may be offered to homeless applicants only where these are in low demand areas. In two other authorities restrictions effectively rule out any property type choice for homeless households.

### Table 2.3 - Extent to which expressed property type preferences taken into account

(a) Local authorities

<table>
<thead>
<tr>
<th></th>
<th>Always</th>
<th>Usually</th>
<th>Sometimes</th>
<th>Rarely</th>
<th>Not applicable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory homeless applicants</td>
<td>7</td>
<td>28</td>
<td>24</td>
<td>7</td>
<td>34</td>
<td>100</td>
</tr>
<tr>
<td>Waiting list applicants</td>
<td>64</td>
<td>14</td>
<td>7</td>
<td>0</td>
<td>14</td>
<td>100</td>
</tr>
<tr>
<td>Transfer list applicants</td>
<td>68</td>
<td>21</td>
<td>4</td>
<td>0</td>
<td>7</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Postal Survey of LAs and RSLs, 2002. Respondents=28-29
(b) Housing associations

<table>
<thead>
<tr>
<th>Always</th>
<th>Usually</th>
<th>Sometimes</th>
<th>Rarely</th>
<th>Not applicable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Waiting list applicants</td>
<td>39</td>
<td>41</td>
<td>0</td>
<td>3</td>
<td>16</td>
</tr>
<tr>
<td>Transfer list applicants</td>
<td>43</td>
<td>41</td>
<td>2</td>
<td>0</td>
<td>15</td>
</tr>
</tbody>
</table>

Source: Postal Survey of LAs and RSLs, 2002. Respondents=61. Note: Table excludes HAs managing less than 500 dwellings

2.3 The role of coercion

The significance of the choices allowed to applicants also needs to be seen in the light of any restrictions placed on the number of tenancy offers an applicant is allowed without penalty. This is where coercion comes into play. Mainly with the aim of minimising the proportion of tenancy offers which are rejected (or, at least, not taken up), most social landlords impose limits on the number of reasonable offers which can be rejected without penalty. Exceeding this number generally leads to suspension of the application – effectively, the removal of the applicant's rehousing eligibility for a specific period (see below).

Table 2.4 – Tenancy offer limits by landlord type and applicant type

<table>
<thead>
<tr>
<th>No of tenancy offers allowed</th>
<th>Homeless</th>
<th>Waiting list</th>
<th>Transfer list</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LAs</td>
<td>LAs</td>
<td>HAs</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>1 offer</td>
<td>69</td>
<td>14</td>
<td>4</td>
</tr>
<tr>
<td>2 offers</td>
<td>31</td>
<td>59</td>
<td>43</td>
</tr>
<tr>
<td>3 offers</td>
<td>0</td>
<td>10</td>
<td>27</td>
</tr>
<tr>
<td>4 offers</td>
<td>0</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Unlimited</td>
<td>0</td>
<td>14</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>N=</td>
<td>29</td>
<td>29</td>
<td>60</td>
</tr>
</tbody>
</table>

Source: Postal Survey of LAs and RSLs, 2002.

Rules of this sort are potentially controversial and the DETR Green Paper firmly recommended their abolition. In the Scottish context, however, little or no comment is made on this issue in official or good practice texts (e.g. Housing Standards Manual (CIH, 1999), Raising Standards in Housing (SFHA 1999)), though Raising Standards stresses the importance of ensuring that rules on what counts as a reasonable offer are clearly articulated. Nationally, in 2002, 86 per cent of local authorities impose offer limits on (non-homeless) waiting list and transfer list applicants (see Table 2.4).

The two sectors are alike in that the most common approach is that offers are limited to two. They differ, however, in that associations generally tend to operate somewhat less restrictive approaches. For example, more than half (53-54 per cent) allow at least three offers. The comparable proportion of local authorities is only one in six (17 per cent).

Among local authorities the restrictiveness of offers policies appears to have remained remarkably unchanged over the past decade. Although it should be acknowledged that the 1996 local government reorganisation may distort such comparisons, survey data for local authorities from 1993 and 2002 show very similar distributions in terms of the popularity of various offer limits (see Table 2.5). This is interesting in view of the comparable findings from England showing substantial increases in
restrictiveness during the 1990s. As far as homeless households are concerned, for example, the proportion of English authorities allowing only a single tenancy offer rose from 29 per cent in 1991 to 75 per cent in 2000 (Pawson et al., 2001). Similarly, the proportion of English councils restricting offers to (non-homeless) waiting list applicants to one or two rose from 27 per cent in 1991 to 60 per cent in 2000.

Table 2.5 - Tenancy offer limits imposed by local authorities: comparison between 1993 and 2002

<table>
<thead>
<tr>
<th>No of tenancy offers allowed</th>
<th>Waiting list</th>
<th>Transfer list</th>
<th>Homeless</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 offer</td>
<td>29 %</td>
<td>14 %</td>
<td>20 %</td>
</tr>
<tr>
<td>2 offers</td>
<td>42 %</td>
<td>59 %</td>
<td>43 %</td>
</tr>
<tr>
<td>3 or more offers</td>
<td>13 %</td>
<td>13 %</td>
<td>16 %</td>
</tr>
<tr>
<td>Unlimited</td>
<td>13 %</td>
<td>14 %</td>
<td>18 %</td>
</tr>
<tr>
<td>Variable</td>
<td>2 %</td>
<td>0 %</td>
<td>2 %</td>
</tr>
<tr>
<td>Total</td>
<td>100 %</td>
<td>100 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Sources: Postal Survey of LAs and RSLs, 2002 and Clapham et al. (1995)

Comparisons of recent or current practice between social landlords in Scotland and England (see Tables 2.6 and 2.7) indicate a somewhat more diverse picture south of the border in terms of the number of tenancy offers allowed. The incidence of both ‘very restrictive’ (i.e. one offer only) policies and ‘very unrestrictive’ (i.e. no offer limit) policies is more common among English landlords than among their Scottish counterparts.

Applicants exceeding the maximum number of tenancy offers allowed are subject to various forms of penalty. Where homeless households are concerned, local authorities usually consider that they have discharged their statutory duty after their first (or, in a minority of cases) second offer. This triggers the termination of any temporary accommodation.

Table 2.6 - Tenancy offer limits imposed by local authorities: comparison between Scotland and England

<table>
<thead>
<tr>
<th>No of tenancy offers allowed</th>
<th>Waiting list</th>
<th>Transfer list</th>
<th>Homeless</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 offer</td>
<td>14 %</td>
<td>21 %</td>
<td>14 %</td>
</tr>
<tr>
<td>2 offers</td>
<td>59 %</td>
<td>39 %</td>
<td>59 %</td>
</tr>
<tr>
<td>3 offers</td>
<td>10 %</td>
<td>19 %</td>
<td>10 %</td>
</tr>
<tr>
<td>4 offers</td>
<td>3 %</td>
<td>1 %</td>
<td>3 %</td>
</tr>
<tr>
<td>Unlimited</td>
<td>14 %</td>
<td>20 %</td>
<td>14 %</td>
</tr>
<tr>
<td>Total</td>
<td>100 %</td>
<td>100 %</td>
<td>100 %</td>
</tr>
</tbody>
</table>

Sources: Postal Survey of LAs and RSLs, 2002 and Pawson et al. (2001)
Table 2.7 - Tenancy offer limits imposed by housing associations: comparison between Scotland and England

<table>
<thead>
<tr>
<th>No. of tenancy offers allowed</th>
<th>Waiting list</th>
<th>Transfer list</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 offer</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>2 offers</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>3 offers</td>
<td>27</td>
<td>23</td>
</tr>
<tr>
<td>4 offers</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Unlimited</td>
<td>24</td>
<td>29</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: Postal Survey of LAs and RSLs, 2002 and Pawson and Mullins (forthcoming 2002)

Table 2.8 - Penalty for refusing last allowable offer

<table>
<thead>
<tr>
<th>Sanction</th>
<th>Waiting list</th>
<th>Transfer list</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LAs</td>
<td>HAs</td>
</tr>
<tr>
<td>Applicant removed from the list</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Applicant suspended from the list</td>
<td>7</td>
<td>28</td>
</tr>
<tr>
<td>Applicant loss of waiting time priority</td>
<td>14</td>
<td>1</td>
</tr>
<tr>
<td>No limit on number of allowable offers</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>N=</td>
<td>29</td>
<td>86</td>
</tr>
</tbody>
</table>

Source: Postal Survey of LAs and RSLs, 2002

As shown in Table 2.8, non-homeless applicants refusing their last allowable offer are usually suspended from the waiting list or transfer list for a specified period. About a quarter of housing associations, however, simply delete the household's application. Presumably, it would be open to such households to re-apply, though they might be debarred for a specific period. Four local authorities report that the penalty for exceeding an applicant's allowable number of offers is the loss of waiting time priority.

The most common suspension period for those refusing their 'nth' tenancy offer is 12 months (operated by 46 per cent of local authorities and 38 per cent of RSLs).

Research in England has shown a clear relationship between offers policies and local housing market conditions. In short, landlords operating in higher demand areas tend to operate more restrictive policies in this area - allowing smaller numbers of offers and imposing stricter penalties on those exceeding these limits. In Scotland, however, no such pattern is evident. Among local authorities, for example, the proportion operating one offer only policies is very similar among the generally lower demand South and West councils and their generally higher demand North and East counterparts. The proportion of those who impose no limits is also similar across the two regions.
2.4 Chapter summary

Virtually all social landlords in Scotland continue to operate bureaucratic – as opposed to choice-based – allocations systems. That is, their procedures involve an administrative rather than applicant-centred process for matching applicants and vacancies. Under such systems, the scope for applicant choice is limited to the expression of general preferences on issues such as area and property type; preferences which are expressed at the point of application (and which may, or may not, be updated subsequently).

Most social landlords offer non-homeless applicants the opportunity to express some locational and property type preference, though such views are not always taken into account in making tenancy offers (see Tables 2.1-2.3). In general, and compared with other applicant types, rehousing choices made available to statutory homeless households are relatively constrained. For example, five local authorities deny homeless households the opportunity to opt for a ‘preferred area’ (see Table 2.1). Similarly, whilst more than four fifths of social landlords guarantee to take expressed area preferences into account when allocating homes, only a fifth of local authorities make the same undertaking in the case of homeless households (see Table 2.3).

Most landlords impose limits on the number of tenancy offers an applicant can refuse without penalty (see Table 2.4). Nearly three quarters (73 per cent) of local authorities, for example, restrict waiting list applicants to a maximum of two offers. Housing associations tend to be somewhat less restrictive: just under half (47 per cent) limit offers to waiting list applicants to one or two, whilst nearly a quarter (24 per cent) impose no limits of this kind. Again, homeless households tend to face a relatively coercive regime: most local authorities (69 per cent) allow one tenancy offer only to members of this group.

In terms of the rules on tenancy offer limits, it appears that the coerciveness of allocations policies among Scottish local authorities has remained relatively unchanged over the last decade (see Table 2.5). This contrasts with experience in England where there has been a substantial increase in the proportion of councils operating one offer only policies during this period.
3. Consumerist reforms of allocations systems

3.1 Introduction

Chapter 2 illustrated the limitations on applicant choice within the bureaucratic allocations systems which continue to be operated by the vast majority of social landlords in Scotland, and the degree to which landlords pressurise applicants to accept tenancy offers by penalising refusals. This chapter begins by discussing the case for reforming such systems in the interests of greater customer focus. It goes on to look at a range of limited modifications which would promote applicant choice whilst retaining the familiar bureaucratic allocations framework. It then outlines the more fundamental restructuring implied by a switch to a CBL-style approach.

3.2 The case for reform

Particularly where they involve the wholesale replacement of an existing allocations system by a CBL approach, changes boosting applicant choice are likely to be seen by social landlords as inconvenient, expensive and potentially risky. Unless the adoption of such systems becomes a legal requirement, why should local authorities and housing associations move in this direction? As well as drawing on published sources, this section also draws on the focus group discussions convened in the course of this research with social landlords and tenant representatives.

The main philosophical argument in favour of replacing the bureaucratic approach to lettings with an applicant-centred approach is that this is consistent with the prevailing mode of service delivery in a modern consumer society (see Shelter Scotland comment quoted in Section 1.1). The paternalistic approach implicit in traditional allocations systems has become inconsistent with the experience of social housing customers in other aspects of their lives and with the general imperative of empowering public service consumers. Continuing to operate such systems perpetuates the treatment of social housing applicants as passive supplicants and only compounds the stigma attached to social housing as an abnormal form of accommodation secured through an abnormal process (Pawson and Kintrea, 2002).

At a more practical level, choice-based approaches are seen as offering the potential for:

- greater transparency from the applicant’s perspective
- enhanced residential stability
- greater managerial efficiency
- drawing in new customers to boost housing demand.

Promoting transparency and legitimacy

The allocations systems currently operated by most social landlords have evolved in a fairly incremental way over a long period. Mainly inspired by a wish to ensure greater equity and to reduce the role of officer discretion, the dominant trend over recent decades has been towards increasingly complex and rule-bound points and other prioritisation systems. Such a tendency has been encouraged by official advice which has laid growing stress on the need for aligning rehousing priority with assessed need. A particular factor affecting some Scottish councils in recent years has been the need to reconcile disparate components of allocations policies inherited from predecessor authorities merged through local government reorganisation in 1996. In some of the merged authorities there has been a tendency to incorporate rather than select from such elements.
The allocations systems produced through this process have become so intricate and inflexible that they are often difficult to understand even for the professional staff who operate them. From the housing applicant’s perspective, they generally appear opaque at best. At worst, their complexity may be seen by some applicants as providing a convenient cover for housing officers to exercise unaccountable discretion. Among tenant representatives participating in this research, for example, there were suspicions that allocations decisions are sometimes influenced by illegitimate considerations. For example, there is a belief that concern about the possible impact of the Right to Buy (RTB) may bias some landlords in favour of allocating more desirable homes to new tenants (with no RTB discount entitlement) rather than to longstanding existing tenants.

From a practical point of view, this complexity creates problems in terms of the officer time taken up in attempting to explain the operation of such systems to housing applicants. The incomprehensibility of traditional allocations frameworks seriously undermines their legitimacy among applicants and tenants. Apart from being hard to explain, the largely needs-related prioritisation embodied by these systems is often seen as being in conflict with the ‘fairness’ of the queuing principle - i.e. that waiting time priority will see an applicant gradually progressing to the top of the list.

Part of the argument here is that housing need cannot, in any case, be objectively defined. In particular, as Clapham and Kintrea (1991) pointed out, there is no objective basis for according different weights to the various aspects of housing need. Tenant representatives taking part in this study voiced a lack of confidence in this aspect of current allocations systems, one commenting, for example, that his local authority ranks applicants ‘allegedly on the basis of need’. There was also a general acceptance of this critique among the social landlord staff participating in our focus groups.

In a similar vein, the view that existing allocations systems encourage ‘points chasing’ among applicants seems to resonate with tenant representatives. There is a particular concern that some people gain unfair advantage through ‘talking up’ their medical needs. A related belief is that GPs are sometimes accorded too much power to influence allocations through recommendations on the need for rehousing on health grounds and that such judgements need to be appraised more critically by landlords themselves.

**Enhancing residential stability**

Enhancing tenancy sustainability is increasingly seen as an important objective, both at an individual and community level. When a tenant gives up a recently-acquired house this generates costs for the landlord in terms of the re-letting of the dwelling and the consequential rent loss involved. Rapid residential turnover also detracts from a neighbourhood’s social cohesion as well as generating personal stress for those directly concerned. It is argued that traditional allocations systems, with their largely top-down approach, may well contribute to such problems because those taking up a particular tenancy are unlikely to have made a positive choice in favour of that property. As the DETR Green Paper argued:

‘Applicants for social housing who are more involved in decisions about their new homes are more likely to have a longer term commitment to the locality. This will promote more sustainable communities at village, town and city level ... ’ (DETR, 2000a, p. 79)

**Improving managerial efficiency**

Partly because of their stress on impartiality, traditional approaches to allocations are fairly costly in terms of staff time and other resources. The shortlisting process commonly involves a junior officer retrieving and scrutinising background information about applicants’ needs and preferences drawn from application forms. The actual selection decision sometimes involves consultation with a senior manager. Under some landlords’ systems other staff such as local estate managers responsible for the patch where a vacancy is located are also involved in the decision. Under such systems, the time involved in generating a typical offer could easily add up to 0.5-1 person days.
Attempting to economise on the effort involved in the process is reckoned to be ill-advised, given the increased likelihood of an inappropriate offer – for example because a crucial aspect of the applicant’s recorded requirements is missed. Every offer that fails – either because it needs to be withdrawn on the grounds of inappropriateness, or because it is rejected – generates further costs, not only in the staff time involved in generating a further offer, but also in the rent loss resulting from a delay in reletting the vacancy.

All of this input is needed to give the landlord the best chance of second guessing the applicant. Particular problems arise from the fact that the housing need and rehousing preference information available to a landlord is inevitably dated to some extent. Recorded preferences may have been accurate at the time but may well have become outdated subsequently. Does the applicant still even require rehousing? In facilitating the efficient functioning of traditional allocations systems it is clearly important that up-to-date rehousing preference information is maintained. This can be achieved through periodic reviews of application records. However, this is an expensive and time-consuming business.

Under a system where applicants themselves choose from amongst a selection of available properties the second guessing requirement is eliminated. At the same time, the chances that the match between the vacancy and the top priority applicant will fail to generate a letting are much smaller because second guessing can never be as reliable as where a consumer makes their own choice. Moving to a system where applicants make more of a positive decision to select a particular vacancy could, therefore, help to reduce the very considerable costs resulting from high rates of offer refusals as recorded by some landlords.

**Boosting demand**

Perhaps the strongest practical motivation for opening up allocations systems over recent years has been experienced by social landlords needing to respond to falling demand for housing. Whilst demand remains strong and/or rising in some regions, many areas of both England and Scotland are experiencing falling demand (Bramley et al., 2000; Scott et al., 2001). Advertising lower demand vacancies has been seen as a means of countering this problem. In adopting such a practice – akin to that used by private landlords – local authorities and housing associations are attempting to compete in the same market; seeking to interest potential customers who might not have considered themselves eligible for social housing.

A related – though distinct – response to low demand on the part of social landlords is to take a more pro-active approach to soliciting applications by advertising the ready availability of vacancies in general terms, and encouraging un-registered homeseekers to join waiting lists. According to the postal survey carried out as part of this research, around 18 housing associations - mainly operating in the Greater Glasgow area - seek to boost demand in this way. Philosophically, such a shift from rationing to marketing has potentially far-reaching implications for the way that housing staff perceive their role and carry out their duties: replacing a familiar ‘gatekeeper’ mentality with an unfamiliar ‘sales’ mentality. However, this form of promotion should not be confused with choice-based lettings as represented by the advertising of individual vacancies because it generally involves retention of a needs-based bureaucratic approach.

As discussed in Chapter 6, the aspiration to boost demand is a significant factor underlying the growing interest in CBL approaches among social landlords in Scotland.

### 3.3 Limited reforms of bureaucratic allocations systems

In the debate on enhancing applicant choice in allocations, recent debate has tended to focus on the CBL or ‘Delft’ model under which vacancies are openly advertised. The essential ingredients of this model are discussed in Section 3.4. However, even the most enthusiastic advocates of Dutch-style approaches (e.g. Hunt et al., 1999; Brown et al., 2000) acknowledge that the advertising model is only one among a number of possible reforms to allocations policies which could be seen as enhancing applicant choice.
Some of these non-CBL reform options could be viewed as effectively addressing certain elements of the critique of bureaucratic allocations systems as outlined above. In the context of current practice as described in Chapter 2, some could also involve substantial change for Scottish social landlords. However, it can be argued that these measures are less fundamental than switching to an advertising model because they retain the administrative matching of applicants and vacancies. Equally, because they can be seen as more evolutionary and less revolutionary in terms of traditional approaches, they may be more widely acceptable among social landlords in Scotland (particularly in the absence of strong advocacy of fundamental reform on the part of central government). Such possibilities include:

i. providing applicants with more specific information about rehousing prospects to inform their expressed rehousing preferences

ii. offering more staff-intensive assistance for rehousing applicants at the point of application – perhaps focusing on specific groups such as elderly underoccupiers

iii. enhancing information systems and liaison arrangements between landlords in different areas to facilitate moves from higher demand to lower demand localities or regions

iv. allowing applicants to express more specific rehousing preferences (e.g. by increasing the number of sub-areas within which locational preferences can be stated)

v. paying greater regard to applicants’ expressed rehousing preferences in the matching of homeseekers and vacancies – e.g. through structuring shortlisting rules to give additional priority to an applicant actively seeking a home in a given area over another household with higher needs-based priority but not having expressed a specific preference to live in that neighbourhood

vi. relaxing or abolishing restrictive rules on the number of tenancy offers allowed without penalty

vii. altering rehousing prioritisation criteria so that local connections with a neighbourhood confer additional priority for vacancies within that neighbourhood

viii. making multiple simultaneous tenancy offers to individual applicants

ix. widening the rehousing opportunities potentially available to applicants from a single point of contact by setting up a Common Housing Register

x. simplifying rehousing prioritisation criteria.

xi. allowing applicants opting to live in less popular areas an additional points weighting to provide an opportunity for homeseekers to weigh any dislike of these areas against their desire to be rehoused. Introducing such a scheme would necessitate a circular letter to all waiting list applicants explaining it and offering the possibility of opting for one of the specified areas.

(draws on Brown et al. (2000) and Cole et al. (2001)).

A number of these measures (e.g. items i., ii., iii.) share an aspiration to better inform the rehousing choices expressed by applicants. Items iv., v. and vi. relate to rather technical changes a social landlord may make to their rules and procedures.

An example of item iv. cited by one landlord contacted in the course of the research was South Ayrshire’s recent relaxation of rules on the minimum number of areas applicants must opt for. This is thought to have helped to reduce the refusal rate, since applicants are less likely to feel themselves coerced into selecting areas not genuinely wanted. Similarly, East Lothian HA has recently revamped its policy to allow for ‘loose fit’ allocations in appropriate cases.
Item vii. is related to item iv. but is more properly seen as a technique associated with what have become known as community lettings approaches (Griffiths et al., 1996). Also, whilst they would constitute ‘an allocations policy reform’ for most landlords, such measures do not directly widen applicant choice. It is, therefore, perhaps questionable whether they should be included within this list.

To the extent that item viii. seeks to offer housing applicants the opportunity to select from two or more vacancies at once, it resembles the CBL approach. However, it has generally been used in the context of exceptional methods for letting low demand housing.

Including the establishment of a CHR as a means of promoting choice (item ix. above) is a reminder that setting up a common register may be seen as part of this same agenda. Conventionally, a common register serves as a single pool of applicants on which a range of landlords can draw to fill vacancies. The matching process takes place in the conventional bureaucratic way. However, there is nothing incompatible about operating a choice-based lettings approach within the context of a common register. The potential linkage between these two concepts is explored further in Chapter 5.

Simplifying prioritisation criteria (item x.) could involve the development of more broad brush measures of need which are easier to assess. Additionally, such a framework might accord a greater role to the queuing principle by enhancing the role of waiting time. Nevertheless, the statutory framework applying in Britain would, in any case, necessitate the retention of a significant needs-based element in any reformed allocations system.

Under a simpler queuing system, it is argued, homeseekers have more certainty about their rehousing prospects and better opportunities to trade off their rehousing preferences (e.g. on location) against the likely length of the wait. This argument is equally valid whether the allocations system concerned is of the CBL or traditional type: in the former case, such trading off will be done in the context of actually available properties as advertised; in the latter case, this will take place at the point of application when a homeseeker is stating their rehousing preferences.

### 3.4 The Delft Model: origins and components

The advertising-based system of housing allocations now used by almost 90 per cent of Dutch municipalities (Westra, 2001) was first piloted in the municipality of Delft in 1990. As a result, the approach is often known as the ‘Delft model’ or ‘supply model’. In this section, the terms ‘advertising model’, ‘Dutch model’ and ‘Delft model’ are used interchangeably.

As in Britain, social housing in the Netherlands was traditionally allocated through a points-based system with vacancies and applicants being matched by officials, and homeseekers being made tenancy offers sequentially on a ‘take it or leave it’ basis. Priority was typically determined by an assessment of housing need (hardship criteria) including homelessness, overcrowding, medical needs or distance from employment (Kullberg, 1997).

The perceived shortcomings of traditional allocations systems which precipitated the development of the advertising model in Delft are reported to have included the administrative cost of complex needs assessments, high levels of offer refusals and the unreliability of housing register data as a measure of aggregate housing need. There were also concerns about the lack of accountability of a system incorporating administrative discretion, as well as the potential for fraud and racial discrimination (Kullberg, 1997).

The typical components of the advertising model, as originally developed in Delft, are summarised as follows:
◆ newly arising social housing vacancies are advertised on a periodic (e.g. fortnightly) cycle

◆ advertised vacancies are labelled to indicate eligibility conditions for aspiring applicants

◆ the relative priority of competing applicants is decided according to easily understood concepts such as age of applicant, waiting time or length of residence

◆ in seeking a suitable vacancy, the onus lies with house hunters (rather than officials)

◆ house hunters apply for specific advertised vacancies, with their circumstances being verified against published eligibility criteria by the landlord

◆ the landlord ranks competing house hunters for specific vacancies against one another to identify the successful applicant

◆ allocation outcomes are published to indicate the level of demand for each vacancy let and the priority of the successful applicant

◆ personal support is available for house hunters needing assistance to navigate the system

◆ a small proportion of vacancies are set aside for applicants with an emergency rehousing need.

(based on Westra (2001) and Cole et al. (2001))

In the Netherlands, as in Britain, the fundamental argument in favour of CBL approaches is that they address many of the defects of bureaucratic allocations systems by empowering applicants. It should be acknowledged, however, that there is a sceptical view that the significance of such changes may sometimes be overstated. Somerville, for example, argues that the promotion of choice-based lettings in England is underpinned by a ‘managerialist’ imperative on the part of central government and that this will leave housing applicants ‘feel(ing) that they have little or no control over the allocations process’ (Somerville, 2001, p. 121). Similarly, it has been argued that a CBL system ‘simply changes the timing of the bureaucratic decision-making process, not the culture of that process’ (Cowan, 2001, p. 146).

Advertising and labelling

Free newspapers have tended to be the most common vehicle for the advertising of current vacancies under the Delft-style approaches operated in the Netherlands. These may be circulated to all applicants on a municipality’s housing register. Typically, each advert carries details of the address, property type and floor level of the dwelling, as well as the rent and the applicant eligibility conditions.

Whilst the advertising model transfers responsibility and control away from officials and in favour of applicants, the labelling of vacancies enables landlords to retain a degree of control over the process and its outcome. In the Dutch context, such labelling often involves restrictions relating to access queue (new applicant or transfer applicant), income or age. Through the labelling process there is potential scope for adapting an advertising-based system so that it fulfils ‘community lettings’ objectives in terms of seeking applicants with particular characteristics for specific vacancies.

Rehousing prioritisation

For most house hunters applying under the advertising model, as it is operated in the Netherlands, priority is determined largely according to simple criteria and without direct reference to their housing need as this is understood in the British context. The arguments in favour of such transparent applicant ranking criteria have been discussed above. Dutch practice does, however, commonly retain the scope to assign
overwhelming priority to house hunters with an emergency need for rehousing. In 1996 municipalities operating advertising-based systems were split almost evenly in terms of the handling of such cases between:

- those which made top-down allocations of vacancies set aside from the advertising process, and
- those which enabled emergency need applicants to participate in the advertising-based system with the aid of time-limited priority status

(Kullberg, 1997)

### Dissemination of rehousing outcomes

The publication of lettings results is considered to be a key aspect of the advertising model system because it confers accountability, and because it gives other applicants an opportunity to refine their own aspirations in the context of their own priority (Kullberg, 1997; Hunt et al., 1999). Unless this aspect of the system operates effectively, there is a danger that vacancies in popular or high demand areas will attract very large numbers of unsuccessful applications. Not only will this be frustrating for unsuccessful applicants, but it will also be costly in administrative terms for landlords.

### 3.5 Chapter summary

#### The case for reform

Particularly where they involve the wholesale replacement of an existing allocations system by a CBL approach, changes boosting applicant choice are likely to be seen by social landlords as inconvenient, expensive and potentially risky. Unless the adoption of such systems becomes a legal requirement, why should local authorities and housing associations move in this direction?

The main philosophical argument in favour of replacing the bureaucratic approach to lettings with an applicant-centred approach is that this is consistent with the prevailing mode of service delivery in a modern consumer society. The paternalistic approach implicit in traditional allocations systems has become inconsistent with the experience of social housing customers in other aspects of their lives and with the general imperative of empowering public service consumers. Continuing to operate such systems perpetuates the treatment of social housing applicants as passive supplicants and only compounds the stigma attached to social housing as an abnormal form of accommodation secured through an abnormal process.

At a more practical level, choice-based approaches are seen as offering the potential for:

- greater transparency from the applicant’s perspective
- enhanced residential stability
- greater managerial efficiency
- drawing in new customers to boost housing demand.

There is widespread support among Scottish housing staff and tenant representatives for the critique of traditional allocations systems as being paternalistic, unaccountable and inflexible.
Reforming and replacing bureaucratic allocations systems

Recent debate on enhancing applicant choice in allocations has tended to focus on the CBL or Delft model under which vacancies are openly advertised. However, the advertising model is only one among a number of possible reforms to allocations policies aimed at enhancing applicant choice. More limited reforms within a fundamentally bureaucratic framework include the setting up of Common Housing Registers, as well as measures aimed at better informing applicants’ rehousing choices.

Delft-style reforms are more far-reaching because they involve the replacement of a bureaucratic method of matching applicants and vacancies with a customer-focused method. Crucial ingredients of such systems are:

- newly arising social housing vacancies are advertised on a periodic (e.g. fortnightly) cycle
- house hunters apply for specific advertised vacancies, with their circumstances being verified against published eligibility criteria by the landlord
- the relative priority of competing applicants is decided according to easily understood concepts such as age of applicant, waiting time or length of residence
- allocation outcomes are published to indicate the level of demand for each vacancy let and the priority of the successful applicant.
4. The development of choice-based lettings approaches: Dutch and English experience

4.1 Chapter scope

Much of the inspiration for choice-based lettings in Britain originates from the operation of the advertising model launched in Delft a decade ago. This chapter traces the origins, content and development of the Delft approach in the Netherlands over the past decade. It goes on to look at the more recent experience of introducing CBL-style approaches in England.

4.2 Post-1990 evolution of the Delft Model in the Netherlands

During and since the 1990s, the advertising model has become the dominant method of letting social housing in the Netherlands. This has taken place with the support of central government which, according to Kullberg (2002), has seen the model as attractive because of:

- its consumerist approach
- its transparency
- its efficiency.

Nevertheless, the model’s growing pre-eminence in Dutch social housing does not reflect the exercise of top-down pressure on social landlords, or the impact of financial incentives to assist in conversion.

Although the great majority of social landlords operating in the Netherlands have now adopted the advertising-based approach, there has been some resistance on the part of housing professionals. In the main, this has been motivated by a concern that the ‘market method’ of lettings puts at risk the social stability of localities which has previously been preserved by what would, in Britain, be called ‘sensitive lettings’ (Kullberg, 2002). Paradoxically, perhaps, these concerns are the virtual mirror image of the ‘sustainability enhancement’ justification for promoting applicant choice in lettings as propounded by the DETR Green Paper (see Section 4.2).

Kullberg (1997 and 2002) has identified a number of refinements in the design and operation of Delft model lettings systems as they have spread across the Netherlands during and since the 1990s. In particular, she identifies four responses to the observed tendency for many applicants to submit invalid applications (see Section 4.4):

1. customised feedback to house hunters whose applications were invalid explaining how the application broke the rules and inviting applicants to take up personal advice
2. installing voice-response telephone application systems which can warn a house hunter immediately if they are ineligible for a specific vacancy. This may be achieved partly by linking the system with a database containing basic details about registered applicants
3. paring down eligibility restrictions incorporated within vacancy labels and which limit choice and render a proportion of applications invalid
4. replacing the cyclical advertising process with a simple first-come-first-served approach for low demand or difficult to let housing. The thinking here is that applicants may be discouraged by complex allocations procedures.

Another tendency has been to narrow the definition of emergency rehousing cases so as to maximise the proportion of vacancies being allocated through advertising and applicant-ranking according to the main prioritisation criteria. As a result, the proportion of lettings being made to emergency rehousing cases by
the mid-1990s had fallen from over 20 per cent to under 10 per cent in most instances (Kullberg, 1997).

Finally, some municipalities are adapting their methods to take account of the fact that a proportion of house hunters ‘are not interested to make the repeated effort’ involved in applying for housing on their own behalf. ‘Database marketing’ is being developed for this group – presumably involving the automatic matching of applicant preferences and vacancy details to shortlist potentially suitable opportunities for specific subscribers (Kullberg, 2002).

4.3 Impact of Delft-style approaches in the Netherlands

There is relatively little research published in English about customer satisfaction with the advertising model as operated by Dutch landlords. In any case, as Kullberg observes, ‘evaluating satisfaction with the distribution of scarce goods like dwellings resembles an evaluation of the popularity of tax forms’ (Kullberg, 1997, p. 398). In the case of Delft, however, a survey seeking customer views on the old and new systems found that ‘most residents favoured the new process’ (Kullberg, 1997, p. 398). However, whilst the active participation of consumers in the system was seen as positive, there were concerns about the new prioritisation criteria – notably the age criterion for new applicants.

More recent research focusing on three case study municipalities, whilst confirming the popularity of the system with users, found that a substantial proportion of applicants lacked understanding of the system or experienced difficulty in interpreting crucial aspects of the information provided. For example, more than two thirds of applicants reported finding it difficult to estimate their chances of being allocated a particular vacancy by comparing their own circumstances with those of ‘winning candidates’ (according to published information on rehousing outcomes). ‘Approximately one fifth of the applicants had insufficient notion of five or more aspects of the model, which were important to apply successfully’ (Kullberg, 2002, p. 566). Even more significantly, it was found that level of understanding of the system was directly correlated to the chance of securing rehousing. All of this seems to suggest that the personal advice, assistance and advocacy made available under current arrangements may be inadequate for the task.

Kullberg’s (1997) research evidence on the views of social landlords who had adopted Delft-style systems seems to indicate a fairly high level of satisfaction. An important benefit of such approaches from this perspective is the housing demand information available through an analysis of applications (though the value of this data is offset by the imposition of eligibility restrictions for particular vacancies). Landlords managing lower demand housing appreciate the fact that switching to the new system seems to have widened the customer base for their vacancies.

The efficiency impact of advertising-based systems in the Netherlands is more difficult to gauge. Among landlords surveyed by Kullberg in 1996, half reported that the adoption of such approaches had helped to speed up lettings, though a third took the opposite view. It was nevertheless found that there tended to be fewer tenancy offer refusals under the new system than had previously been the case. Similarly, landlords were divided in terms of their views as to whether less popular dwellings had become more difficult to let under the new system (because of the possibility that they would be further stigmatised through their repeated appearance in the ‘available to let’ advertising listings).

4.4 Transferability of the Delft Model to the British context

Before moving on to look at the development of CBL-style approaches in England, it is worth considering the extent to which Dutch experience in this area might be relevant to the British context. By comparison with other European countries the Dutch housing system is relatively similar to Britain’s. Within a market increasingly dominated by home ownership, a substantial social rented sector remains. Within that sector there has been a tradition of bureaucratic needs-based housing allocation. However, whilst Dutch social landlords operate across a range of housing market circumstances spanning both high and low demand situations, these differences are probably not as marked as is currently the case in Britain. And whilst the
social sector in the Netherlands caters for lower income households, it is considered to be less residualised than is the case in this country (Kullberg, 2002).

Other key differences between the two countries which need to be borne in mind include the lack of any direct equivalent to the British homelessness legislation within the Dutch system. Thus, whilst statutory homeless households typically make up around a quarter of lettings to new tenants made by English local authorities, Kullberg (1997) reports that all emergency rehousing cases usually account for less than 10 per cent of total lettings by social landlords in the Netherlands.

More generally, social landlords operating in Britain are obliged by statute and/or regulation to align rehousing priority with assessed housing need, even where homelessness is not a factor. This is achieved through the reasonable preference rules incorporated within both English and Scottish legislation (see Section 1.3). Whilst these rules are couched in fairly loose phraseology, they need to be kept in mind by any landlord planning to reform and/or simplify rehousing prioritisation criteria, whether or not this involves a switch to an advertising-based approach (see also Section 6.2).

4.5 The application of choice-based lettings approaches in England

DETR³ pilot programme

Much of the development work on CBL systems currently taking place in England stems from the DETR CBL pilot programme announced in October 2000. Before discussing this programme in more detail, it should be noted that one English council – Harborough – had already developed an authority-wide Dutch-style lettings system in advance of this initiative. The Harborough scheme, which arose from a best value service review of housing allocations, was implemented from April 2000 (Brown et al., 2000).

It should also be acknowledged that a number of local authorities – mainly metropolitan councils in the North of England – have been advertising some vacancies over a number of years in an effort to respond to low demand (Bramley et al., 2000). In making bids for CBL pilot status, authorities such as Manchester, Rochdale and Salford were able to draw on useful experience gained in this way.

The pilot programme runs from 1 April 2001 to 31 March 2003 and provides a selected group of local authorities and their RSL partners with earmarked funding to facilitate the testing of approaches to enhance applicant choice in a variety of housing market and institutional settings. In all, £13 million is being shared between 27 lead authorities selected from over 90 who submitted bids under the programme. In general, the DETR sought proposals which developed the ideas for enhancing applicant choice as set out in the April 2000 Housing Green Paper. Whilst the advertising model had been promoted in the Green Paper, the adoption of such an approach was not an explicit requirement for pilot schemes – though it was clearly encouraged. Other scheme features clearly favoured by the department included:

- the pooling of local authority and RSL vacancies
- the incorporation of private sector vacancies within systems for letting social tenancies
- innovative methods of marketing and advertising vacancies – including the use of ICT
- practical ideas for housing advice services to support vulnerable and/or excluded groups participating in the lettings process
- the encouragement of mobility between high and low demand areas.

(DETR, 2000b)

³Except for historical references, the document sponsoring choice-based lettings in England is referred below by its post-May 2002 acronym, ODPM (rather than DTLR or DETR).
The scheme proposals of the 27 CBL pilot local authorities varied considerably. This is perhaps not surprising given that the authorities concerned span a wide range of housing market conditions including very high demand (seven London boroughs) and substantial low demand (seven city authorities in the Midlands and the North).

The selected pilot schemes also include a variety of differing geographical contexts and institutional arrangements. As well as larger urban authorities, they include a number of rural and coastal councils. And although each bid was local authority-led, six involve stock transfer RSLs as the main participating landlord. Almost all of the pilots cover vacancies of two or more landlords, with the majority building on existing Common Housing Registers.

At the time of writing (June 2002), most of the local authorities involved have launched their pilot systems. Brief details of these are given in Table 4.1.

Table 4.1 ODPM pilot choice-based lettings schemes operating as at June 2002

<table>
<thead>
<tr>
<th>Lead LA</th>
<th>LA type</th>
<th>Brief details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bolton</td>
<td>Met unitary</td>
<td>City-wide LA-led scheme</td>
</tr>
<tr>
<td>Bradford</td>
<td>Met unitary</td>
<td>City-wide LA-led scheme</td>
</tr>
<tr>
<td>Brighton</td>
<td>Urban unitary</td>
<td>Enhanced housing advice service incorporating facility to promote inter-area moves</td>
</tr>
<tr>
<td>Coventry</td>
<td>Met unitary</td>
<td>Scheme involving stock transfer RSL and other associations limited to a low demand neighbourhood as test-bed for possible subsequent city-wide roll-out</td>
</tr>
<tr>
<td>Derby</td>
<td>Urban unitary</td>
<td>Scheme limited to (mixed demand) segment of city as test-bed for possible subsequent city-wide roll-out</td>
</tr>
<tr>
<td>Ealing</td>
<td>London borough</td>
<td>Joint scheme involving five local authorities and partner RSLs (including some located in lower demand areas); initially limited to one-bedroom vacancies</td>
</tr>
<tr>
<td>Hammersmith &amp; Fulham</td>
<td>London borough</td>
<td>Promotion of internal transfers by consortium of London Boroughs and RSLs</td>
</tr>
<tr>
<td>Harborough</td>
<td>Rural district</td>
<td>Enhanced version of pre-pilot district-wide LA-led scheme including housing associations</td>
</tr>
<tr>
<td>Kennet</td>
<td>Rural district</td>
<td>District-wide LA-led scheme involving stock transfer association and other RSLs</td>
</tr>
<tr>
<td>Lewisham</td>
<td>London borough</td>
<td>District-wide scheme initially limited to one-bedroom vacancies</td>
</tr>
<tr>
<td>Manchester</td>
<td>Met unitary</td>
<td>City-wide scheme initially limited to local authority vacancies, building on earlier initiative advertising low demand housing</td>
</tr>
</tbody>
</table>
### Allocations and choice in Scotland - Discussion paper

<table>
<thead>
<tr>
<th>District</th>
<th>Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mansfield</td>
<td>Urban district</td>
<td>District-wide scheme involving partnership between local authority and housing associations</td>
</tr>
<tr>
<td>New Forest</td>
<td>Rural district</td>
<td>District-wide scheme led by local authority</td>
</tr>
<tr>
<td>Newham</td>
<td>London borough</td>
<td>Joint scheme involving four local authorities and partner RSLs; eligible applicants initially limited to very high priority cases</td>
</tr>
<tr>
<td>Restormel</td>
<td>Rural district</td>
<td>District-wide LA-led scheme involving stock transfer association and other RSLs; to be expanded in 2002 to include neighbouring districts</td>
</tr>
<tr>
<td>Sheffield</td>
<td>Met unitary</td>
<td>Scheme limited to (mixed demand) segment of city as test-bed for possible subsequent city-wide roll-out</td>
</tr>
<tr>
<td>Stockport</td>
<td>Met unitary</td>
<td>District-wide scheme led by local authority</td>
</tr>
</tbody>
</table>

The CBL pilot programme is being monitored and evaluated on behalf of the ODPM by Bristol and Cambridge Universities. Progress reports are being published periodically by the evaluation team as the programme develops (available through the ODPM website). Drawing on these, as well as on an earlier summary of the pilot scheme proposals (Pawson, 2001), the following section outlines some of the key components of these systems and summarises emerging pointers on their early impact.

- **Role of vacancy advertising**

  In the event, all but two of the selected CBL pilot schemes involve a switch to an applicant-centred rather than an administrative approach to matching applicants and vacancies. In a few very high demand areas, however, advertising is envisaged as being limited to urgent priority applicants rather than being pitched at a wider audience.

- **Means of vacancy advertising**

  All, or virtually all, pilots anticipate operating dedicated websites as a medium through which to advertise vacancies. More sophisticated models include the facility for applicants to register and bid for vacancies online. At the same time, however, most authorities recognise that if web-based systems are to realise their potential, promotion of wider access to the internet is essential. One common response is the setting up of internet-connected kiosks in public buildings and/or public places (including supermarkets).

  Most pilot authorities recognise the limits of ICT-based advertising, in terms of both access to internet-linked terminals, and the familiarity of such technology for social housing customers. Commonly, the strategy for disseminating vacancy details includes both periodic freesheets and estate agent-style bulletin boards displayed in housing offices and elsewhere.

  In a number of schemes, especially in Midlands and Northern authorities facing low or declining demand, a key role is played by shop-front estate agency-style offices as part of a ‘re-branding’ of social housing.

- **Scope of schemes**

  About a third of the pilot bids envisaged testing out choice-based mechanisms on a limited scale rather than an authority-wide switch of approach in the first instance. A number are developing their schemes in defined localities as a test-bed for techniques which could later be rolled out more widely. Two London boroughs are operating an initial focus on smaller properties.
There are clearly pros and cons to the choice between introducing a CBL approach on a limited or wholesale basis. Testing out the advertising principle in a limited geographical area or in relation to vacancies of a specific type avoids the necessity for making an irrevocable commitment to the new approach in the absence of any experience of such a framework. On the other hand, running two contrasting systems side by side introduces considerable potential for confusion among applicants and administrative complexity for the landlord.

Some of the pilot bids envisaged CBL systems relating specifically to sheltered housing. This is probably explained by the fact that in many areas of London and the south of England, sheltered housing stands out as being in low demand. There could be an argument that sheltered housing should be excluded from CBL systems on the grounds that older people may be confused by such a radically new approach to allocations. In the context of the Supporting People regime access to supported housing more generally may need to involve specific procedures in the future.

- Applicant prioritisation

Simplification of applicant prioritisation systems is a common theme across the pilots. Beyond this, however, planned approaches differ considerably. At one end of the spectrum are authorities which envisage retaining a strongly needs-based framework (e.g. Camden, Haringey). At the other extreme are schemes more strongly influenced by the Dutch model (i.e. placing a strong emphasis on transparency, with rehousing priority decided largely according to waiting time or length of tenancy and with housing need playing only a minor role). In a few pilots, housing need contributes to applicants’ priority only for a relatively small proportion of applicants urgently requiring a move.

Between the two extremes described above, the majority of pilots planned to set up systems of the kind envisaged in the Housing Green Paper, involving a limited number of groups or bands reflecting the urgency of an applicant’s need for rehousing, with prioritisation of applicants within these groups being determined by waiting time.

- Early impact

Because many of the schemes listed in Table 4.1 have been operating for only weeks or months, there is as yet only a limited amount of information available on their actual impact. There is also a need to be aware of the possibility that some schemes are ‘talked up’ by the landlords concerned, partly in an eagerness to justify the use of challenge fund resources from which they have benefited. However, the latest available Evaluation Team report (Newsletter No. 3) contains a number of interesting observations on the initial impact of those schemes already functioning:

◆ A number of schemes have generated increased interest in social housing – this probably refers to growing numbers of applicants registered as seeking social housing and/or reflects an observation that significant numbers of people ‘bidding’ for advertised vacancies were not previously registered on such lists. It should be borne in mind that for many of the pilots – about half of those already launched – boosting demand is an explicit scheme aim.

◆ Use of the web – to scrutinise and/or bid for vacancies – has been generally greater than expected. This may reflect pilot landlords’ originally modest expectations as to the suitability of this medium. One pilot authority – New Forest – reports that 40 per cent of bids for its advertised vacancies are being made online.

◆ Initial impact on housing management performance has been mixed. Some landlords report generally reduced relet intervals, whilst others have seen some immediate deterioration on this indicator. Where this has taken place, however, it is sometimes said to result from the reletting of voids of very long duration previously seen as virtually unlettable.
Developments outwith the pilot programme

Whilst there is little comprehensive information, there are signs that many social landlords in England are developing choice-based lettings approaches outwith the ODPM pilot programme. Known examples of such initiatives include those operating in Eastleigh, Liverpool, Nottingham and Trafford. More broadly, a recent survey of English RSLs carried out for the Housing Corporation showed that over a third (35 per cent) were already advertising some vacancies. The great majority of these schemes – being operated by 53 landlords – were unrelated to the ODPM pilot programme. The survey also suggested that the proportion of RSLs advertising vacancies is likely to double by the end of 2002, with most of this expansion coming about independently of the ODPM programme. Less than a third of RSLs reported no plans at all to advertise vacancies.

The popularity of vacancy advertising among English RSLs varies substantially across the country.

Strikingly, well over half of responding RSLs whose ‘home local authority’ is in the North of England were already making use of advertising in late 2001 – mostly in the context of initiatives unconnected with the ODPM pilot programme. In terms of current practice, London-based associations are at the other end of this spectrum, with only one association in 20 having any experience of advertising vacancies. However, well over half of this group of associations anticipated initiating vacancy advertising within the next year, in most cases as part of the ODPM’s national scheme led by local authority partners.

Although the advertising of vacancies is a clear break with traditional allocations methods, most of the schemes involved retain a dominant emphasis on housing need as the yardstick against which competing applicants are prioritised. Two thirds (64 per cent) ranked applicants largely by housing need, though a third of those operating in the Midlands and the North operated the ‘first come, first served’ principle.

Anecdotal evidence suggests that some of this activity originates though best value reviews of rehousing services, partly reflecting the typically positive reaction to CBL approaches expressed by tenants. This chimes with the experience in one pilot scheme, reported in the latest ODPM CBL newsletter. In this instance a local RSL originally outwith the pilot is now planning to participate following pressure from tenants who ‘wanted to know when their landlord was going to join’.

Further information

Further information about the English CBL pilots and about other CBL initiatives in England can be accessed through the Choosechoice website established by De Montfort University at www.choosechoice.org.uk.

4.6 Chapter summary

Dutch experience of operating Delft-style/CBL systems

In the 12 years since its initial launch, versions of the Delft model have been adopted by 90 per cent of Dutch social landlords. This reflects a generally positive assessment of its virtues by both landlords and homeseekers. At the same time, however, evaluations have revealed a fairly widespread tendency for the submission of invalid applications which casts some doubt on whether such systems are as transparent and comprehensible as is sometimes believed. Recognition of this problem has inspired a number of system modifications by social landlords. Definitions of emergency cases have also tended to be tightened to avoid the crowding out of those with queue-based (as opposed to needs-based) priority.

The efficiency impact of Delft-style systems in the Netherlands is not clear-cut, though their popularity with landlords suggests it is unlikely that they are widely seen as inefficient.
Important similarities between the Dutch and British housing systems include a comparable tenure structure and tradition of bureaucratic, needs-based social housing allocation. This helps to underpin the case for the Delft model being a suitable candidate for policy transfer. Nevertheless, the housing circumstances of the two countries also contrast significantly – e.g. in terms of Britain’s more residualised social housing, more pronounced market extremes and homelessness legislation.

**English experience in operating CBL approaches**

Until the past few months, experience of advertising-based lettings systems in England was confined to the district of Harborough and to a number of mainly metropolitan councils who had developed fast track frameworks as a response to low demand. Since April 2001 the spread of such approaches has been kickstarted by the Government’s creation of a £13 million pilot programme involving 27 lead councils selected from over 90 who submitted bids for pilot status. Pilot schemes cover a diverse set of geographical, housing market and organisational contexts across the country. Seventeen of the 27 pilot schemes have now been launched.

Most of the pilots involve vacancy advertising through freesheets, websites and estate agency style shopfront offices. About a third are limited to a sub-area within a local authority or a particular type of vacancy. The others aspire to be comprehensive across most or all social housing vacancies across a council’s territory. Some include the promotion of inter-regional moves from high to lower demand areas. Most have attempted to simplify applicant ranking methods, and to substitute transparent queue-based priority in place of needs-based priority at least to some degree. Some, however, retain points systems. Virtually all the pilots include consortiums of landlords – often a council working with local RSLs, sometimes neighbouring councils working together. In a number of schemes, the main player is the stock transfer RSL.

An official evaluation of the pilot programme has been commissioned and this is publishing periodic progress reports. Early indications emerging from this source are that schemes so far launched:

- have tended to generate increased interest in social housing – as measured by the size of waiting lists
- have seen a greater than anticipated use of the internet as a means of bidding for vacancies
- have seen mixed effects in terms of housing management performance (e.g. in terms of typical relet intervals).

Whilst some non-pilot landlords are awaiting the outcome of the pilot programme before making any moves in this area, there is evidence of substantial numbers developing CBL systems from their own resources.
5. Enhancing applicant choice in Scotland: emerging developments

5.1 Chapter scope

Drawing on the postal survey, as well as the focus group discussions held with social landlords and tenant representatives, this chapter outlines recent moves by Scottish social landlords towards enhancing applicant choice. An update on Common Housing Registers is followed by a broader review of other limited reforms considered and/or introduced during 2001/02. We then examine the development of CBL systems in Scotland.

5.2 Common Housing Registers

The promotion of applicant choice is one of the arguments often deployed in favour of setting up Common Housing Registers (CHRs). Two local authorities – Aberdeen and Perth & Kinross – report already having established CHRs, with another four currently working towards setting them up. According to our survey, only one council (East Dunbartonshire) has yet to consider whether to set up a CHR, and only one (Dundee) has considered and rejected the idea (though this was in 1997 and the idea may be revisited in the future). The remaining 21 councils reported that the prospect of setting up a common register is ‘currently under consideration’. The inter-relationship between CHRs and choice-based lettings is discussed in Section 6.5.

5.3 Other limited reforms to enhance applicant choice

Although there has been no specific pressure from central government or the regulator to do so, many social landlords in Scotland have recently been considering ways that applicant choice could be enhanced, above and beyond the setting up of CHRs. It is instructive to see this against the background of little change in the coerciveness of allocations policies during the 1990s (see Section 2.3).

During 2001 allocations policy reviews whose remit included the scope of applicant choice were under way in 45 per cent of local authorities and 34 per cent of housing associations. Within the context of these reviews, appreciable numbers of social landlords have recently considered and/or implemented limited reforms aimed at enhancing applicant choice within allocations systems (see Tables 5.1 and 5.2).

Table 5.1 - Recent consideration of new initiatives to enhance applicant choice

<table>
<thead>
<tr>
<th>Policy measure</th>
<th>Local authorities</th>
<th>Housing associations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Already</td>
<td>Recently</td>
</tr>
<tr>
<td></td>
<td>operated</td>
<td>operated</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Prioritising applicants with neighbourhood connections</td>
<td>7</td>
<td>2</td>
</tr>
<tr>
<td>Making multiple simultaneous offers</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>11</td>
<td>3</td>
</tr>
</tbody>
</table>
Table 5.2 - Recent consideration of alterations to existing policies on coercion and choice

<table>
<thead>
<tr>
<th>Policy measure</th>
<th>Local authorities</th>
<th>Housing associations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change</td>
<td>Change</td>
</tr>
<tr>
<td></td>
<td>implemented</td>
<td>considered</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Relaxing or abolishing restrictive rules on no. of offers</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Providing more specific information to inform rehousing choices</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Offering more staff-intensive assistance for applicants</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Allowing applicants to express more specific preferences</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Paying greater regard to expressed rehousing preferences</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

5.4 Development of CBL Systems in Scotland

A significant number of local authorities and RSLs are also interested in developing full-blown choice-based lettings schemes. One large landlord – Berwickshire HA – has already launched such a system and several others are moving to follow suit. Table 5.3 summarises the situation as it is known at the time of writing (June 2002).

Table 5.3 Social landlords currently operating choice-based approaches, or considering/planning the introduction of such approaches (as at June 2002)

<table>
<thead>
<tr>
<th>Landlord</th>
<th>Already advertise</th>
<th>Considering advertising</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Across all vacancies</td>
<td>Vacancies in specific areas</td>
</tr>
<tr>
<td>Aberdeen Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Angus Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Berwickshire HA</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Clackmannanshire Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Dundee Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>East Lothian Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Edinburgh Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Hjaltland HA</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Inverclyde Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Link HA</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Ochil View HA</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Paragon HA</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>West Dunbartonshire Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>West Lothian Council</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td></td>
</tr>
</tbody>
</table>
With the 1999 opening of its Property Shop, Dundee Council could stake a claim to having been at the forefront of moves towards vacancy advertising in Scotland. The city centre estate agency-style premises is used to display photographs and details of available homes. The scheme is, however, specifically focused on boosting demand for otherwise difficult to let dwellings and the first-come-first-served approach operated would be inappropriate for wider roll-out. Whilst the initiative is considered to have been successful, it was envisaged as a practical response to low demand rather than a test-bed for the possible wider application of a choice-based lettings system. At present the council has no plans to expand the approach more widely.

Berwickshire and Edinburgh stand out, to some extent, from the other landlords listed in Table 5.3 because both have been operating choice-based lettings for some time, either on a wholesale basis, or as a pilot specifically intended as a launch pad for subsequent wider roll-out. Before discussing some of the broader issues in Chapter 6, therefore, these examples are examined in some detail (see below). Brief summaries of the schemes operating or envisaged by other landlords identified in Table 5.3 are included in Appendix 2.

Berwickshire HA

Berwickshire HA (BHA) (a rural association based in the Scottish Borders and created through a stock transfer from Berwickshire District Council in 1995) launched its ‘Homehunt‘ choice-based lettings system in January 2002. The scheme stemmed from an allocations policy review initiated in late 2000, and was originally intended as a limited examination of existing practice. In the course of the review, and to some extent stimulated by discussion at the 2001 CIHS conference, officers and board members became interested in a more fundamental shift to a choice-based system.

The arguments for such a radical change included most of the criticisms of traditional allocations policies mentioned in Section 4.2. In addition, tenancy offers made under Berwickshire’s old system were often rejected by applicants who had opted for ‘all areas’ simply in a wish to maximize their chances of being rehoused. In practice, it was impossible for the association to know where such applicants actually wanted to be rehoused and which areas would be considered unacceptable. At the same time, in selecting their area preferences, other applicants tried to ‘second guess’ the system by omitting preferred locations if they believed it unlikely that vacancies would arise in those areas. Under a system where available vacancies are directly advertised, such problems should not occur.

Another perceived failing of the old system was that cumulative points ‘sometimes produced an unfair result’. The new ‘priority pass’ system, though reflecting applicant needs, does not replicate this aspect of the old approach.

The deciding factor for the association, however, was an acceptance of the need to respond to service users’ criticisms of the old system. BHA operates in an area of primarily high demand and found that tenants meetings tended to be dominated by dissatisfaction over allocations. Many complaints stemmed from a view that this function was operated in a secretive and unaccountable way. Particularly given the generally high level of demand in the area, the association maintained strong managerial controls over allocations in that decisions made had to be signed off by a senior manager before offers could be made.

In developing the Homehunt system, BHA consulted intensively with tenants, applicants and other local stakeholders, as well as involving its own board members and staff. As regulator, Scottish Homes (now Communities Scotland) was also kept informed of the developing proposals. BHA was keen to ensure that these were compliant with statutory and regulatory requirements including those incorporated in the Housing (Scotland) Act 2001 and is confident that this has been achieved. Communities Scotland will assess compliance with these obligations through the normal regulatory inspection process.
Compliance with the Housing (Scotland) Act 2001 is considered by the association to have been achieved in two respects. Firstly, as a Scottish model, Homehunt is distinct from some Delft-style systems operated in the Netherlands and in England in terms of the level of priority assessment undertaken and included in the system. Priority passes (on three levels: gold, silver and bronze) are awarded covering a number of different housing need criteria – including priority homelessness. Applicants can ‘play’ these passes in making bids for advertised vacancies. Under the system, therefore, a wide range of housing need criteria is taken into account.

Secondly, the Act now gives everyone over the age of 16 the right to register on a housing list – and every social landlord must maintain (or participate in) one. For landlords in high demand and/or low turnover areas this could result in a costly administrative burden to maintain the dataset. BHA’s simplified registration process is seen by the association as economising on the volume of data sought from most applicants, thereby limiting the scale of the review process. The association has moved to an annual review process where only those applicants recorded as not having applied for a house for a year are contacted to ask if they wish to remain on the list – there is no need to ask those who are actively using the system.

Within 12 months of first considering the CBL option, Homehunt went live. This includes the time taken for the in-house development of the system software. The system, covering all BHA vacancies (excluding any properties reserved for direct allocation under management agreements – see below), involves a weekly cycle of advertising and letting. Vacancies are publicised through the association’s local offices, newspaper advertising, as well as through a website (www.homehunt.info) and flyers to partner agencies. A 24-hour freephone recorded information line has also been set up.

Competing applicants are prioritised according to ‘best use’, then housing need as reflected by priority passes, then by waiting time. Eligibility for gold, silver and bronze passes is determined according to whether applicants are experiencing various forms of housing need (including homelessness). In this sense, the system can be portrayed as being underpinned by the same principles that underlay the association’s previous allocations policy.

Early indications are that the association’s existing record of high performance on void management will be enhanced under the Homehunt CBL system. Tenancy offer refusal rates have been cut substantially – from 25–35 per cent to around 4–10 per cent. Deadlines built into the fortnightly advertising cycle are reported to provide incentives to progress lettings more quickly than was previously the case. The best evidence for increased customer satisfaction has been the much reduced incidence of rehousing queries to the association.

The system also seems to have encouraged applicants aspiring to move into high demand areas to trade off their area preference in favour of being rehoused more quickly. The result seems to be a boost in applications for vacancies in medium demand areas. Because it operates association-wide, it is the first time that the effect across different housing market areas can be comprehensively examined.

Online registration and application has also turned out to be more popular in Berwickshire than originally anticipated. During the scheme’s first few months, around 20 per cent of applicants were registered in this way and 25 per cent of bids for specific vacancies were made online.

The Homehunt system is complemented by a series of management agreements with various partner agencies to provide specialist or supported housing: applicants housed through this route usually have vacancies specifically reserved for them, rather than being expected to participate in the mainstream system. Similarly, the open advertising of vacancies and rehousing outcomes facilitates partner agencies such as the Disabled Persons Housing Service – as well as applicants’ friends and relatives – in advocating on applicants’ behalf. This is seen as an advance on the old system when third parties were routinely excluded from discussion concerning applications on the grounds of Data Protection limitations.
BHA has set up a separate company – Homehunt Ltd – to offer services to other social landlords wanting to set up choice-based lettings systems. Services being made available include consultancy and managerial assistance based on BHA’s experience of developing its system, as well as providing application packs, publicity materials and so on.

Research is currently in progress to evaluate the impact of the new system from both an applicant and a landlord perspective. The evaluation, which will draw on operational data to assess housing need and demand, is scheduled for completion later in 2002.

City of Edinburgh

Compared with the typical experience of local authorities developing CBL systems in England, Edinburgh’s experience has been unusual in that the main impetus has come from council members as much as from officers. From the City’s point of view it is also unusual in that the proposal has drawn cross-party backing - in contrast with the typical experience of allocations policy as a highly contentious subject. This probably stems partly from a keen appreciation among members of the failings of the existing system - including the workload generated for members’ surgeries.

The development of a city-wide CBL system in Edinburgh is seen as integral to a wider set of changes:

- the setting up of a Common Housing Register (see also Section 6.5)
- the development of local lettings plans
- the development of housing advice and information strategy.

The main failings of the existing allocations system prompting the need for radical change are considered to include:

- the high rate of tenancy offer refusals
- high tenancy turnover
- the complexity of the current system from the applicant’s perspective
- the high cost of maintaining the waiting list
- the high incidence of empty properties.

It is believed that these difficulties could be overcome through an advertising-based system where priority is mainly determined by a single simple criterion, possibly waiting time on the housing register.

A wide-ranging consultation on the proposals among tenants, applicants and other stakeholders was carried out in 2001. This was seen as providing generally strong support for moving to a city-wide CBL approach. Focus groups involving homeless applicants, typically dominated by young people, were particularly positive. At the same time, however, some nervousness about the implications of the system for more vulnerable applicants was expressed by housing staff and homelessness lobby groups.

Since the idea of a wholesale switch to CBL was first mooted in 2000, and in parallel with its consultation, the council has tested out an advertising-based approach in specific neighbourhoods. Respondents to advertised vacancies have been prioritised mainly in terms of waiting time. At first, the pilot was limited exclusively to low demand vacancies in very limited areas. These initial trials were considered successful on the basis that they (a) attracted applicants not previously registered on the waiting list, (b) attracted applicants in employment, and (c) seemed to result in sustainable tenancies - six months later 90 per cent of tenancies remained intact.
Partly in the light of this experience, the pilot has more recently been rolled out to cover an entire ward containing 1,800 homes – a mixture of moderate, as well as low, demand housing. So far, the system has been run on a largely manual basis, though it is regretted that IT systems were not developed in advance.

Although the ward-level pilot has not been formally evaluated, the experience is generally considered to have been positive. Substantial reductions in refusal rates have been recorded across the area and overall void rates in the area have been ‘gradually falling’ under the new approach. Low demand voids, in particular, have been much reduced. However, it is possible that, once extended to the least popular areas of the city, one effect of the system will be to reveal more starkly those vacancies which are unlettable in any circumstances and which call for more fundamental responses.

Applicants’ impressions of the pilot system are reported to have been largely positive, with a reported 95 per cent satisfaction rating among those rehoused under the new framework. It is, however, appreciated by the council that there is a need to monitor formally the opinions of applicants using the system but not yet rehoused through it.

A significant number of applicants rehoused under the pilot are reported to have been people who had not previously registered for council housing and this is seen as a success in that it has helped to let lower demand homes for which there were previously few, if any, takers among registered applicants.

The city-wide roll-out of CBL, planned for January 2003, is expected to involve a prioritisation framework mainly based on the queuing principle and incorporating time-limited priority status for medical priority as well as for other emergency need cases – including statutory homeless households.

As in Harborough, non-priority applicants will be classed as either ‘starters’ (newly forming households and private tenants) or ‘movers’ (other existing households). It is envisaged that the former will be prioritised according to waiting time and the latter according to length of tenancy. The proposed use of this latter criterion is seen as a logical response to the serious problem of residential instability common to many of Edinburgh’s estates. The share of lettings going to starters and movers in any specific area will be controllable through the designation (labelling) of vacancies as advertised. This aspect of labelling practice will in turn reflect neighbourhood lettings plans, as agreed with tenants groups.

5.5 Chapter summary

Most Scottish local authorities are already developing, or are considering setting up, Common Housing Registers. Many landlords are also open to modifying traditional systems in limited ways in an attempt to reduce the restrictions on applicant choice and to soften rules which effectively coerce homeseekers into accepting tenancies they might prefer to reject.

Increasingly, there is also interest in the more fundamental step of switching to a choice-based approach. One landlord – Berwickshire HA – launched a CBL-style system, comprehensive across all its vacancies, in January 2002. This scheme, fairly closely modelled on the Delft approach, is notable partly for the fact that it was set up from scratch in well under a year. Initial indications suggest that the system is popular with applicants and that it has enhanced the association’s existing high level of void management performance.

Around a dozen other social landlords are running small scale pilots and/or planning to launch advertising-based systems in the near future (see Table 5.3). Among local authorities, Edinburgh is probably furthest forward, having operated a ward-level pilot for over a year as a prelude to plans for city-wide roll-out early in 2003. Link HA, the country’s largest RSL, plans to test an advertising-based system across a quarter of its stock with a view to the possible subsequent association-wide expansion of the scheme.
6. Developing CBL systems in Scotland: issues for consideration

6.1 Chapter scope

Drawing on the evidence presented in earlier chapters, this section discusses some of the key policy and practice questions that arise from the possibility of introducing CBL systems in Scotland. Some of these reflect issues raised in the discussion groups of social landlord staff and tenant representatives convened as part of this project.

6.2 Prioritising applicants under CBL systems

Choice-based versus needs-based priority?

In its advocacy of choice-based rather than points-based allocations systems, the DETR Green Paper lent credence to the idea that choice and need are polar, irreconcilable, opposites. The 'modern approach', it was strongly implied, would involve scrapping the latter in favour of the former.

Certainly, one of the key characteristics of Delft-style lettings approaches is the transparent criteria used to prioritise applicants. As operated in the Netherlands, such frameworks tend to involve homeseekers being ranked largely according to indicators such as age, length of tenancy or length of time registered for housing (see Sections 3.4 and 4.2). Time-based mechanisms of this sort, based on the simple queuing principle, are seen as restoring legitimacy to rehousing systems. By using a comprehensible 'currency' they also facilitate the active participation of housing applicants in the rehousing process. This enables homeseekers to trade off priorities – e.g. between securing a less preferable house immediately and a more preferable house sometime in the future.

The possibility that mechanisms of this kind might be imported to Britain, however, raises understandable concerns that the replacement of familiar needs-based prioritisation could disadvantage those living in worse conditions or otherwise in particularly urgent need of rehousing. This is certainly a worry among many social landlords and their staff, as well as some voluntary agencies, though the tenant representatives consulted in the course of this study generally viewed a queuing-style approach as being a fairer and more accountable than some of the needs-based systems currently operated.

A number of points can be made here. Firstly, it is mistaken to assume that the allocations systems currently operated by social landlords in Britain are entirely based on need. Among local authorities in Scotland, for example, more than four out of five attribute rehousing priority partly on the basis of waiting time (see Appendix 3). The majority of councils – 55 per cent – consider waiting time priority to be fairly or very significant in contributing to the priority of transfer applicants under their own systems. And more than a quarter of local authorities define waiting time for transfer applicants as equating to length of tenancy. (Further details on the role of waiting time, drawn from the postal survey carried out as part of this research, are included in Appendix 3).

A second and probably more important point is that any allocations system operated in Scotland - as in England - must incorporate a needs-based dimension if it is to comply with legal and regulatory requirements (see Section 1.3). Not only must its rules embody the reasonable preference criteria set out in s. 20 of the Housing (Scotland) Act 1987, but its procedures must make provision for the rehousing of any household found to be statutorily homeless under that legislation. A system based wholly on waiting time or length of tenancy would be simply unlawful.

At the same time, however, there is scope for systems to reconcile needs and queuing principles through different forms of hybrid arrangements. The system used by Harborough DC, for example, prioritises urgent
need cases only through the use of time limited priority cards which provide holders with overriding precedence over other applicants. All other new applicants are ranked by time on the list, with transfer cases being ordered by length of tenancy. Under this system, strongly influenced by the Delft model, competing priority card holders are ranked according to waiting time.

Striving to reconcile these issues, the DETR Green Paper advocated the use of an approach combining broad brush banding with waiting time. Under such a system, applicants would be assessed as falling into one of three bands:

- **urgent need**
- **non-urgent need**
- **no need.**

Within each band, applicants would be ranked by waiting time or some similar principle.

In practice, many of the English choice-based lettings pilot authorities are adopting a banding system of the type described here. However, one possible cloud on the horizon for such schemes comes in the form of a recent caselaw judgement (L&D v LB Lambeth, QBD CO/1268/2001). This judgement implies that rehousing prioritisation systems must take account of how many of the six reasonable preference grounds apply in any case. If a household is in need on all six grounds it must have higher priority than a household where only one of the grounds applies. Any allocations scheme must have, in the words of the judgement, ‘a clear mechanism for assessing cumulative categories’. Whilst this decision has no direct impact in Scotland, its implications may need to be kept in mind by any landlords developing choice-based systems involving simplified or broad brush needs assessments.

**Rehousing Homeless Households**

As noted in Section 3.4, around half of the Dutch social landlords operating Delft-type systems deal with emergency cases by making old style top-down allocations rather than incorporating such applicants within their mainstream choice-based system. However, statutory homeless households could be incorporated within the kind of banding framework described above by placing them in the urgent need category or in an overriding priority band on a time-limited basis – similar to the way emergency need cases are treated by other social landlords in Holland (see Section 4.4). Time-limitation of priority status is necessary to incentivise homeless applicants to find accommodation rapidly, rather than allowing them unlimited scope for trading off waiting time against their property requirements. This would be needed to discourage them from holding out in temporary accommodation for long periods at local authority expense, whilst awaiting the perfect vacancy.

The appropriate duration of priority status in such cases would need to be carefully considered. It might be appropriate to vary the time involved, depending on the household’s needs and, perhaps, even their preferences (e.g. in relation to area). For example, a two month limit might be suitable for a household needing a 3-apartment home, but unreasonable for someone needing a 5-apartment.

A statutory homeless household failing to be rehoused during the validity of their priority status would remain a local authority’s statutory rehousing responsibility and would need to be made an offer of accommodation in the traditional ‘take it or leave it’ way before this duty could be discharged. Before moving to this stage, however, it would probably be good practice for the council to interview the applicant and discuss the circumstances surrounding their failure to be rehoused within the preset period. Had any suitable vacancies, in fact, been advertised during the period? Had the household been outbid for a suitable vacancy by a higher priority applicant (e.g. homeless household with more waiting time)? Had they been unreasonably selective in their scrutiny of advertised vacancies? Had they properly understood the system and their obligations under it? Clearly, procedures to guide staff in dealing with such cases would need to be drawn up.
Another reason for wanting to limit the potential advantage enjoyed by homeless households under a priority card type of system would be to provide an incentive for people in insecure situations to resist homelessness rather than, for example, conspiring to be ejected by a host household. The issue here is the behavioural response encouraged by specific resource allocation systems. To restore the primacy of the queuing principle, those needing housing should be encouraged, as far as possible, to use the normal queuing route. Because this ought to be a more predictable route to rehousing than is often the case under existing complex needs-based systems, it should be possible to reduce homelessness arising from the desperation felt by host households with no clear idea of how long it might take for a tenancy offer to be made. Alongside the time-limiting of priority status, another way of achieving this might be to limit the areas within which priority applies (e.g. to the neighbourhoods with which the applicant has a direct connection).

Generally, the operation of systems incorporating needs-related bands and/or priority card mechanisms could be problematic where the numbers of households given high priority status are large in relation to the throughput of vacancies. If a high proportion of listings were absorbed by such cases, the queuing principle would be compromised. This would occur because the point hunting mentality would be revived by the knowledge that the chances of success in being rehoused were largely tied up with being classed within an overriding category (e.g. homelessness) rather than acquiring queue-based priority. Such a development might undermine any attempt to improve the legitimacy of the new transparent system by comparison with the old incomprehensible one.

This argument implies the need to limit, within reason, the chances of applicants being accorded overriding priority status and emphasises the challenge posed for local authorities in high demand areas where statutory homelessness currently accounts for large proportions of listings. For example in Edinburgh, one of the authorities currently experimenting with a choice-based approach, statutory homeless households currently absorb well over half of all lettings to new tenants. And, from the perspective of councils facing such circumstances, this situation is liable to become more difficult, as supply continues to contract as stock shrinks, whilst - thanks to new legislation - homelessness responsibilities are tending to grow.

Another means of avoiding the complete crowding out of lower priority applicants where this might otherwise occur, would be to use the vacancy labelling system (i.e. eligibility conditions carried on advertisements) to specify a limited proportion of vacancies as being for non-urgent/non-need applicants only.

As the preceding discussion makes clear, it is perfectly possible to envisage how the rehousing of statutory homeless households can be incorporated within a choice-based system. Given the way that existing allocations systems deny homeless households the choices offered to other groups (see Chapter 2) this would be a considerable achievement, even if some limits needed to be imposed. Nevertheless, there is undoubtedly some underlying tension between the rights-based approach inherent in the homelessness legislation and the consumerist dynamic underpinning the CBL model. The recent tendency - apparent in both Scotland and England - towards widening the definition of those owed a statutory rehousing duty only adds to the resulting strains.

6.3 Implications for vulnerable applicants

An anxiety related to the concern about disadvantaging urgent need applicants is that the more active involvement called for from applicants under advertising-based systems could be to the detriment of more vulnerable households. This might affect, in particular, those with special needs such as illiteracy or learning difficulties.

This is undoubtedly a potential problem. Existing bureaucratic allocations approaches tend to treat all applicants as though they are unable to participate in the rehousing process. Whilst this is undoubtedly
both patronising and mistaken, it would be equally erroneous to assume that everyone needing social housing has the ability to navigate their way through a CBL system unassisted. However, the view among social landlords consulted in the course of this research is that such applicants are limited in number. In setting up such systems, landlords need to allow for the provision of more advice and advocacy services than have customarily been made available. It may be possible to fund such activities by diverting savings generated from other aspects of the switch from bureaucratic to customer-focused methods (see Section 6.4). Otherwise it will be necessary to show commitment by finding additional resources to pay for such activities.

There is an argument that the open advertising of vacancies actually facilitates carers, other family members and advocates in assisting people seeking rehousing. Certainly, web-based vacancy advertising may be of particular benefit to vulnerable people receiving help from voluntary agencies that are highly likely to have internet access. And it is worth noting that the Disabled Persons Housing Service has voiced strong support for the choice-based lettings systems operated by both Harborough and Berwickshire.

6.4 CBL systems: financial implications for social landlords

Setup costs

Scottish social landlords keen to develop CBL approaches may feel envious of the DETR challenge fund resources made available to their English counterparts. However, whilst there are undoubtedly significant setup costs involved in establishing a CBL system, these are not necessarily so great as to require special external subsidy. Neither Harborough DC, nor Berwickshire HA – the first social landlords to launch area-wide CBL systems in England and Scotland – had access to such funds in setting up their schemes. The expectation is that, by underwriting some of the development costs of pilot local authorities, the DETR initiative will help to establish models and approaches which will make the task of switching to a CBL approach easier, cheaper and less risky for landlords following this vanguard group. This might, for example, involve the availability of tried and tested software packages off the shelf. Social landlords in Scotland are likely to benefit from such spinoffs just as much as their English counterparts.

Some of the DETR (ODPM) challenge fund resources are being devoted to the setting up of Common Housing Registers as an integral element within CBL systems. To this extent, it can be argued that similar funding has in any case been made available by the Scottish Executive through its CHRs modernising government initiative.

Running costs

The running costs involved in operating a CBL system are likely to include the provision of beefed up advice and advocacy services (see Section 6.3), as well as advertising vacancies, selecting successful applicants and publicising rehousing outcomes.

Tenant representatives interviewed in the course of this project expressed concern at the possible costs and logistics of CBL vacancy advertising. Edinburgh's plan to circulate such information mainly through a city-wide freesheet, funded through advertising, aroused some scepticism. This was partly based on a belief that the existing commercial 'city-wide' freesheet does not, in fact, reach all areas.

These increased costs need to be set against the possible staff time savings generated by replacing the bureaucratic matching process with an applicant-centred process. As noted in Section 4.2, the resources consumed by this procedure are considerable. Both in Berwickshire and in Edinburgh, there is a strong feeling that the CBL systems now functioning facilitate the focusing of staff time on those more vulnerable applicants who genuinely need help in navigating such a system rather than wasting them on the mechanistic and often unsuccessful administrative matching process.
Impact on void management performance

It is possible that adopting a CBL approach, with its cyclical advertising, offering and letting of homes, could damage void management performance, leading to increased rent losses. This might be seen as a particular risk by landlords whose existing performance in this area is considered strong. One of the local authorities bidding for DETR challenge fund resources included a substantial allowance for lost income attributable to such an eventuality. The vast majority, however, took the view that performance in this area would be unaffected or might improve. As noted in Sections 4.5 and 5.4, it is too early to be sure of the impact of CBL systems now operating in England and Scotland in this respect. Nevertheless, the early signs are quite encouraging.

There is a view, as voiced by the DETR Green Paper, that somewhat extended void periods could, in any case, be a price worth paying for boosting tenancy sustainment under a system where housing applicants take greater ownership of rehousing decisions.

Impact on temporary accommodation costs

Including statutory homeless households within the scope of CBL systems brings with it the risk that temporary accommodation costs could be inflated as applicants placed in short term housing fail to bid for available homes, or sit it out in the belief that this will enhance their priority for a sought-after vacancy. One response would be to exclude homeless households from the system altogether; continuing to allocate houses to this group on the traditional ‘take it or leave it’ basis. Alternatively, as suggested in Section 6.2, the designation of time-limited priority status could prove an acceptable way of minimising the risks involved here.

6.5 CBL systems and joint working between social landlords (including Common Housing Registers)

Among the small band of Scottish local authorities actively developing plans to introduce CBL systems three are also setting up - or have already established - Common Housing Registers. This linkage has also been noted among the English CBL pilots, with around half of the selected local authorities already operating CHRs in advance of the pilot and a number of others proposing to establish or improve these integrally within their plans (Pawson, 2001).

As noted in Section 1.3, CBLs and CHRs can be seen as reforms motivated by a consumerist vision of public services. It is, therefore, perhaps to be expected that these ideas appeal to a common band of organisations. There is a view that choice-based systems will achieve their full potential in terms of customer friendliness only if they can incorporate all social landlords operating within a given area - e.g. parties to a CHR. However, the possibility that CBL and CHR systems might be set up together raises questions about how these two systems might be integrated with one another and, more broadly, about the coexistence of CBL and traditional lettings systems within a given geographical area. Among the range of scenarios needing to be thought through are the following:

◆ Scenario 1: local authority and RSLs opt into a CBL approach within the context of a CHR where there is a common allocations policy (CAP)

◆ Scenario 2: local authority and RSLs opt into a CBL approach within the context of a CHR where individual landlords retain significantly differing allocations policies

◆ Scenario 3: local authority and RSLs operate a CHR, but some or all of the RSLs opt to retain a traditional approach to lettings whilst the local authority switches to a CBL approach

◆ Scenario 4: local authority and RSLs have no CHR but local authority switches to CBL approach whilst some or all RSLs retain traditional approach.
Scenario 1 – CBL/CHR/CAP comprehensive across all landlords

Under this scenario, all social housing vacancies might be advertised, with the CHR database providing a mailing list for the circulation of these adverts, or at least a source of information to facilitate the ranking of applicants on some basis combining need and waiting time (or similar attribute). Selection of successful bidders according to a common method would help to simplify the messages given to applicants to help guide their decisions on realistic bidding. Agreement on a common – and probably minimal – body of basic information about each applicant would facilitate the reduction in the size/length of the CHR application form in line with the ‘minimal bureaucracy’ aspiration advanced by some CBL advocates. The existence of a common allocations policy would render nominations an obsolete concept.

Scenario 2 – CBL/CHR approach comprehensive across all landlords – differing allocations policies

As in Scenario 1, it would be possible to use a common advertising framework – e.g. all social housing vacancies advertised through a freesheet or by direct mail. The difference here would be that the relative priority of competing applicants would need to be determined according to the allocations policy operated by the landlord responsible for the specific vacancy concerned. Whilst this would make the system somewhat more confusing for applicants, a proportion might in any case be interested only in the vacancies being advertised by a particular landlord, and so only need to become familiar with the prioritisation methodology used by that landlord.

As under any CHR covering landlords with different allocations policies, the concept of nominations would remain potentially relevant. RSL lettings to nominees might continue to be processed through existing systems – i.e. involving inter-organisational liaison and the referral to RSLs of applicants drawn from the CHR by the council. Alternatively – and depending on the technical sophistication of the system – it might be possible for RSLs seeking nominees to draw a shortlist direct from the CHR, re-ranked according to the council’s prioritisation framework. If, however, the authority’s simplified ranking system led to the nomination of applicants whose priority was largely derived from waiting time this could generate tensions with RSLs that are accustomed to receiving nominees in substantial need and are retaining strongly needs-based allocations policies of their own. This kind of problem might be overcome – as it is already, to a degree – by council staff taking account of known RSL policies in selecting appropriate nominees.

Scenario 3 – CHR across all landlords, CBL operated by some and not others

Within the Scottish context, this scenario is probably a more likely prospect in the near future. It is, for example, foreseen in Edinburgh where it is anticipated that local authority vacancies will be routinely advertised, with applicants being prioritised through a largely queue-based system (see Section 5.4). Whilst it is not envisaged that RSLs will be included within this system at the outset, the council will be working with associations under its Common Housing Register. This is currently at a fairly advanced stage of development and the two systems are expected to go live at about the same time early in 2003.

RSLs working in Edinburgh have been consulted on the council’s CBL proposals but there has been no pressure on them to adopt such an approach for their own vacancies. And whilst some Edinburgh RSLs are interested in the CBL concept, none has yet made a firm decision in favour of such a switch. Therefore, the medium-term prospect is that RSL vacancies will continue to be let in the traditional bureaucratic way alongside the advertising of council vacancies, with individual associations drawing shortlists from the CHR much as they would do from their own waiting lists under the present system. Nominations might be processed as in Scenario 2. This state of affairs would be similar to that in Manchester since the launch of its mainstream CBL system in July 2002. At least initially, advertising involves only council vacancies, with RSLs continuing to draw applicant shortlists from the well-established Manchester common register.

As long as any CHR partners wish to retain a traditional needs-based lettings approach, it will probably be necessary for the CHR application form to collect a substantial volume of detailed information required to assess priority within this framework.
From an applicant’s point of view, this scenario might be seen as potentially somewhat confusing, since rehousing may involve active application (for a council vacancy) or simply receiving a ‘take it or leave it’ offer of a tenancy (from an RSL). This might give rise to demands for RSL vacancy advertising from applicants specifically interested in RSL vacancies. However, there is no reason to think that it would be impossible for CBL and traditional systems to coexist.

Scenario 4 - Local authority switches to CBL approach, some/all RSLs retain bureaucratic approach - no CHR

Potentially this approach has problematic implications for nominations. It is possible that the referral of households prioritised through a largely queue-based prioritisation system could lead to tensions with RSLs who might judge such applicants to be in insufficient need under their own allocations policies.

Experience among the English CBL Pilots

The experience of the English CBL pilots is also relevant to the implications of joint working between social landlords within this context. Most – if not all – of the advertising-based systems being set up under the ODPM pilot programme involve collaboration between two or more social landlords publicising their vacancies through common media – e.g. freesheet or website. In some cases, co-operation has been made more straightforward by previous experience of joint working – especially where common allocations policies were already in force so that the prioritisation of competing applicants bidding for an advertised vacancy can be carried out under a common system. In other instances, it appears that partner landlords have been able to opt for a ‘lowest common denominator’ approach. As the ODPM’s CBL Newsletter No. 2 reported, this may involve ‘applicants going through a common letting system based on minimal information and then, if they emerge from this as the ‘winner’, each landlord applying their own additional criteria when deciding whether to offer accommodation’.

6.6 Changing power relations

It will be seen from Sections 1.2 and 4.4 that switching to a CBL approach involves a fairly fundamental shift of power – and responsibility – from social landlords to homeseekers. Whilst the choices open to most applicants remain severely constrained, the ability to select directly from available vacancies and to opt to bid or wait is a fundamental and empowering change from a homeseeker’s role under traditional allocations systems.

A recognition of the surrender of power involved in switching to a CBL approach may discourage some social landlords from adopting such an approach. Certainly, there is a fairly widespread perception among housing staff that many council members may be inclined to resist any proposals seen as relinquishing council powers in this field. Equally, however, members’ active support for such changes could be engendered through demonstrating their direct relevance to tackling familiar problems such high void rates due to low demand or simply the volume of applicants’ complaints about the ‘unfairness’ of existing allocations systems.

In any case, whilst social landlord staff cease to play such a pivotal role in the letting process under a CBL approach, landlords themselves retain important policy levers enabling them to continue to exert influence on how such systems function and the rehousing outcomes they generate. Apart from setting basic eligibility conditions (e.g. in relation to former tenancy records) and structuring the system under which competing applicants are prioritised (see Section 6.2) these can include the way that vacancies are labelled. Such labelling may be employed in an effort to achieve social or demographic mix at a block or neighbourhood level, or in line with area-specific or organisation-wide quotas for different categories of applicants (e.g. new tenants versus existing tenants).

An issue allied to that of power relations is the impact of adopting CBL approaches on housing staff. As noted in Section 6.4, such changes are likely to involve an increased focus on assisting more vulnerable
applicants in place of the mechanistic shortlisting and matching procedures. The process of change, however, is likely to be unsettling for staff, and any social landlord pursuing such a course would be well-advised to attempt to allay such fears by involving staff in the planning process from an early stage.

6.7 Area polarisation

Where homeseekers are given the ability to select directly from available vacancies, there is a possibility that contrasts in neighbourhood popularity will be revealed even more starkly than under conventional allocations systems. Vacancies being re-advertised time and again and generating no interest would be more visible under a CBL system. There are concerns among some social landlords and among tenants groups that this could increase neighbourhood polarisation.

To the extent that this might occur in extreme cases, it has to be asked whether the masking of such problems under traditional bureaucratic systems is, in fact, desirable. Letting a low demand vacancy largely through coercing an applicant to accept the tenancy on the basis that this is the last offer available, or that the next offer might be worse, is not necessarily a defensible - or even cost-effective - approach, particularly if it leads to the fairly imminent abandonment of the property.

In areas where there are extreme oversupply problems, where there is serious neighbourhood disturbance, or where landlords are attempting to relet homes in very poor condition it is certainly possible that the adoption of a CBL approach might make it more difficult for such problems to be ignored. It may be more difficult for landlords to avoid facing up to fundamental choices such as whether to dispose of, demolish or change the use of the stock concerned. In the long run, however, this must surely be seen as a positive rather than a negative outcome.

6.8 Chapter summary

Prioritising applicants

The possibility that CBL systems might completely replace needs-based prioritisation by queuing systems (e.g. based on waiting time) has raised concerns among some stakeholders. In fact, waiting time is already a significant component of applicant ranking systems currently used by many local authorities (but not RSLs). More importantly, legal requirements mean that allocations systems operated by social landlords in Britain must take considerable account of need. The DETR Green Paper advocated that waiting time and need could be reconciled through the use of internally date-ordered needs-related bands.

Rehousing homeless households

Rehousing statutory homeless households could be achieved within a CBL system. However, such a system would need to be carefully designed and managed to allow real choice to applicants on the one hand, whilst capping temporary accommodation costs on the other. This latter aspiration would probably need to be achieved through time-limiting an applicant’s priority status. Whilst this would necessarily involve an element of coercion, it may be seen as a worthwhile price for including homeless households within a choice-based system rather than excluding them from it. Designating homeless households and other urgent need applicants as having overriding priority could compromise the realisation of some CBL aspirations if such applicants absorb a large share of lettings.

Implications for vulnerable applicants

The more active involvement called for from applicants under advertising-based systems could well be to the detriment of more vulnerable homeseekers - particularly those with special handicaps such as illiteracy or learning difficulties. This potential problem calls for the provision of additional advice and advocacy services under a CBL-style system. It is to be hoped that resources to fund such services could be diverted
from savings generated by scrapping the labour-intensive shortlisting and matching activities intrinsic to bureaucratic allocations approaches. Open advertising of vacancies may actually facilitate the active involvement of carers, other family members and advocates in assisting vulnerable people seeking rehousing.

**Financial implications for social landlords**

Provision of setup costs through the CBL pilot programme has helped to kickstart the spread of these systems in England. However, the experience of Berwickshire, as well as a growing body of non-pilot landlords operating CBL systems south of the border, suggests that access to such a fund is not necessarily essential in making this switch. Some landlords switching to a CBL approach are motivated by a belief that existing bureaucratic methods are inefficient and wasteful. Moving to an advertising-based system is expected to generate cost savings. Nevertheless there is a danger that such a move could expose a landlord to some degree of risk in that poorer void management performance could result, inflating rent losses. As yet, the evidence from already-established CBL schemes in Britain is insufficient to make a firm judgement as to which of these scenarios is more likely. Early indications, however, are relatively promising.

**CBLs and joint working among social landlords**

A social landlord’s decision to adopt a CBL approach could have implications for other landlords operating in the same locality, particularly if a Common Housing Register is in operation or in the process of being set up. Conventionally, CHRs are envisaged as systems compatible with the traditional bureaucratic allocations approach. However, there is nothing to prevent a CHR being used as the basis for a choice-based system if the register contains data facilitating the ranking of applicants' priority. It is also possible to conceive of a scenario where one CHR partner (e.g. the local authority) advertises its vacancies and ranks bidders using CHR data, whilst RSLs retain traditional allocations approaches, drawing shortlists from the register and seeking nominees in the conventional way.

**Changing power relations**

Switching to a CBL approach involves a fundamental shift of power – and responsibility – from social landlords to homeseekers. A recognition of this may discourage some social landlords from making such a switch. Certainly, there is a fairly widespread perception among housing staff that many councillors may be inclined to resist any proposals seen as relinquishing council powers in this field. However, whilst social landlord staff cease to play such a pivotal role in the letting process under a CBL approach, landlords themselves retain important policy levers enabling them to continue to exert influence on how such systems function and the rehousing outcomes they generate.

**Area polarisation**

Where homeseekers are given the ability to select directly from available vacancies, there is a possibility that contrasts in neighbourhood popularity will be revealed even more starkly than under conventional allocations systems. There are concerns among some social landlords and among tenants groups that this could increase neighbourhood polarisation. To the extent that this might occur in extreme cases, it has to be asked whether the masking of such problems under traditional bureaucratic systems is in fact desirable.
7. Taking the debate forward

Among social landlord staff and tenants groups in Scotland there is extensive agreement on the fundamental shortcomings of traditional bureaucratic allocations systems. These are widely seen as being inflexible, unaccountable, paternalistic and outdated. Many landlords are open to modifying traditional systems in limited ways in an attempt to reduce the restrictions on applicant choice and to soften rules which effectively coerce homeseekers into accepting tenancies they might prefer to reject.

At the same time, however, there is growing bottom-up interest in more radical reforms which would see bureaucratic systems replaced by a genuinely customer-focused approach. Nevertheless, a degree of scepticism about such options remains among many stakeholders. To some extent, this may reflect nothing more than the unfamiliarity of the CBL concept. Appreciation of what such systems involve and how they can incorporate a degree of needs-based prioritisation remains quite sketchy in many quarters, particularly among smaller housing associations and among council members and RSL board members. Experience in England – and increasingly in Scotland – suggests that doubts about the possible benefits of switching to a customer-focused approach are often quickly dispelled by improved understanding of what such systems involve.

Informing the debate

It must be right that individual landlords, in consultation with tenants and applicants, make up their own minds about how to enhance choice for people seeking social housing – including whether to replace bureaucratic systems entirely with a choice-based approach. There is, however, a legitimate role for national stakeholder organisations in stimulating debate so that the arguments for and against changes of this kind can be freely aired. One vehicle for such consideration is where a landlord carries out a best value service review covering allocations. The regulatory guidance recently issued by Communities Scotland specifically encourages councils and RSLs to assess whether existing approaches adequately incorporate applicant choice and how these could be enhanced in this respect.

It is also hoped that this document will, in itself, help to inform the debate on empowering applicants for social housing. One additional means of promoting such discussion, proven as effective in England, has been the production of a video explaining how systems of this kind can work. The film on Harborough DC’s ‘homechoice’ system has also served as a useful aid to early discussions in Scotland. Partly because of the specific circumstances of the area concerned, however, the appeal of this video is somewhat limited north of the border.

In this context it might be appropriate for the Chartered Institute of Housing in Scotland to support the production of a video stressing the need for reform of allocations policies and highlighting some of the characteristics of CBL systems already functioning or being set up north of the border. The presentation could also address some of the particular concerns voiced by Scottish social landlords, tenant representatives and other key stakeholders about the possible implications of such approaches as collected in the course of this project. It might be appropriate, for example, to focus on the views of tenants and other local stakeholders on the systems set up in areas such as Berwickshire and Edinburgh, and on their involvement in setting up these systems.

Strategies for change implementation

Having decided that there is virtue in exploring the possible adoption of a CBL approach, any landlord needs to decide whether to opt for an initial pilot project – limited to a given sub-area or stock type – or whether to plan for a ‘big bang’ strategy where there is a wholesale switch from the old to the new system. In many authorities, there is a need to reassure council members of the practicality of what is – at present – a largely unfamiliar model. This may dictate the adoption of the local test-bed approach even if the running of two systems alongside one another during the pilot period is seen as potentially
complex. Similarly, in generating council member support for such proposals it may be appropriate in some areas to stress the linkage with addressing familiar problems such as lack of demand and the volume of complaints and general dissatisfaction associated with existing systems.

Gauging customer feedback

It will be important to investigate, in a systematic way, the experiences and views of homeseekers using the choice-based lettings systems now emerging. The ODPM pilot evaluation of the English pilots includes a customer feedback element which will involve limited numbers of in-depth interviews with people who have used both the CBL and predecessor systems in selected pilot areas. The aims of this part of the evaluation are to:

- examine the way in which applicants behave when participating in processes of choice-based lettings, including any changes in applicants' bidding behaviour or aspirations in response to feedback on lettings outcomes
- assess to what extent applicants are playing an active part in vacancy selection
- compare applicants’ experiences of choice-based lettings with their experiences of previous systems of allocation.

It is likely that the findings of this exercise, as well as the other elements of the evaluation, will be of considerable interest among social landlords in Scotland as well as England. Whether there is a strong case for an officially-sponsored customer reactions study in Scotland in addition to that in England is, perhaps, more debatable though it should be noted that the ODPM survey does not involve comparison of separate 'before' and 'after' views. Neither does the ODPM approach incorporate a structured survey of the type which could produce hard figures on satisfaction with, and/or comprehension of, different systems.

Scottish Executive position

Through its strong backing of Common Housing Registers, the Scottish Executive has already signalled its belief in the need for a more consumerist approach to social housing allocations. The Executive is closely monitoring the growing interest in choice-based lettings among councils and RSLs and has adopted a generally permissive approach in published guidance (Scottish Executive, 2002). Before adopting a clearer stance on this issue it may be appropriate for the Executive to await the full findings of the official evaluation of the English pilots, due for publication in Autumn 2003. In the interim, useful evidence on the impact of CBL schemes in Scotland – notably in Berwickshire – is also likely to emerge.

In the meantime, however, the Executive needs to ensure that the growing appeal of the CBL concept among social landlords in Scotland can be integrated with its existing CHR development programme. Local authorities and RSLs considering adopting a CBL framework should be strongly encouraged to assess the potential for developing systems which incorporate other – and ideally all – social landlords operating in the same area. And those already looking at or establishing CHRs should be urged to consider the possible integration of a CBL approach at an early stage in this process. This may help to save a great deal of wasted effort.
Appendix 1

Postal survey methodology

A1.1 Background and scope

The purpose of the survey was twofold: firstly, to gauge social landlords’ attitudes towards enhancing applicant choice within lettings systems, and secondly to establish baseline data on the extent to which applicant choices are allowed and constrained within current systems.

The survey covered all 32 local authorities and the 129 housing associations managing more than 250 homes. The latter group included the non-registered stock transfer landlords, Waverley and WESLO. However, associations managing mainly special needs or supported housing were excluded on the grounds that specific issues would apply to associations of this type.

A1.2 The questionnaires

The questionnaires drew fairly substantially on postal survey returns recently used by the School in the course of similar studies of local authorities and RSLs in England, carried out on behalf of the DETR (2000) and Housing Corporation (2001). This provides the opportunity for making valid comparisons between policy and practice in the two jurisdictions.

Slightly different returns were designed for local authorities on the one hand, and for housing associations on the other. A key difference was the inclusion in the local authority version of questions about the treatment of statutory homeless households. Associations operating in more than one local authority area and whose allocations policies varied between areas were asked to complete the form in relation to arrangements prevailing in the authority containing their largest stockholding.

A1.3 Response rates

The survey was carried out in January/February 2002 and generated an overall response rate of 75 per cent (see Table A1.1). Among local authorities only the three island councils did not participate. The response rate for housing associations was somewhat lower than the comparable figure for local authorities, at 71 per cent. This reflects the fact that limited resources were available to chase up non-responding associations. The decision was taken to limit telephone follow-up to associations managing more than 1,000 homes. This helps to explain the relatively low response rate for non-transfer associations which include a substantial number of landlords managing between 250 and 1,000 homes.

Table A1.1. Postal survey sample and response rates

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</tbody>
</table>
A1.4 Analytical framework

In interpreting the results of the survey the diversity of responding landlords needs to be borne in mind. In particular, it is important to appreciate the different circumstances affecting large local authorities on the one hand, and small housing associations on the other. In general, the smaller the association, the more likely it is that the stock managed will be located within a limited geographical area, and will consist of a limited range of built forms. Many issues relating to applicant choice take on a different connotation in such circumstances. Some concepts highly relevant to larger organisations such as area choice and local lettings policies may be quite irrelevant to landlords of this sort. For this reason, some of the analyses exclude housing associations managing less than 500 dwellings.
Appendix 2

CBL proposals being developed by specific landlords

The CBL systems being operated by Berwickshire HA and City of Edinburgh Council are described in some detail in Section 5.4. The plans being developed by other Scottish social landlords are briefly described below.

Hjaltland HA, a small association (300 properties) in Shetland has been operating a CBL system across its stock since April 2002. Homeseekers complete the association’s standard application form and are assigned points. Once pointed, applicants can apply for vacancies advertised in the local newspaper. Applicant prioritisation is based on assessed need – i.e. points rankings. Subsequent to each letting the association publishes the number of applicants for the vacancy (rather than the priority of the successful applicant).

East Lothian Council is currently drawing up proposals to move to a council-wide CBL system in 2003, subject to member approval. These plans arose out of a best value review of the council’s existing allocations policy and have already involved considerable consultation with tenants and other stakeholders. Whilst a small scale pilot may be carried out later in 2002 to test out ideas for wider implementation, the general intention is to opt for a ‘big bang’ rather than staged approach. This is partly motivated by the observation that there are few, if any, low demand areas in East Lothian which could be prime candidates for such a test.

Prioritisation under the new system is planned to be by date order within needs-related bands, with vacancy labelling being influenced by area lettings plans and council-wide quotas (e.g. relating to the proportion of lettings going to statutory homeless households). It is also envisaged that an integral element of the system will be a Common Housing Register for the district.

A joint venture between Ochil View HA, Paragon HA and Clackmannanshire Council is being set up to advertise vacancies in the Alloa South East Social Inclusion Partnership (SIP) area. The SIP contains around 900 properties in all, most of which remain council-owned. Demand for existing unmodernised stock is relatively low, though newly built or refurbished stock is much more sought after. The scheme, which builds on the experience of Paragon and Ochil View in advertising individual difficult to let properties, will amount to a mini-CHR, with a common application form and applicant register. Vacancies will be advertised through local housing office notice boards.

West Dunbartonshire Council is currently advertising individual low demand vacancies for which there is no waiting list. Vacancies are advertised in local housing offices and the council is looking to expand its publicity by posting details of available homes in Department for Work and Pensions (DWP) offices and health centres. Radio advertising has also been considered, though previous attempts to publicise vacancies in the local press yielded a disappointing response, suggesting that there is only limited scope to tap a wider market. The possibility of widening the scope of the scheme to cover all WDC vacancies is being considered mainly as a means of addressing growing problems of low demand which have inflated void levels.

A pilot vacancy advertising system covering low demand housing in Arbroath has recently been set up by Angus Council. Weakening demand for council housing in this area appears to have been exacerbated by expansion of RSL stock over recent years. This has been presented as a purely pragmatic response to a housing management problem, rather than piloting a choice-based lettings approach as such.

Across the authority as a whole, the council has only recently introduced what were felt to be long overdue reforms to its allocations policy. These involve a much more needs-based approach and substantially reduce the advantages enjoyed by existing tenants under the previous framework. Given the
extent of these changes and the effort required to carry them through, it would probably be unrealistic to envisage working up proposals for a further fundamental policy change in the near future. Nevertheless, the council already acknowledges the need to look at the possibility of setting up a Common Housing Register. Indeed, the move to a needs-based approach with similarities to the systems operated by housing associations active in the area can be seen as a pre-requisite for developing a CHR partnership with these other social landlords.

**West Lothian Council** and **Link Housing Association** are planning to pilot a CBL approach to allocations in specific sub-areas as a prelude to the possibility of a wholesale switch to this mode of operation. In Link’s case, this is likely to involve a fairly large scale trial covering some 1,500 homes managed from the association’s Paisley office. The areas concerned span both high and low demand housing markets and this is considered beneficial in terms of testing out methods which might be subsequently applied more widely.
Appendix 3
The role of waiting time under current allocations policies

This appendix draws on results from the postal survey carried out as part of this research (see Appendix 1).

The allocations policies of local authorities and housing associations in Scotland differ radically in terms of the role accorded to waiting time. In only six per cent of associations does waiting time play any role other than that of ‘tie-breaker’ to determine the relative priority of applicants whose needs-based priority is otherwise equal (see Figure A3.1).

Table A3.1 confirms the contrast between the two sectors in terms of the significance of waiting time as a contributor to applicants’ rehousing priority. Five local authorities (one in six), and no housing associations, reported waiting time to be ‘very significant’ in these terms. Recent research evidence from England also points to a more significant role for waiting time under local authority rather than housing association allocations policies. However, as Table A3.1 illustrates, the difference between the two sectors is considerably greater in Scotland than in England. In part, this may reflect slightly different priorities of the two regulatory bodies for RSLs.

<table>
<thead>
<tr>
<th>Category</th>
<th>Scotland 2002 %</th>
<th>England 2002/01 %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waiting list applicants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of LAs considering waiting time ‘fairly’ or ‘very significant’</td>
<td>38</td>
<td>31</td>
</tr>
<tr>
<td>% of HAs considering waiting time ‘fairly’ or ‘very significant’</td>
<td>13</td>
<td>19</td>
</tr>
<tr>
<td>Transfer list applicants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of LAs considering waiting time ‘fairly’ or ‘very significant’</td>
<td>55</td>
<td>39</td>
</tr>
<tr>
<td>% of HAs considering waiting time ‘fairly’ or ‘very significant’</td>
<td>18</td>
<td>25</td>
</tr>
</tbody>
</table>


As Table A3.2 demonstrates, local authorities and housing associations also differ considerably in how they define waiting time in terms of its contribution to rehousing priority. The typically more needs-based approach of associations is evident here in the preference for ‘time on the list and in need’ formula. It is particularly striking that, as far as transfer priority is concerned, more than a quarter of authorities define waiting time in terms of length of tenancy.
### Table A3.2 - How waiting time is defined

<table>
<thead>
<tr>
<th>Waiting time defined in terms of…</th>
<th>Waiting list</th>
<th></th>
<th>Transfer list</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>LA</td>
<td>HA</td>
<td>LA</td>
<td>HA</td>
</tr>
<tr>
<td>Length of tenancy</td>
<td>0</td>
<td>3</td>
<td>28</td>
<td>9</td>
</tr>
<tr>
<td>Length of time registered on list</td>
<td>88</td>
<td>39</td>
<td>56</td>
<td>34</td>
</tr>
<tr>
<td>Length of time registered on list and in need</td>
<td>23</td>
<td>52</td>
<td>28</td>
<td>52</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>9</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>N=</td>
<td>26</td>
<td>67</td>
<td>25</td>
<td>64</td>
</tr>
</tbody>
</table>

Note: Because some LA respondents indicated more than one option, LA columns sum to more than 100
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